



HPCL-Mittal Energy Limited



**Integrated
Annual Report**
2021-2022

Business Integrity | Accelerating Sustainable Growth | Caring for People



At H MEL, we imagine a world replete with joy, good living, clean surroundings and uninhibited life for mankind and beyond; an ecosystem driven by high spirits and lofty ideals. An environment so beautiful, a country so bright - that's our dream. This clearly defines our purpose statement for 2021-22 and beyond.

As a Company engaged in energy, we are responsible for all the wonders energy can do, and more so what clean and green energy can! This deep seated realization helps us enact our role in enabling the world of our dreams.

Our commitment to sustainability is rooted in our Company values and our stakeholder expectations. It encompasses our focus on environmental stewardship, social progress and inclusion as well as values-based, transparent governance. We aspire for a sustainable business with unwavering commitment for reducing the carbon footprint and working responsibly towards our environment, our communities and the nation.



OUR PURPOSE STATEMENT

Business Integrity

Principles of honesty, transparency and fairness guide all our business decisions. These principles forming the core of all our decision making are embodied in our workforce as well. Our Code of conduct and ethics framework forms the backbone of our business integrity. These principles are the reason of our long-standing trust with our stakeholders.

Accelerating Sustainable Growth

At HPCL-Mittal Energy Limited ('H MEL') we use resources wisely and mindfully, resulting in economic progress which further contributes to Sustainable Growth of the organization. Our Environmental and Social policy guides us in aligning ourselves with the goals and objectives towards achieving a holistic development centered around Sustainable Growth of H MEL and all our stakeholders.

Caring for people

The support of our stakeholders and workers is crucial to H MEL's efforts to fulfil our sustainability goals. A vital aspect of our vision has been our dedication to create safe working conditions, modernized health and safety measures that guarantees a safe working space for our workers. We continue our endeavors to foster an inclusive workspace for our employees and stakeholders including all our community development efforts.





37 **Capitals and Aspirations**
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Manufactured Capital
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OUR APPROACH TO REPORTING

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This is HMEL's first Integrated Report containing quantitative and qualitative information about our stakeholder relationships, as well as how our leadership, culture, and strategy are aligned to deliver value while managing risks and changes with respect to the surrounding environment. Our Report includes environmental, social and governance disclosures to meet our readers, investors' and stakeholders' expectations. This report is our first step towards collating and disclosing our approach and performance on environmental, social and governance (ESG) initiatives. It includes our activities related to ESG thematic areas for FY 2021-22, focusing on issues that we feel are of material importance from an ESG perspective. Our detailed financial and non-financial information required as per the GRI standards have been included in this report and all data presented pertains to the financial year FY 2022 with comparatives from the FY 2021. The report supplements the information published in our Financial Statements.

Scope of our Report

This report is prepared to summarize our business, strategy, approach and purpose, to provide a comprehensive overview of the company's operations and activities, with particular focus on our environmental, social, and governance (ESG) initiatives, outcomes, and strategic plan for the Company. The report sets a broader standard than the one used in our financial reports, while highlighting the challenges we have assessed on the material concern from an ESG perspective. The report primarily focuses on HMEL's operations in its refinery and various offices across India.

Reporting Boundary

This report has been prepared in alignment with the integrated reporting framework (IR) laid down by the International Integrated Reporting Council (IIRC, now known as the Value Reporting Foundation). This report further follows and contains the indicators prescribed under the latest Global Reporting Initiative (GRI) Standards, 2021 and meets its 'In Accordance – Comprehensive' criteria along with Sustainability Accounting Standards Board (SASB) referencing. GRI and SASB standards have been used to assess and report HMEL's ESG activities and assist in adhering to social and regulatory regulations which shall allow the stakeholders to completely comprehend the organization's basic values as well as its tangible and intangible assets. The United Nations Sustainable Development Goals (UNSDGs), also known as the Global Goals, which were adopted by the United Nations in 2015 as a universal call to action which focuses on 17 key factors, have also been mapped into appropriate sections of our report where HMEL plays a key role in achieving those goals. In this report, we have also touched upon certain aspect of the Business Responsibility & Sustainability Reporting (BRSR) as mandated by SEBI upon listed companies from FY 2022-23. The requirements of the BRSR have been considered as a measure to improve reporting. We have voluntarily adopted to report certain principles of the BRSR report to enable a seamless transition to compile reporting once BRSR becomes applicable for us.

This maiden integrated report for FY 2022 covers financial and non-financial performance of the company from April 1, 2021 to March 31, 2022

Reporting Timeline

Finally, this report adds to the information provided in our 2021 Annual Report by addressing the non-financial significant factors such as our ESG practices and policies, as well as our practices for ethical and transparent business. This maiden integrated report for FY 2022 covers both the financial and non-financial performance of the company from April 1, 2021 to March 31, 2022 and it enlists the key highlights, goals, strategies and our journey towards sustainability as a Company.

Approach to Materiality

Our report gives an overview of our company and the actions that contribute to long-term value creation. Content and presentation of the report is based on HMEL's operations and its relationship with stakeholders. Material issues have been obtained from a variety of sources, participation channels, forums, external stakeholders, as well as from within the company. HMEL's ESG factors have been embedded in the materiality assessment practice to understand our positioning in each of the variable and device our ESG linked long-term goals and strategies for generating value and positive impact through our business operations and other work.

Management's responsibility

The contents of this Report have been reviewed by the Company's senior executives, including the CXOs to optimize governance oversight, risk management, and controls.

We encourage you to share your insights, suggestions and queries regarding our sustainability report to strengthen our future reporting efforts. Your suggestions/queries may be communicated through the Company Secretary at Sidhartha.tyagi@hmel.in

There are certain forward-looking statements within the scope of this report which are subject to a number of risks, uncertainties, and other factors that could cause actual results to differ substantially from those anticipated. HMEL makes no commitment to update the forward-looking statements to reflect events or circumstances that occur after the date of the report.

ABOUT HMEL

GRI-2-1, 2-2, 2-6

Reporting Boundary

HMEL is India's leading integrated refining and petrochemical company with operations that encompasses crude oil refining, petrochemical production, and marketing.

HMEL is a unique public-private partnership model in its industry in India. It is a joint venture (JV) between Hindustan Petroleum Corporation Limited (HPCL), a Fortune 500 company and a Government of India enterprise with 'Maharatna' status, and, Mittal Energy Investments Pte Limited, Singapore (MEI) a part of the Lakshmi N. Mittal Group. Pursuant to an agreement between HPCL and MEI (Promoters), in 2007 HMEL became a JV company with equal participation by HPCL and MEI, each of whom currently holds 49% equity interest in HMEL. The remaining equity interest is held amongst financial investors viz. State Bank of India, IFCI Limited and HDFC Life Insurance Company Limited.

We operate the 11.3 million metric tons per annum Guru Gobind Singh Refinery (GGSR) at Bathinda, Punjab. GGSR is an energy efficient, environment-friendly, high distillate yielding complex that has been designed to produce high value-added petroleum products. It is one amongst Northern India's largest refinery built with an investment of USD 4 billion in record 4 years. It is a state-of-the-art industrial super infrastructure refinery spread across 2,000 acres and strategically located to address the growing energy demands of northern India. Additionally, our wholly owned subsidiary, HPCL-Mittal Pipelines Limited, owns and operates a Single Point Mooring for receipt of Crude Oil, Crude Oil Terminal (COT) for storage of crude oil, and a dedicated 1,017 Kms cross country crude oil pipeline (COPL) for transportation of the crude from Mundra, Gujarat to GGSR at Bathinda. HMEL's corporate office is headquartered at Noida, Uttar Pradesh and has registered office in Bhatinda, Punjab, with pipeline and sales offices across India.

We operate the

11.3

million metric tons
per annum Guru
Gobind Singh
Refinery (GGSR)
at Bathinda, Punjab.

2022 Performance Highlights

Our performance for the fiscal year 2021-22 presented in this section pertains to HMEL, including its subsidiary. The non-financial disclosures are limited to HMEL's India operations unless otherwise specified. Below are some key highlights that were recorded during the year.



Direct Economic Value Generated (INR Million)

895,512



Economic Value Distributed (INR Million)

857,909



Economic Value Retained (INR Million)

37,603



Community Investments (INR Million)

147



Operating Costs (INR Million)

520,977



33,765
of Capital Expenditure (INR Million)



Potential saving from process improvement by R&D activities in the company (INR80-100 Million). Applied 4 patents to optimize process and products.



72,008

hours spent on training personnel



In FY 2022, operated at 115 % of capacity



More than

73%

increase in Revenue (YoY) in the FY 22 .



Increase of More than

200%

in Profit after Tax (YoY) in the FY 22.



60,395

Cash generated from operations in the FY 22 (INR Million).

LEADERSHIP

GRI-2-9, 2-10, 2-11, 2-12, 2-16, 2-17



Message from Managing Director & CEO



Most of our activities, be it customer on-boarding, their transactions (over 95%), vendor invoices and payments (almost 100%) etc. are digital. Our paper consumption fell by almost 73% compared to the previous year. Similarly, our water and power consumption was down by 15% and 10% respectively

Dear Stakeholders,

It gives me immense pleasure to present to you the maiden edition of our Integrated Report. We have a strong legacy of being a responsible corporate citizen, following high standards of corporate governance, community outreach, environment sensitivity as well as employee well-being. We understand the importance of building our business which takes into stride the interests of all our stakeholders and growing together with them.

Financial Year 2022 witnessed the continued impact of COVID-19 pandemic which disrupted the way of life as we knew it in many diverse ways. A once in a century event like this brought to the forefront the role that corporate citizen, with a sustainability approach of doing business, can play in alleviating multiple stress points for stakeholders. In the past year our teams collaborated to give their best in the face of adversity. Even in the darkest days of the pandemic, our team rallied beside each other as we were presented with several challenges going beyond the immediate concern of health, safety and economic upheaval. Each influenced the way we work, our relationships and our responsibility to the country and world at large.

We have remained resilient, and effectively navigated the events while maintaining our critical role in the supply chain, benefiting all stakeholders including investors, customers, employees and business partners. Sustainability and social responsibility are the cornerstone of our business. With the global pandemic enhancing our role as a leading technology partner, our responsibility of being a committed corporate citizen, required us to kickstart our formal ESG journey. Building sustainable business enabled by power of technology, underpinned by our commitment to the community, remains fundamental to our strategy.

Our ESG mission focuses on reducing company-wide environmental footprint, building sustainable supply chains, build a diverse professional culture and transparent and ethical governance, all converging on to tech for good.

We believe that good corporate governance creates value for all our stakeholders. We uphold the highest ethical standards and business practices across our processes. We take measures to ensure accountability and to strengthen our corporate governance capabilities as well as adopt a proactive approach to risk management. As part of our commitment to conduct business with high ethical standards, we have developed a comprehensive set of policies to embed and practice responsible governance. These policies are applicable across all levels of management and operations including subsidiaries irrespective of their geographical location. For the first time this year, we have undertaken an assessment of our material topics and issues. We intend to chalk a strategic way forward

Board of Directors

Mr. Aditya Mittal – Chairman and Non-Executive Director

(DIN: 00778947)



Mr. Aditya Mittal is Chief Executive Officer of ArcelorMittal. He was previously President and Chief Financial Officer of ArcelorMittal. He joined Mittal Steel in 1997 and was President and CFO of Mittal Steel Company from 2004 to 2006. As CFO of Mittal Steel, he initiated and led Mittal Steel's offer for Arcelor. In 2008, Mr. Aditya Mittal was named 'European Business Leader of the Future' by CNBC Europe, and he was ranked fourth in Fortune magazine's '40 under 40' list in 2011. He is a Board Member of the Wharton School and also serves on the Board of Iconiq. He is also a significant supporter of the Great Ormond Street Hospital in London and works closely with UNICEF, focusing on Children's healthcare in India. He graduated with a Bachelor's degree in Economics from the Wharton School in Pennsylvania, USA.

Mr. Pushp Kumar Joshi – Non-Executive Director

(DIN: 05323634)



Mr. Pushp Kumar Joshi is the Chairman and Managing Director of HPCL. Prior to this, Mr. Joshi was Director-Human Resource of HPCL since August 01, 2012. During his career, he had held key portfolios in Human Resources functions viz. Executive Director – Human Resource Department and Head-Human Resource of Marketing Division. Mr. Pushp Kumar Joshi is a Doctorate in Human Resource Management, Post Graduate in Human Resource Management from XLRI, Jamshedpur and Bachelor of Law from Andhra University. As Director-Human Resource, Mr. Joshi has been responsible for overseeing the design and deployment of key Human Resource policies and strategies while leading Human Resources practices that are employee-oriented and aimed at building high performance culture.

Dr. Asha Kaul – Independent Director

(DIN: 06987839)



Dr. Asha Kaul is Professor in the Communication Area at the Indian Institute of Management, Ahmedabad ('IIMA'). She joined IIMA in 2002 and has occupied some key administrative positions as Chairperson, Communication Area, Warden and Placement Chairperson. She has been the recipient of many awards. She was felicitated with the "Best Professor – Communications" award by the Golden AIM Awards in June 2020. She was awarded the citation for "100 Most Dedicated Professors", 2019, "Prof. Indira Parikh 50 Women in Education Leaders" by World Education Congress, 2018. She has been recognized as one of the 50 Indian management thinkers who had made an impact on the theory of management and practice in the year 2015. She has also won the A. P. Chowdappa Memorial Award for Excellence in Communication in the Academic Sector for the year 2014-15. Dr. Asha Kaul is a Member of the High-Level Committee for Centre of Excellence for recommendation of Institutions/University to the status of Centre of Excellence by the Education Department, Government of Gujarat and the Honorable President of India's nominee to the Executive Council of Central University of Gujarat. She is also on the Academic Council of various Institutes. She obtained her doctorate in stylistics from the Indian Institute of Technology, Kanpur in 1990. She is the author of many books, papers and cases published in peer-reviewed national and international journals. She has over 30 years of overall experience.

Mr. Rajan Tandon – Non-Executive Director

(DIN: 01968916)



Mr. Rajan Tandon is based in London for over 24 years and is Vice President of Finance at Mittal Investments UK and has over 35 years of industrial experience. Prior to his current role, he was Director-Finance at Mittal Steel. He has been a leading member of the Corporate Finance Team. He has also served as Treasurer for LNM Holdings NV until its merger with Ispat International (now known as ArcelorMittal) in December 2004. With a 30-year career within the Group, he has held various positions in Finance and Accounting. Mr. Tandon is an Honours Graduate in Commerce from St. Xavier's College, Kolkata and a Fellow member of the Institute of Chartered Accountants of India. He also serves on the Board of various Group Companies and is also a member of the Governing Council of LNM Institute of Information Technology, Jaipur.

Mr. Vinod S. Shenoy – Non-Executive Director

(DIN: 07632981)



Mr. Vinod S. Shenoy took charge as Director-Refineries HPCL effective November 1, 2016. Prior to this he was the General Manager-Refineries Coordination of HPCL. A bachelor's in Chemical Engineering from Indian Institute of Technology Bombay, Mr. Vinod Shenoy started his career with HPCL in June 1985. During his career spanning over 35 years, Mr. Shenoy has held various positions in the Refinery Divisions and Corporate Departments of HPCL and has wide exposure to the Petroleum Industry.

Mr. Jagjeet Singh Bindra – Non-Executive Director

(DIN: 00354270)



Mr. Jagjeet Singh Bindra has an extensive executive experience with large international organizations in the USA, Australia and India and is currently on the Supervisory Board of Lyondell Basell, one of the largest plastics, chemicals and refining companies in the world. He has been the President of Chevron Global Manufacturing, managing its worldwide manufacturing operations, comprising of 20 refineries across the globe. Among the many successes of his 32 years' career at Chevron, Mr. Bindra led an initiative to negotiate financing, design, and for construction of a critical pipeline to move crude oil from the Tengiz field in Kazakhstan to the Black Sea. Mr. Bindra brings extensive experience in research & development, refinery engineering & operations, project management, strategic planning and international business management. He was the chairman of the University of Washington College of Engineering Visiting Committee from 2013 to 2017 and past vice chairman of the Association of Oil Pipe Lines. His past Board of Directors affiliations also include Edison International/Southern California Edison Company, WorleyParsons, Transocean, Caltex Australia Limited, GS Caltex (South Korea), Transfield Services Limited (Australia) along with Reliance Petroleum Limited and Larson & Toubro Limited. In 2008, Mr. Bindra received the prestigious Diamond Award from the University of Washington College of Engineering's in recognition of his career achievements. Mr. Bindra was named Distinguished Alumnus of the Indian Institute of Technology, Kanpur in 2000. Mr. Bindra has served as the Distinguished Honorary Professor at Rajiv Gandhi Institute of Petroleum Technology in the past. An Indian by birth, Mr. Bindra received his bachelor's degree with distinction in Chemical Engineering from the Indian Institute of Technology in Kanpur in 1969 and a master's degree in Chemical Engineering from the University of Washington at Seattle in 1970. He earned a master's degree in Business Administration with Honors from St. Mary's College in Moraga, California in 1979.

Mr. Rajneesh Narang – Non-Executive Director

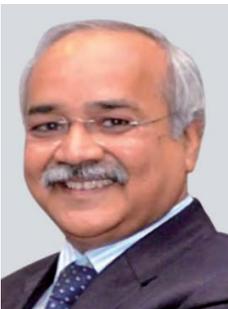
(DIN: 08188549)



Mr. Rajneesh Narang, Executive Director-Corporate Finance has been appointed as the Chief Financial Officer of Hindustan Petroleum Corporation Limited (HPCL) with effect from July 1, 2021. Prior to this, he has held various key portfolios including that of Executive Director – Finance (Marketing), Executive Assistant to Chairman & Managing Director – HPCL among other assignments. He is on Board of several HPCL Joint Venture Companies. He is a member of the Institute of Chartered Accountants of India (ICAI) and holds a degree in Masters in Financial Management. Mr. Narang brings with him rich and varied professional exposure of more than 3 decades across various spectrum of Downstream Oil Company. He has held various key challenging assignments in HPCL in the field of Corporate Finance, Treasury, Risk Management, Margin Management, Marketing Finance, Budgeting, SBU Commercial, C&MD's Office and Refinery Project. Mr. Rajneesh Narang is known for his commercial acumen, innovative ideas and people-centric leadership. In his various roles, he has been focused on investment in human capital for building successful teams and individuals and able to perform and deliver exceptional results through positive engagement and a shared vision. He has various academic distinctions to his credit and is a key technical speaker in In-house capability building seminars and workshops. He has over 30 years of overall experience.

Mr. Prabh Das – Managing Director & Chief Executive Officer

(DIN: 00164799)



Mr. Prabh Das brings with him over 37 years of diverse experience and insight which encapsulates a rich blend of leadership roles in the prestigious Indian Administrative Services (IAS) as well as in the Oil & Gas Industry encompassing Oil Diplomacy & Administration, Project Management & Financing, Refinery Operations, Marketing and Corporate Governance. Prior to joining HMEL, during his 25-plus years' tenure in the IAS he served as the Chief Executive Commissioner of Calcutta Metropolitan Development Authority and has further held varied senior administrative positions in the Central Government. During his tenure as Joint Secretary - Refineries Division in the Ministry of Petroleum and Natural Gas, Government of India, he played a key role in the formulation and implementation of the Auto Fuel Policy, Strategic Storage and New Initiatives in Oil Diplomacy. He was also on Board of Fortune 500 Companies like Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Ltd. and other oil majors such as Mangalore Refineries and Petrochemicals Ltd., Chennai Petroleum Corp. Ltd. and Engineers India Ltd.

Mr. Das is also a member of various prestigious Oil Industry Bodies and Institutions. He was instrumental in implementing the first FDI project in the Oil & Gas sector, a joint venture of HPCL and Mittal Energy Investments Ltd. and has been part of HMEL's growth story since its inception in July 2007. He has largely contributed in HMEL's growth from a greenfield 9 MMTPA Refinery to a 11.3 MMTPA Refinery which is built on the foundation of sound safety practices and robust processes leading to strengthening of HMEL's Refining capacity, improvement in Refining Operations and margins on a year on year basis. This is further being integrated to a 1.2 MMTPA petrochemical complex which is underway. Mr. Das is felicitated with the 'CEO of the Year Award' at the Downstream India Excellence Awards 2022 organised by Energy & Climate Initiatives Society in association with the Federation of Indian Petroleum Industry during the Global Refining & Petrochemicals Congress 2022 held in New

Delhi. Mr. Das was also felicitated with the ‘Distinguished Contribution to Indian Petrochemical Industry’ Award by FICCI in 2017. He was also conferred with ‘Outstanding Achievement Oil & Gas Leadership & Excellence Award 2014’ at the Oil & Gas World Expo, 2014. He is an alumnus of Indian Institute of Technology, Kharagpur (B. Tech Hons.), Southern Cross University, Australia (MBA) and a Certified Project Director by International Project Management Association.

Members of Board Committees



Senior Management Team

Mr. Prabh Das
Managing Director and CEO

Mr. Harak Banthia
Chief Financial Officer

Mr. A.S. Basu
Chief Operating Officer

Mr. Ashok Kumar
Vice President - Human Leadership

Mr. V. Anantharaman
Vice President - Finance

Mr. Krishan Tuteja
Vice President - Operations

Mr. Ramesh Kumar Chugh
Vice President - Technical Services

Mr. Sanjeev Malhotra
Vice President - Treasury, Taxation & Insurance

Mr. Harendra Kumar Rajora
Vice President - Marketing

Mr. Ian Malcolm Thorpe
Vice President - Health & Safety

Mr. Manu Sehgal
Vice President - Strategy & Feedstock Supply

Mr. M.B. Gohil
Vice President - Petrochemical Project

Mr. Shailesh Patwa
Vice President - Contracts & Procurement

Mr. Sidhartha Tyagi
Company Secretary

Corporate Information

Registered office:

Village Phulokhari, Talwandi Saboo
Bathinda – 151301, Punjab
Phone: +91-1655-272120

Corporate Office:

Inox Towers, Plot No. 17,
Sector-16 A, Noida – 201301 (U.P.)
Phone: =91-120-4634500

Statutory Auditors:

M/s Deloitte Haskins & Sells LLP
Chartered Accountants
7th Floor, Building 10, Tower B, DLF Cyber City
Complex, DLF City, Phase – II, Gurugram – 122002

Cost Auditors:

M/s Chandra Wadhwa & Co.
Cost Accountants
1305 & 1306, Vijaya Building,
17, Barakhamba Road, New Delhi - 110001

Debenture Trustee:

SBICAP Trustee Company Limited
Mistry Bhavan, 4th Floor,
122 Dinshaw Vachha Road,
Churchgate, Mumbai – 400020

Secretarial Auditors:

M/s DR Associates
Company Secretaries
607, Rattan Jyoti Building, Rajendra Place,
New Delhi – 110008

Project Financing and Working Capital Consortium Led by

State Bank of India, New Delhi

Registrar & Transfer Agent:

M/s Alankit Assignments Limited
Alankit House, 2E/21, Jhandewalan Extension,
New Delhi – 110055

Company Secretary:

Mr. Sidhartha Tyagi

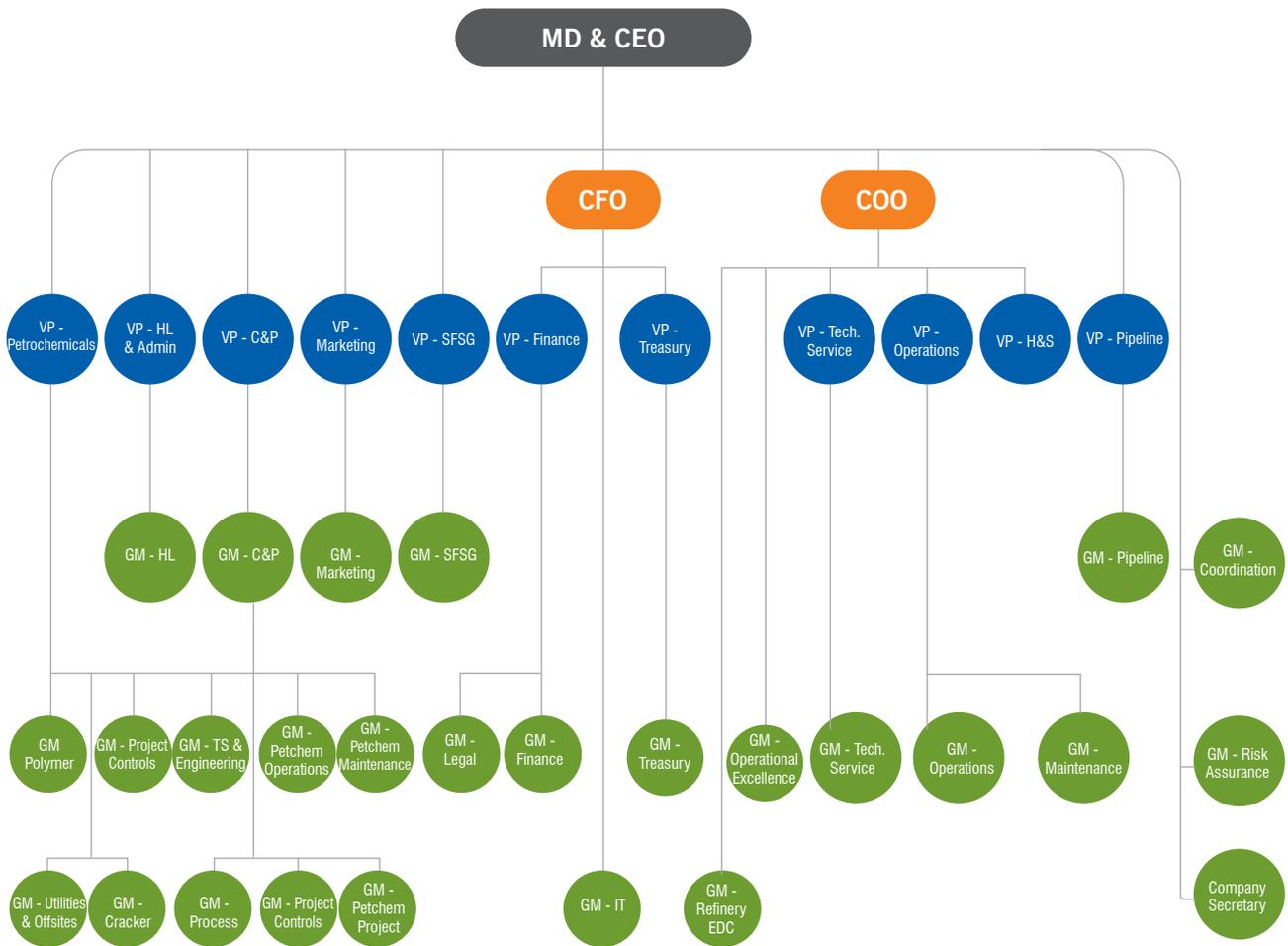
Company Website:

www.hmel.in

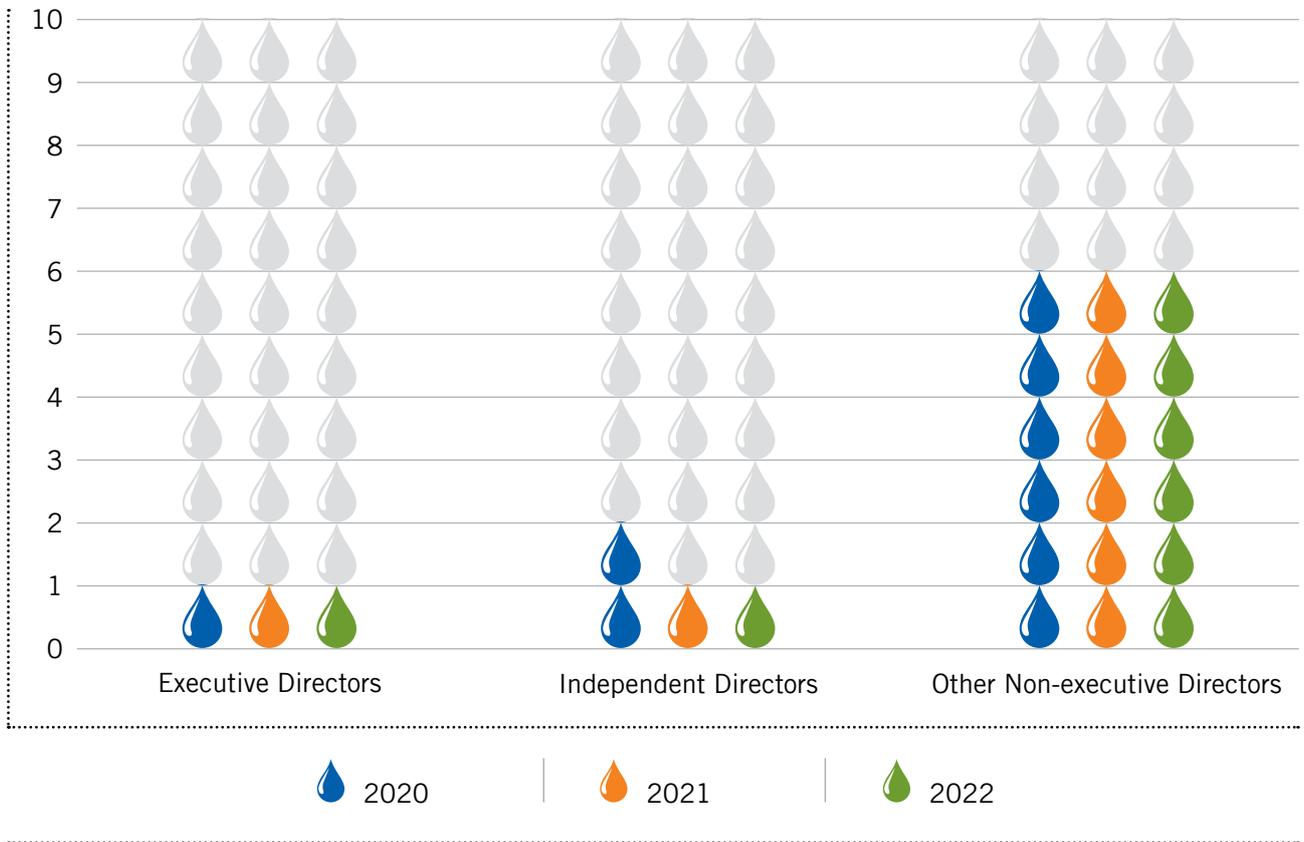
STRATEGY AND GOVERNANCE

GRI- 2-22, 2-23, 2-24, 2-25, 2-26, 2-27

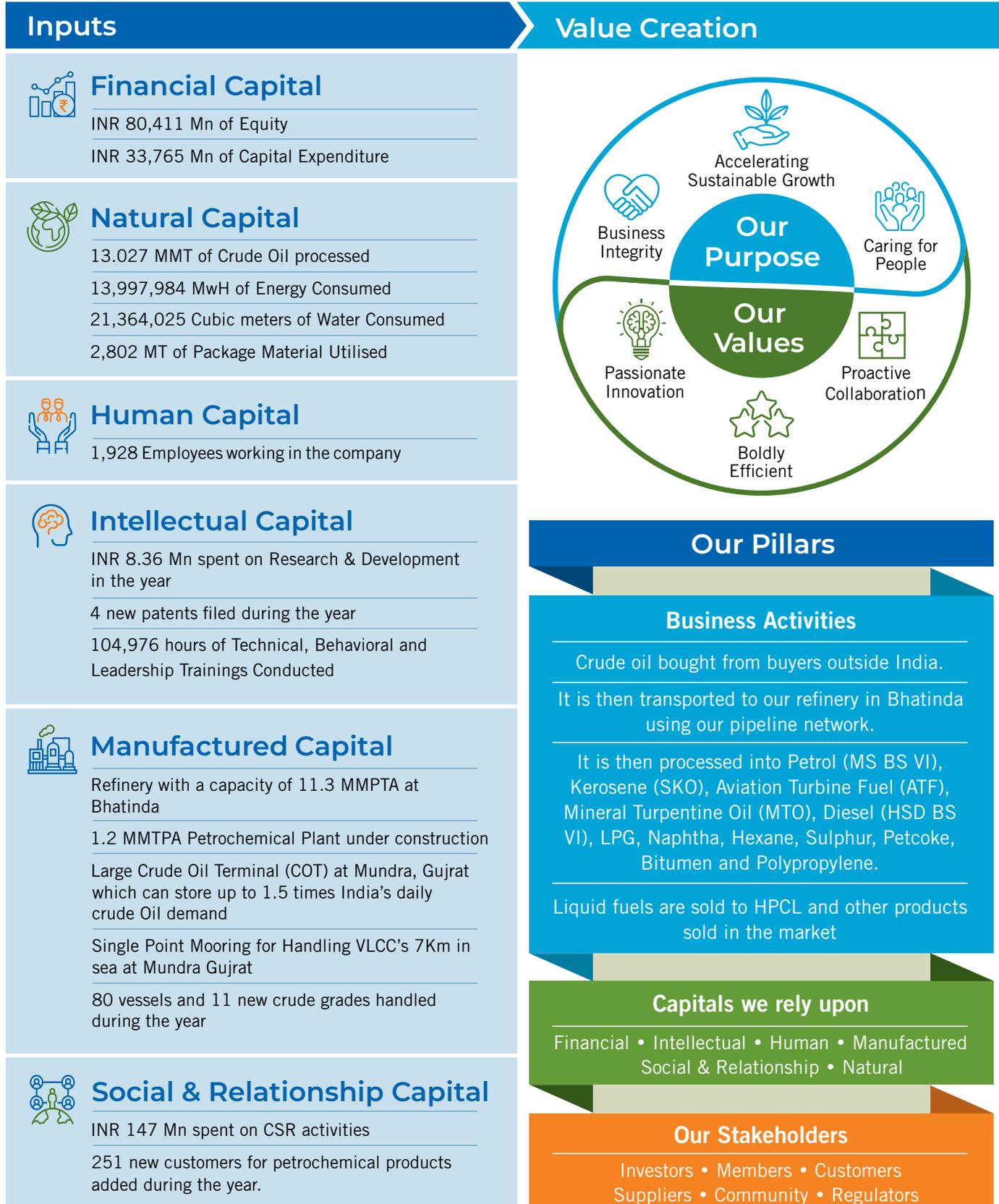
Governance Structure

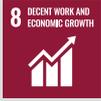
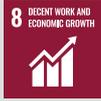


Board Dynamics over years at HMEL



Value Creation Model



Outputs	Outcomes	UNSDG
LPG	Financial Capital INR 61,681 Mn of EBITDA during the year; 11.2% ROCE during the year INR 895,512 Mn of Revenue during the year.	
Naphtha		
Hexane	Natural Capital ~14% reduction in GHG emission per unit throughput achieved during the year. ~40% reduction in carbon emission intensity since commissioning. 100% water recycled. 25% reduction in hazardous air pollutants.	   
MS BS VI		
SKO		
ATF	Human Capital 0.01 per Million manhours fatality rate in the refinery. 493.5 per million manhours near misses per manhour reported in the refinery.	    
MTO		
HSD BS VI	Intellectual Capital 72,008 hours spent on training personnel for health & safety. More than INR 80 Mn reduction in the cost in operating refinery due to new methods being developed through R&D.	  
Sulphur		
Petcoke	Manufactured Capital 11,626 KT of total solid and liquid fuel produced Contribution of the sales of top 10 customers has reduced from 29.1% in FY 21 to 21.7% in FY 22.	 
Bitumen		
Polypropylene	Social & Relationship Capital 12,298 MT of waste reprocessed in the DCU during the year. 64% reduction in customer complaints for coke and 86% in Sulphur during the year. Induction cooktops made and Patented for distribution in the community.	 

Risk Management

Recent global events have tested nearly every company, forcing them to rethink their strategies and adapt innovative methods to a new operating environment that includes managing major risks while refocusing on people’s safety.

At HMEL, we have identified broad categories of risks and have also mapped our material issues with the risks. These risks, taken individually or in combination, could have an impact on Company’s strategy, business, financial performance, results of operations, cash flows, liquidity, prospects, shareholder value and returns, and reputation. These risks therefore play a key role in our business and operations and hence Company includes risk management as an essential component of its strategy for sustainable growth.

Risk Heading	Risk Description	Risk Type
Emergence of new waves of COVID-19 infection affecting our Business Operations	Emergence of a New Wave of the COVID-19 pandemic can significantly affect our business operations as our refinery and Petrochemical project would then have to be operated in compliance with the guidelines that are issued by the Governments in response to the new waves. Also, we would have to ensure the safety and wellbeing of our employees and their families in case of a new COVID-19 wave.	Operational Risk
Interest Rate Risk	HMEL has borrowed certain funds for meetings its long term and short term requirements. Changes in the interest rates could significantly affect the financial position of the company.	Financial Risk
Commodity Risk	Unexpected changes in commodity prices could impact business margins. The past few years have witnessed wide fluctuations in input prices. As a result, the overall uncertainty continues.	Strategic Risk
Occupational Safety of Employees & Contractors	We operate in a very high risk industry and any non-adherence to healthy Occupational Safety practices can impact human life. The handling of machines without proper safety training and focus can also lead to injuries to our Employees and Contractors.	Health & Safety Risk

At HMEL, risks are governed by a Risk Management Committee (RMC), comprising of CXOs and Senior Executives, and, chaired by the CEO. The RMC reviews the details of the risk assessments undertaken by the management and ensures compliance with necessary regulations. The RMC provides the oversight of the risks on a management level, monitors the progress of risk management activities and reviews mitigation plans periodically. Additionally, the Chief Risk Officer (CRO) is deployed to coordinate all enterprise-level risk activities and provide regular updates to the Board/RMC/Audit Committee.

The table below represents the risk identification and mitigation measures against each risk categories along with the capitals that are impacted due to the level of risks.

Mitigation Measures	Capitals Impacted
<p>Onset of COVID-19 has been challenging for the entire globe and at HMEL we have set up new measures to address this specifically by:</p> <ol style="list-style-type: none"> 1. Implementation of Policy and Management- system to ensure smooth flow of business while working from home 2. COVID-19 vaccination drive. 3. Enforcement of preventive measures and response measures. 4. Communication and Employee Engagement Initiatives 	<p>Human Capital, Financial Capital, Manufactured Capital, Natural Capital, Social & Relationship Capital.</p>
<ol style="list-style-type: none"> 1. We have maintained a strong cash position to easily navigate through any kind of financial turbulence. 2. The risk is actively managed through financial derivate instruments available to convert floating rate liabilities to fixed rate liabilities or vice versa. 	<p>Financial Capital</p>
<ol style="list-style-type: none"> 1. Optimization plans basis changing scenarios and operate within the set boundaries 2. Hedge Refinery Margins, inter crude differentials, time spreads and inventory valuation as per mandate. 	<p>Financial Capital</p>
<ol style="list-style-type: none"> 1. Implementation of New Safety Initiatives especially in Petrochemical Project. 2. Safety culture change by continued focus on our vision to achieve an Incident and Injury Free (IIF) workplace 3. Implementation of IIF program in all our sites 	<p>Human Capital, Social and Relationship Capital</p>

Risk Heading	Risk Description	Risk Type
<p>Liquidity Risk</p>	<p>Almost all the Companies cash is kept with the banks and this can lead to a default risk in case the banks fail or are unable to provide money when needed.</p>	<p>Financial Risk</p>
<p>ESG Risk</p>	<p>These are risks related to climate change, environmental practices, social standings in the community and the governance structure of the organization to enable sustainability.</p>	<p>Operational, Health and Safety, Strategic</p>
<p>Cyber Security Risk</p>	<p>Breakdown or compromise of the IT systems could significantly affect our Company's operations and will expose us to high level of data theft threat. HMEL considers Cyber Security Risk under high priority as Cyber attacks and Data thefts are increasingly common in today's scenario. We have formulated long term and short term mitigation plans to establish a cyber security risk management system.</p>	<p>IT Risk</p>

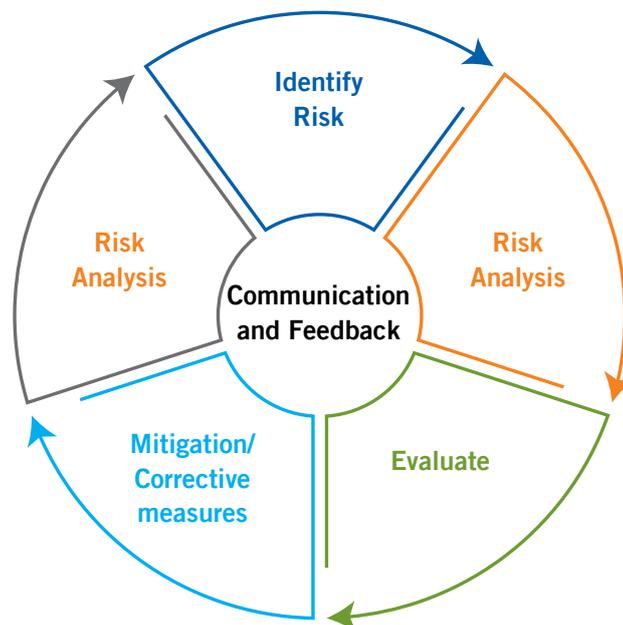
Mitigation Measures	Capitals Impacted
<ol style="list-style-type: none"> 1. We are only putting our money in the banks which not only offer good rate of interests on deposit and overdraft limits but are also big institutions in themselves and are capable to override a wave of some financial turbulence on their own. 2. As a practice, we only maintain relationships with financial institutions that have a good ratings given to them by a recognized rating agencies so that we can be safe as to where the money is deposited and can be taken out in case of need. 	<p>Financial Capital</p>
<p>Company is increasingly strategizing its ESG approach and improving on areas to mitigate our Environmental impacts. Additionally, we are leveraging relationships with our stakeholders to develop our business with a value based approach.</p>	<p>Social & Relationship, Natural, Financial, Human and Intellectual.</p>
<p>Our mitigation measures include</p> <ul style="list-style-type: none"> » Bi-annual review of our Business Continuity Plan and procure equipment and services across India to diversify against calamities, blockades etc. » Record and tracking of any such incidents in the company » Provide trainings and awareness generation to spear-phishing targets around challenging unanticipated email messages » Teach spear-phishing targets how to take steps to identify a phish (e.g. inspecting headers, hovering over links) and in the case of any uncertainty, coach users to contact IT » Implementation of machine learning algorithm based multi-layered framework for cybersecurity modelling to assess cyber risks and promote inferential techniques to analyse behavioral patterns to: <ol style="list-style-type: none"> 1. automatically discover and shut down rogue network devices and defend against sophisticated cyber attacks 2. generate security response alerts through predictive analytics 3. keep pace with evolving threats with an adaptive risk model 4. optimize cybersecurity operations 	<p>Social & Relationship Capital, Financial Capital, Intellectual Capital</p>

Risk Heading	Risk Description	Risk Type
<p>Data Security</p>	<p>While Cyber Security remains a priority, Data theft and Data security measures cannot be overlooked. Our company's confidential data are retained in our server which pose an equal risk for our IT and operations.</p>	<p>IT Risk</p>
<p>Process Safety</p>	<p>We operate in a high risk industry and any non-adherence to safe Refinery operating practices can have an adverse impact on the Refinery assets, Employees and other stakeholders and may lead to a negative impact on the reputation of the Company.</p>	<p>Health & Safety Risk</p>



Mitigation Measures	Capitals Impacted
<ol style="list-style-type: none"> 1. We have specialized management committees like IT Strategy Committee (to take care of Information, Cyber Security and Business Continuity Management which have diverse cross-functional members 2. Data privacy awareness campaigns are conducted regularly to sensitize employees on the need to be vigilant, compliant and cautious 3. We have deployed a Data Leakage/ Loss Prevention (DLP) system with data protection rules for sensitive data exposure from the company's endpoints, emails and web gateways 	Social & Relationship Capital, Financial Capital, Intellectual Capital
<ol style="list-style-type: none"> 1. Development of mitigation plan for high risk recommendations. Liquidation of all PHA (Process Hazard Analysis) recommendations. 2. Compliance of Permit To Work for high risk activities which have potential to cause LOPC (Loss of Primary Containment) or process fire at operation unit. 3. Structure Small Bore instrument tube management program to ensure health of Small Bore instrument tubing. 	Human Capital, Financial Capital, Manufactured Capital, Social and Relationship Capital

Our Risk Management Process



Compliance and Ethics

GRI- 205-1, 205-2

At HMEL, we manage our businesses responsibly and in accordance with the relevant laws and regulations in the region we operate in.

Ethical behavior is built into the way we do business. We are guided by the Company’s Code of Conduct, adhering to all regulatory laws and corporate governance guidelines, as well as global best practices. We have implemented the various policies and framework, which reflects our commitment to shared values and principles and we have zero tolerance against any violation of laws, codes of conduct, or internal regulations. Our Management is fully committed to compliance, and senior leaders serve as anchors and play a critical role in implementing compliance

interventions. We regularly upgrade our systems and policies to adapt and address the challenges of a dynamic and complex business environment and bring in greater transparency and accountability. Drawing on the strengths of our governance philosophy, we maintain proper internal controls and monitoring of operations.

Our various policies and plans ensure that we adhere to the above-mentioned compliance and ethics at HMEL and create a well-balanced workplace for our employees and workers. These extend to our internal and external stakeholders to ensure optimized business operations at HMEL. Some of our policies include (but are not limited to):

<p>Company’s Core Values and the Code of Conduct which also comprises of Company’s Anti Bribery, Anti-Corruption, and Non-Discrimination Policy</p>	<p>CSR Policy</p> 	<p>Employee Recognition Policy</p> 	<p>Energy Management Policy</p> 	<p>Enterprise Risk Management Policy</p> 
	<p>Highest standards of Health and Safety Policy</p> 	<p>Human Resource Policy</p> 	<p>Incident Response Communication Policy</p> 	<p>Prevention of Sexual Harassment Policy</p> 

Communication and Measurement of Effectiveness

At HMEL, for reinforcing our code of conduct and policies we inform and generate awareness with our employees, workers, supply chain vendors and third parties while onboarding them, and we continue to communicate with them periodically via emails to provide a reminder about our policies and standards at work. The effectiveness of our ethics and code of conduct at work are measured by the number of concerns, reported, poll surveys, and internal assessments. The feedback is incorporated into the annual plan for deployment. All the employees affirm with the Code of Conduct in writing on annual basis.



STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

GRI- 2-29, 3-1, 3-2, 3-3

Stakeholders at HMEL

Over the years, we have created organization-level practices to facilitate open and constructive dialogues with our stakeholders. It reinforces our understanding of relevant matters and helps us identify those attributes of stakeholders that make them important to our business and necessitate meaningful engagements. The feedback we receive from these stakeholders also helps us prioritize issues effectively and closely align our strategic approach more with

their expectations. We have conducted a thorough stakeholder engagement exercise to revisit the ESG issues that are material to value creation amid the evolving global sustainability landscape. The table below details the various stakeholder groups that we engage directly or indirectly as well as highlight our ways of engagement to address their key concerns/ requirements:

Stakeholder Group	Material Needs	Modes of Engagements
Customers 	Quality products which are affordable and reliable in terms of the needs of the customers.	One on One Interaction, Meetings and Surveys
Investors 	Sustainable Growth and Profitability, Mitigation of all Risks, Regular Disclosures and Good Governance	General Meetings, Press Releases, Investor Calls & Meets and dissemination of annual results of the company
Employees 	Safe Work Environment, Career Growth Opportunities, Compensation Packages, Skill Enhancement and Diversity, Equity & Inclusion	Training and Coaching Programmes, Personal Interactions, Employee portal, Town Hall, Conferences and Career Support Groups
Communities 	Health and Community Welfare, Giving back to the Society, Using sustainable practices keeping environment in mind and enhancing the livelihood and Socioeconomic Development of individuals	Field Visits, Need and Impact Assessments, Trainings, CSR Initiatives and Surveys
Suppliers 	Supplier Code of Conduct, Payment Terms, Commitment on Responsible Sourcing and Business Ethics	Fostering long term commitments with global crude oil counterparties in order to secure firm feedstock supply.
Regulators 	Compliances with all applicable laws and Regulations, Safeguarding Natural Assets, adhering to all Labour Laws and Ethical Standards of working.	Filings, Correspondences, Investor Calls, Meetings

Frequency	Capital Linkages
Annually, Monthly, On Demand	Manufactured Capital, Social and Relationship Capital, Natural Capital, Financial Capital
Quarterly, Annually, On Demand	Manufactured Capital, Financial Capital, Social and Relationship Capital
Annually, Quarterly, On Demand	Human Capital, Intellectual Capital
Annually, Quarterly, Monthly	Social and Relationship Capital, Natural Capital, Intellectual Capital
Annually, Quarterly, Monthly	Financial Capital, Manufactured Capital, Social and Relationship Capital
Annually, Quarterly, Monthly, On Demand	Financial, Social and Relationship Capital, Human Capital

Materiality Assessment

At HMEL we consider Materiality as defined in GRI G4 Guidelines as “those topics that have a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental, and social value for itself, its stakeholders and society at large”.

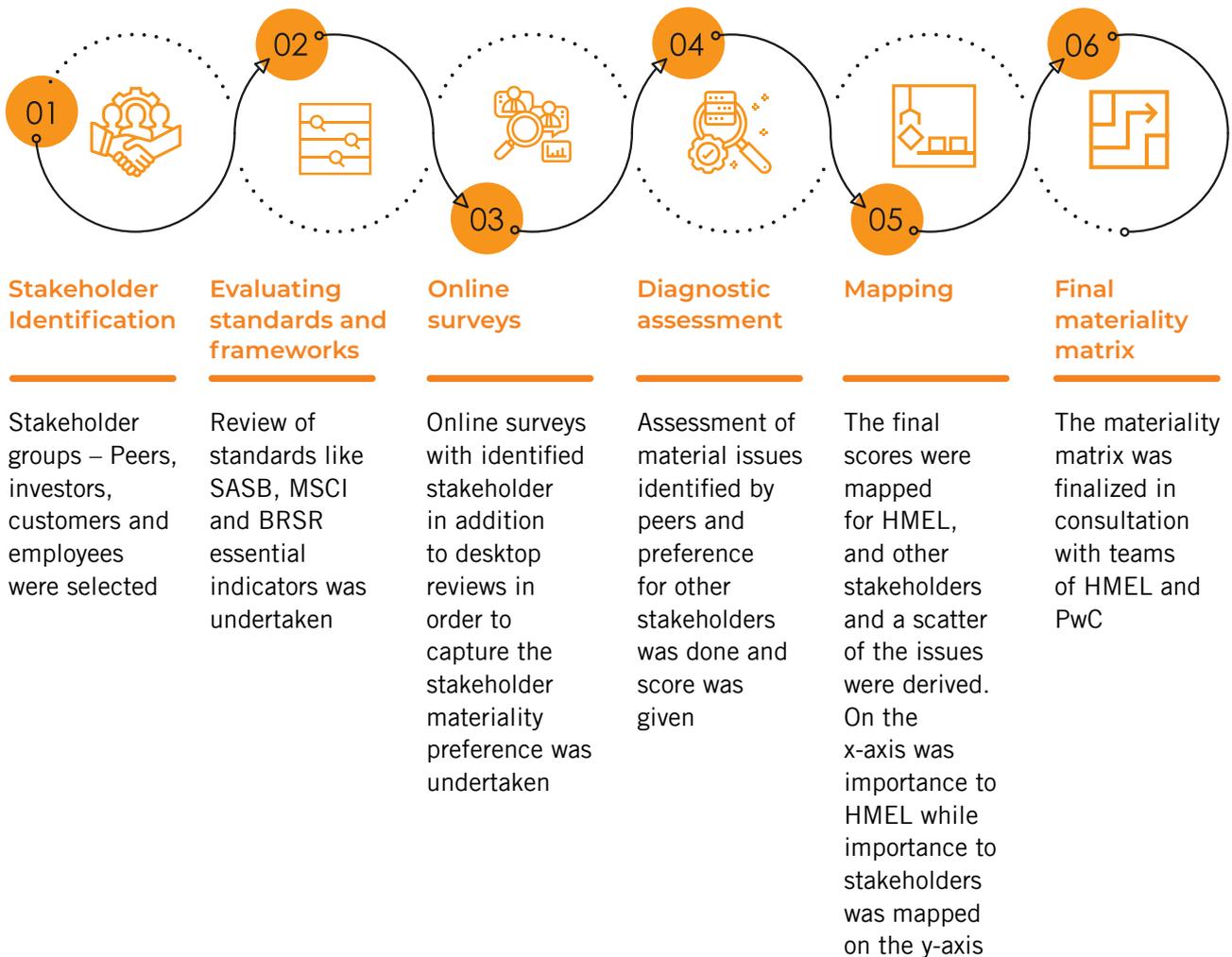
We conducted our first comprehensive materiality assessment exercise in FY 2022 to identify ESG related topics that have a material impact on our

operations as well as our stakeholders. The idea behind determining ‘materiality’ is that it helps an organization to understand issues that are relevant to its stakeholders over the short, medium and long term. This understanding, in turn, makes ESG strategy and action more in tune with stakeholder priorities, and more robust in terms of creating impact and navigating risk. As part of the exercise, we reached out to 100+ internal and external stakeholders.

Our Materiality Assessment

We completely linked the materiality assessment with company’s Risk Management process in our most recent assessment (2022) to ensure that larger sustainability problems were incorporated into the

risks and opportunities under consideration across the organization. To ensure complete confidentiality and impartiality, the assessment was conducted by an independent third party.



Our Materiality Matrix

The Materiality Matrix provides a holistic overview of our organization’s sustainability approach and its performance. The matrix depicts our material aspects based on the importance of H MEL management and significance to stakeholders. The issues depicted in the matrix have been plotted on a scale of high to low importance for both external and internal stakeholders. Based on the findings of the assessment, we customize our operations to address

the issues that are most important to our business. These challenges should not be seen in isolation; they are becoming increasingly intertwined and often have mutual consequences. With this purpose in mind, we are taking a more integrated, holistic approach to managing sustainability, setting lofty goals to improve our planet’s health, propel societal growth, and support sustainable development.

Our Material Focus Areas

Focus Areas	Priority for H MEL	Capital
Health & Safety	High	Intellectual & Human Capital
GHG Emissions and Environment & Social Impact	High	Natural Capital
Energy Management	High	Natural Capital
HR Practices	High	Human Capital & Intellectual Capital
Diversity & Inclusion	High	Human Capital
Code of Conduct	High	Human Capital
Transparency	Medium	Social & Relationship Capital
Opportunities in Clean Technology	Medium	Natural Capital & Manufactured Capital
Risk Management	Medium	Financial Capital
Water Management	Medium	Natural Capital
Waste Management	Medium	Natural Capital
Community Engagement	Medium	Social & Relationship Capital
Climate Change Strategy	Low	Natural Capital
Ethics and Fair Business practices	Low	Social & Relationship Capital
Supply Chain Management	Low	Manufactured Capital
Market and Business Environment	Low	Financial Capital

Management's Approach to Materiality

We have mapped the focus areas according to their priority and their impact on business and operations. Our management has analyzed these materiality focus areas with respect to the internal and external stakeholders to arrive and assign each issue under High, Medium and Low Risk.

High

As per the Assessment, the areas that were identified as high risk were areas falling primarily falling under the Human and the Natural capital. At HMEL, we believe that the areas mapped against high risk are the topics that are very crucial in terms of our day-to-day business and impact our majority stakeholders in an eminent way. At HMEL, we have a robust system to mitigate these issues proactively and are converting these into opportunities to showcase our capabilities to be a market leader and a beacon for the impacted stakeholders.

Medium

For the areas falling under the spectrum of medium risk, we are constantly monitoring the day-to-day deficiencies and working on the learnings from the past to improve on these as could be evident from our data points disclosed at various points in the report. Round the year trainings, awareness programs and interactions are a regular feature in the company for the addressal of these issues. These areas form a major potential for us to address and show our commitment towards the diverse set of our stakeholders to whom the area impact.

Low

The most overlooked and ignored area in the industry pertain to the one's that have been marked as low risk in the materiality assessment. It is these areas mainly that we consider as our long-term goals and aspirations and hence are our commitments to the impacted stakeholders to not only address these but also create value from the opportunities that arise from them by gaining an early mover's advantage. We have plans in place to address these long-term areas as well which we feel would be visible to all the stakeholders impacted.

Our Key Performance Indicators (KPIs) in alignment with ESG

Our Environmental KPIs

Our **Environmental KPIs** majorly revolve around Natural, Manufactured Capital:



Scope 1 emissions	Renewable energy	Water recharge	Water discharge	Waste generation	Strategy Reporting	Material development	Net Zero
Scope 2 emissions	Environmental management policy	Water recycling	Water consumption	Waste recycling	Safe disposal	Technological development	

KPI	Aspirations	Target Year	Capitals Linkage
Renewable energy	10% of the total energy mix to be constituted by solar renewables by 2027	2027	Natural Capital
GHG Emissions	15% reduction in GHG emissions	2027	Natural Capital
Energy efficiency	Follow the PAT targets given by the Bureau of Efficiency, Government of India to achieve MBN	YoY	Natural Capital

KPI	Aspirations	Target Year	Capitals Linkage
Environmental management policy	Publish environmental management policy of the company on the company website	2023	Natural Capital
Waste recycling & Generation	To achieve the ERP targets as given by the Government of India	YoY	Natural Capital
Water consumption	20% reduction in withdrawal of freshwater use per unit of crude processed	2027	Natural Capital
Focus on ESG	Impact of R&D investment on ESG should be clearly delineated	2023	Intellectual Capital
	Increase R&D spending to 5% of EBITDA and measure the impact on financial indicators	YoY	Financial Capital
	100% integration of ESG risks in capital allocation decisions - SOPs for investment appraisals and decisions need to be framed and incorporated in material ESG risks	2024	Financial Capital
	Sustainability-targets to be linked to annual remuneration for functional heads and management committee	YoY	Human Capital
Reporting	Undertake TCFD assessment and disclose findings annually	2024	Social & Relationship Capital

Social KPIs for HMEL

Our **Social KPIs** revolves around Human and Intellectual Capitals:



People practices



Health and Safety



Diversity and inclusion



Community engagement

Women representation and minority communities	Employee training	Labour Law compliant	Health insurance	Medical consultation	Workforce diversity	International guidelines and practices
Employee engagement	Employee satisfaction	Employee turnover	Learning and development	Social Reporting	Health and safety training	Gender pay
						CSR

KPI	Aspirations	Target Year	Capitals Linkage
Health insurance	Recording and analysis of sickness absence with targeted initiatives based on findings	2025	Human Capital
	Free medical consultation to 100% contractual workers	2024	Human Capital
Health and safety	Monitoring of injury statistics against international benchmarks with the aim of being in the top quartile	2025	Social & Relationship Capital
	Continual improvement of safety culture through involvement of all employees and contractors in IIF initiatives	2025	Human Capital
	Continual improvement of HMEEL safety management systems through internal and external audits and learning from incidents and near misses	2025	Intellectual Capital
	100% employees to be trained under health and safety including permanent and contractual workers	2025	Intellectual Capital
	Monitoring of process safety incidents (as per API/CCPS methodology) against international benchmarks with the aim of being in the top quartile	2025	Intellectual Capital
	Pre-prepared incident plans for all types of emergency scenario with regular mock drills to test effectiveness of plans	2025	Intellectual Capital
	100% employees to be trained under health and safety which extends to mental health trainings as well (depression, anxiety, stress etc.)	2023	Intellectual Capital
Social Reporting	Publicly report on quantitative social indicators such as human capita, labor indicators, human rights issues, occupational health safety	2024	Social & Relationship Capital
	Publish the average training spends of the company	YoY	Social & Relationship Capital
Employee satisfaction	Improvement on score for each Cultural Transformation Matrix parameter by at least 1 point over previous years	2026	Human Capital
	Improvement on score for Great Place to Work by at least 1% over the previous year	YoY	Human Capital
Employee turnover	Provide employee turnover information by gender, age and job role	YoY	Social & Relationship Capital
Learning and development	For the senior management, implement development plans for broad areas of Leadership, Digital and Innovation	2025	Intellectual Capital
Gender pay	Maintain median pay level parity among female and male employees	YoY	Human Capital
CSR	Continue to maintain CSR initiatives to 50% of the SDGs	YoY	Social & Relationship Capital

Governance KPIs for HMEL

Our **Governance KPIs** encompasses around Financial, Social and Relationship Capitals:



Risk Management



Transparency



Board Structure



Business Ethics



Supply Chain Management

Climate-related risks	Public Relations and Advocacy	Tax Strategy	Whistleblower policy	Sustainability targets	Code of Conduct
Cybersecurity	Data Security	Policy influence	Materiality assessment	Board structure	Ethical Practices
				CEO compensation	Supplier audit and assessment

KPI	Aspirations	Target Year	Capitals Linkage
Code of Conduct	Publish Code of Conduct publicly	2022	Social & Relationship Capital
	100% employees to be trained on Code of Conduct	2023	Human Capital
Policy influence	Publish whistleblower policy	2023	Social & Relationship Capital
Cybersecurity	Track and report cybersecurity and data breaches	YoY	Intellectual Capital
Public Relations and Advocacy	Report average tenure of board members to DJSI	2022	Social & Relationship Capital
	Publish the compensation annually	2022	Financial Capital
Supplier audit and assessment	Conduct 100% survey on human rights with suppliers	2025	Social & Relationship Capital
	Increase % procurement from MSMEs	2025	Social & Relationship Capital

CAPITALS AND ASPIRATIONS

Financial Capital

GRI- 201-1

At HMEL, we recognize the role financial capital plays for any organization to derive its value and a global standing in the Industry. It is the most important capital that all stakeholders look upon for the economic health and well-being of a company and is thus considered the most important capital for the stakeholders. In light of this, we have set up a robust and an effective system to oversee our financial management and provide value to our stakeholders through the same. Company has been able to manage its liquidity requirement through a prudent mix of borrowings and internal accruals.

Growth

In a year that was marred due to second wave of COVID-19, we have outdone ourselves and have achieved a record revenue growth of more than 73% over the previous FY. This has been our biggest financial year in terms of our revenue and Profit after Tax (PAT) with the latter showing a staggering growth rate of more than 200%. Our Expenses including raw materials on the other hand have increased by over 100% as compared to 73% increase in the turnover. All of this was possible due to the increase in demand for our products without a significant increase in our manufacturing infrastructure. This also went on to prove the high quality of our manufactured products. Our EBITDA for the year ending March 31, 2022 is INR 61,681 Million, an ascend of INR 22,877 Million from the previous year, indicating a growth of more than 200%. The net profit margin for FY 2022 showed a growth of more than 75%. The earnings per share for FY 2022 were INR 1.56 up from INR 0.50 from the previous year indicating an increase of more than 200%. Further, we have also distributed a dividend of INR 6,124 Million (about 49% of our net profit for FY 2022) during the year from our free reserves. The Capital Expenditure for the year stood

at INR 33,765 Million indicating our commitment to capital creation for our company.

Cash Flows & Financial Stability

For the year ended March 31, 2022, not only have we achieved our highest turnover and profit numbers, but also our Cash & Cash Equivalents has risen to INR 15,812 Million indicating high liquidity in our operations and leaving us with a great opportunity to fund our growth without any need for raising further capital. This high generation of cash has enabled us to have a current ratio of 1.165 signifying our liquidity for the year. The efficient management of the Financial Capital helped us make an increment of more than 15% in total assets during the year. Further, many of our loans don't have a repayment date in the next year and some repayments are scheduled to start even beyond that further enhancing our cash balances and giving us better headroom for more capital expenditure by providing a better free cash flow to the firm (FCFF).

Economic Value Generated & Distributed

With focussed approach to creating and managing stakeholder value, HMEL is delivering operational excellence by judiciously allocating and using its resources. We have tools and technologies in place for critical assessment of capital structure through forecasting and budgeting. We believe in creating value not just for our shareholders but for a wide variety of stakeholders that includes Government bodies, Customers, Suppliers, and other people in our value chain through the management of our Financial Capital by mindfully allocating our funds. Economic Value Generated and retained can be seen from the below mentioned table.

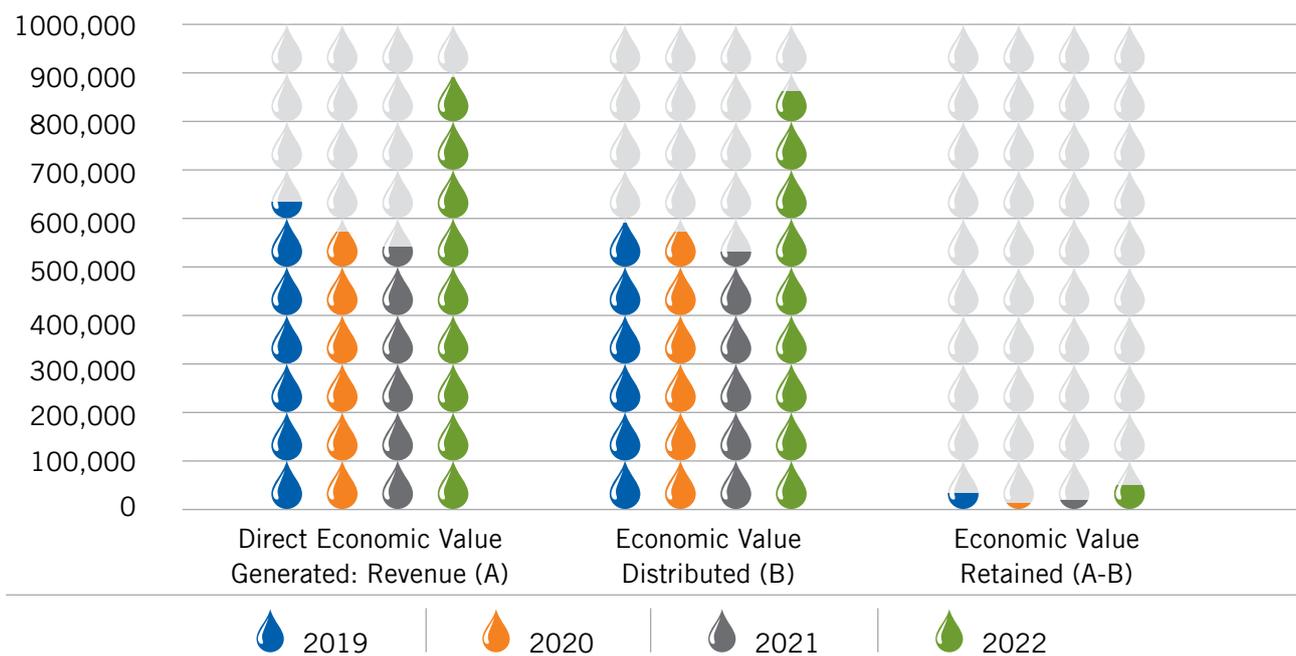
Economic Value Generated (Amounts in INR Million)

Particulars	2021-22	2020-21	2019-20	2018-19
Direct Economic Value Generated : Revenue	895,512	517,305	580,053	623,780
Economic Value Distributed (refer table below)	857,909	510,089	580,052	595,968
Economic Value Retained	37,603	7,216	1	27,812

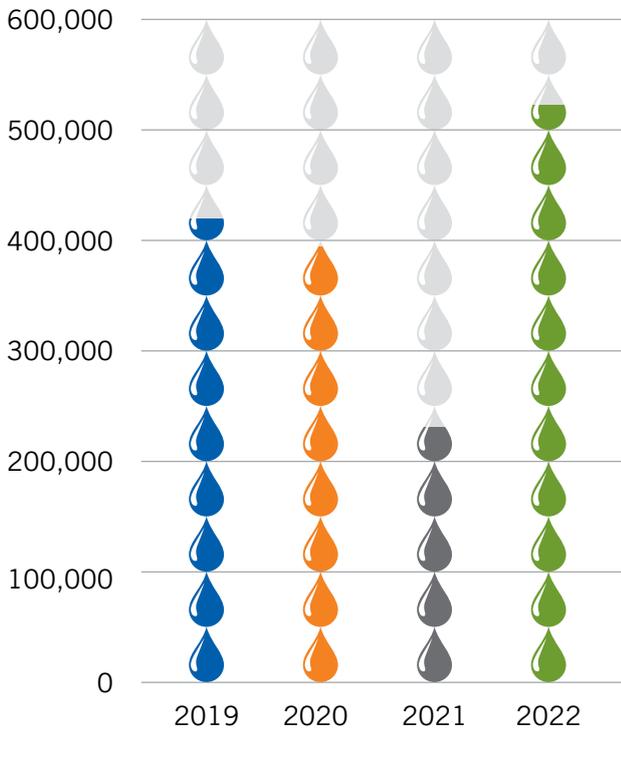
Economic Value Distributed (Amounts in INR Million)

Particulars	2022	2021	2020	2019
Operating Costs	520,977	229,678	391,070	419,804
Employee Wages & Benefits	3,401	2,970	3,070	2,944
Payments to Providers of Capital	26,054	19,301	23,647	15,183
Payments to Government	307,330	257,917	161,702	157,444
Community Investment	147	223	563	593
Total	857,909	510,089	580,052	595,968

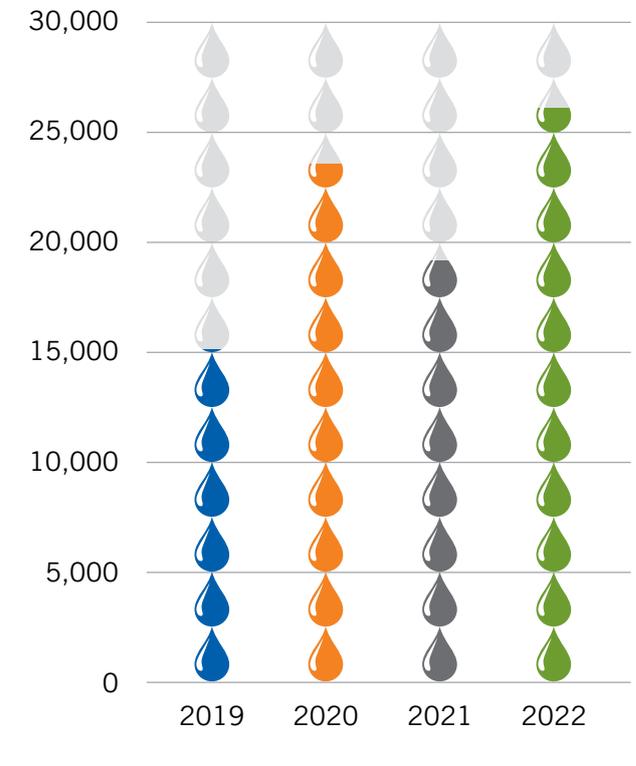
Economic Performance



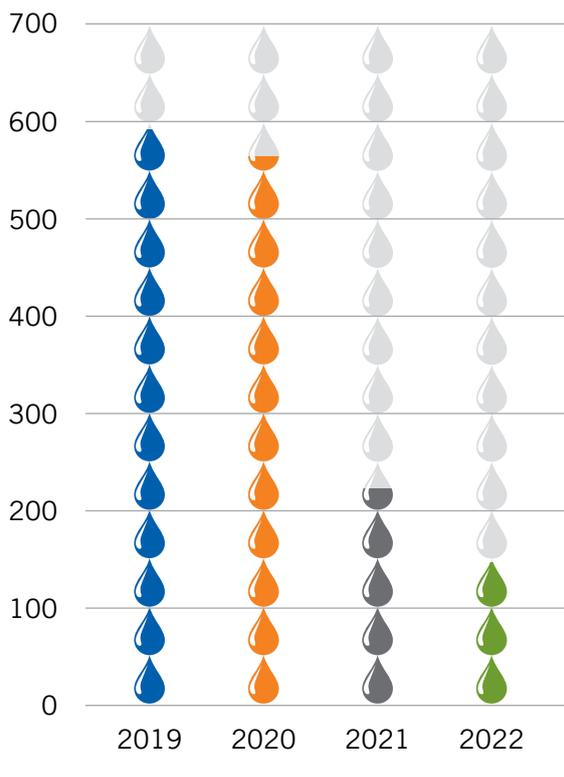
Operating Costs



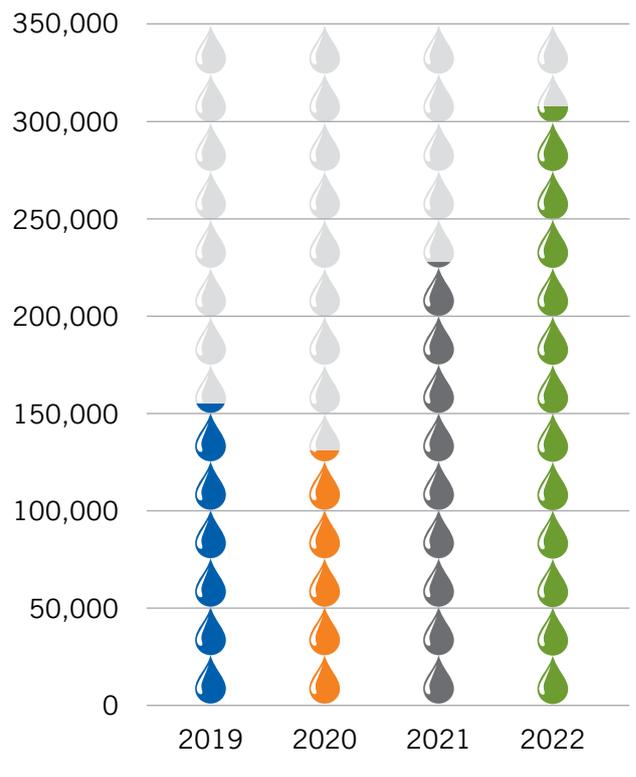
Payments to Providers of Capital



Community Investments



Payments to government



Manufactured Capital

GRI- 203-1, 301-1

In the oil & gas sector, manufactured capital is a vital element for driving and sustaining growth and delivering better customer experience during the year. HMEL has achieved landmark milestones in developing infrastructure, which in turn has accelerated the our growth trajectory. This infrastructure growth is also enabling us in meeting the future energy needs of the nation. To allow the organization to be responsive to the market or societal needs, the Company is consistently investing in several major and minor projects and has invested over INR 33,765 million during the year to add to its infrastructure facilities.

Manufacturing Facilities

Our manufacturing facilities include 11.3 MMTPA capacity GGSR refinery in Bhatinda, 1.2 MMTPA Petrochemical plant integrated with refinery, Dedicated crude pipelines of 1,017 km from Mundra to Bhatinda, Large Crude Oil Terminal at Mundra and Single Point Mooring 7 kms. in the sea at Mundra for handling VLCC and other large carriers.

Our Guru Gobind Singh Refinery

The GGSR at Bhatinda is our state-of-the-art refinery. The continuous improvements to the refinery along with the ancillary facilities developed over the years have helped us to make this as one of the best refineries of the country. The refinery has crude oil processing capacity of 11.3 MMTPA. During the financial year 2021-22, the refinery on an average processed 1MMT of crude oil every month. The refinery is our knight in the shining armor in the national commitments such as 'Make in India' and 'Made for India' initiatives.

Supply Chain Management

We create sustainable value for our stakeholders by integrating sustainability into the very fabric of our business, including our supply chain. We have a long-integrated value chain from the procurement of Crude Oil from the middle eastern countries to South America and thereafter transporting through the pipeline of

our subsidiary to our refinery and delivering the final products to our customers. We have different teams and departments that investigate various aspects of our supply chain such as procurement, transportation, refining and marketing. All our teams involved in the supply chain are continuously looking to improve our practices to achieve high quality outputs with minimum costs allowing us to be one of the market leaders in the industry. Our supply chain commitments have been powered by our multi-pronged approach to sustainable sourcing. It extends far beyond the selection of ethical suppliers and suppliers with an Environmental Management System as well as ISO 14001 Certification. Central to our commitment is walk the talk; while we comply with the Code of Conduct and POSH policies, we expect our suppliers to also adhere to similar practices to promote ethical supply chain practices.

Manufacturing Performance

During the year, we have throughput 13.027 MMT of Crude Oil which is the highest in a year for the Company. In a pandemic struck year, we have managed to produce more than 10,000 Mn Litres of Liquid fuel which includes Petrol, Kerosene, Aviation Turbine Fuel and Diesel and more than 3 MMT of other products such as LPG, Naphtha, Hexane, Mineral Turpentine Oil, Sulphur, Petcoke, Bitumen and Polypropylene.

Clean Technology

Our focus at HMEL is to foster the change to clean technology and have an early mover's advantage in doing the same by adapting to more greener measures of energy without compromising on the quality of our processes or products. We have incorporated some clean technological measures in our refinery such as using hydrogen powered forklift. We are also looking into the feasibility of using Ethanol, Green Chemicals, Green Hydrogen and Solar Energy to fulfill our energy needs in the future. Our Research & Development Innovations department is constantly looking for more clean and efficient technology initiatives that could be adopted to have a safer and greener environment at the refinery and the adjacent areas.

Intellectual Capital

GRI- 404-2

At HMEL, our continued focus is on the innovation and research to improve our operational efficiency, resource utilization and sustainability. We believe in building long term trust with all our current and potential stakeholders in turn building a long-lasting brand name. We believe in harnessing the power of technology to improve our processes and our output.

Research & Development and Innovation Department

Our commitment to intellectual capital is evident from our R&D spends during the year which have increased by 20 % during the year to inspire creativity and development in the areas of emergent and future paradigms. We have a dedicated team of high expertise personnel (such as Scientists, Researchers etc.) who work with focus on process innovation and to improve efficiency. We endeavor to identify and develop technologies and products pertaining to the refinery. It is due to these efforts solely that our Customer Service and Development Centre (CSDC) is recognized as a R&D center by the Ministry of Science and Technology. Some of the key focus areas for our RDI throughout the years have been Petchem streams valorization, reduction of carbon footprint by adoption of green technologies, production of advanced materials such as needle coke, energy storage via battery/fuel cells, advanced optimization through Artificial Intelligence/Machine Learning. We leverage internal expertise as well as collaborate with reputed national institutes for achieving these goals.

Employee Upskilling through L&D Programs

As we have continuously emphasized that our employees are our biggest resource, we have always highlighted the personal career growths of our employees which in turn has encouraged the employees to augment the overall growth of our company. We have organized several Learning and Development (L&D) sessions for various levels for our employees focusing on acquiring soft skills such as leadership, team management etc. These skills are provided to the employees based on their management level and their career aspirations.

These trainings are conducted either by us on our own or in collaboration with our Internationally reputed Institutes. These trainings are hosted through Webex, Zoom and MS Teams and the e-Learnings are hosted on Percipio from Skill Soft where all employees can access these and upskill themselves. In the last year, our employees have accumulated more than 100,000 hours in developing these soft skills. For the last FY a total of 104,976 hours have been recorded in terms of learning and development across HMEL, which showcased an increase of 55% over last year.

Patents & New Technology Initiatives

Our RDI team have successfully conducted various R&D projects during the year and have patented 1 product with the Indian Patent Office. One such technology developed during the year is our Induction Cooktop which was granted the patent by Controller General of Patent, Design & Trademarks, India. It is an indigenous, efficient and affordable cooktop for rural masses. This revolutionary technology was designed by our RDI team in a record time of just six months. The patent too on the same was granted in less than one year from the filing date. Another patent matter of multifunctional single rotary switch algorithm for simple user interface has been submitted and is under consideration by the authorities. Our IT team during the year launched a new portal for paperless approval catering to various employee needs in the process fully automating the manual processes of receiving and handling requests like User ID Creation, folder access request, VPN request, access validity request etc. Various other planned IT projects include Energy Optimization, RTO for CDU/VDU and Extruder operations to name a few.

Natural Capital

GRI- 302, 303, 305, 306

Oil & Gas are one of the most important commodities for the Indian Economy and is required to meet domestic energy needs. In addition to that, in significant numbers of industries, it is used as a raw material. Keeping the importance of our business in mind including processing and production at HMEL, we believe in sustainable growth, economic and financial development together with the need to conserve and protect the environment. With this purpose, we are fully committed to using most effective production routes, supply chain management and mitigating any negative impacts on the environment. Towards this vision, we have developed a roadmap to guide us in creating a positive impact on the environment through sustainable practices and actions at work. We follow this guidance to reinforce our goals and objectives and align it with our ongoing activities.

Environmental Practices at HMEL

We have excelled in environmental practices throughout our history by adhering to regional and national regulations in India. We make sure that our activities and practices are in line with the regional and national standards to ensure that we avoid or mitigate any kind of negative impact on our immediate surroundings, environment, and communities. The Company adopts a cross-business approach to reduce environmental footprint. We on the key areas of clean air and water, preventing soil contamination, preserving biodiversity, optimal utilization of resources and digitization of operations by utilizing technology for direct energy savings and online collaborations for reducing travel needs.

HMEL's state-of the-art facilities and seamless adoption of technology solutions ensures sustainability of operations and is consistently and concertedly working on improving its environment protection. As a part of our endeavor to protect and nourish the planet for future generations, following actions have been

We believe in sustainable growth, economic and financial development together with the need to conserve and protect the environment.

taken by GGSR for reduction of emissions:

- » Off gasses from Wet Air Oxidation Unit earlier going to atmosphere were successfully routed to SRU incinerators.
- » Similarly, the Sour Water Tank Vent gases were also routed to SRU incinerator.

We identified and avoided routing of ~95 m³/hr good quality water to Oily-water Sewer (OWS). In addition to reduction in hydraulic load of Effluent Treatment Plant ('ETP'), this has resulted in saving precious raw water by equivalent amount. HMEL team also started sustainable disposal of Secured Land Fill sludge in DCU.(343 MT SLF sludge disposed). Further, refinery started processing oily sludge from ETP during coke cutting cycle in addition to the existing practice of routing during quenching cycle in DCU. This has increased the ETP oily sludge processing rate in DCU from 50 m³/day to 90 m³/day and avoided hazardous waste generation. Trees and green plants are the natural sinks for the pollutants. To enhance the green cover, GGSR has planted 2800 trees in an area of around 2.7 acres of land. ISO 9001 and ISO 14001 surveillance audit were successfully conducted.

GHG Emissions & Environment

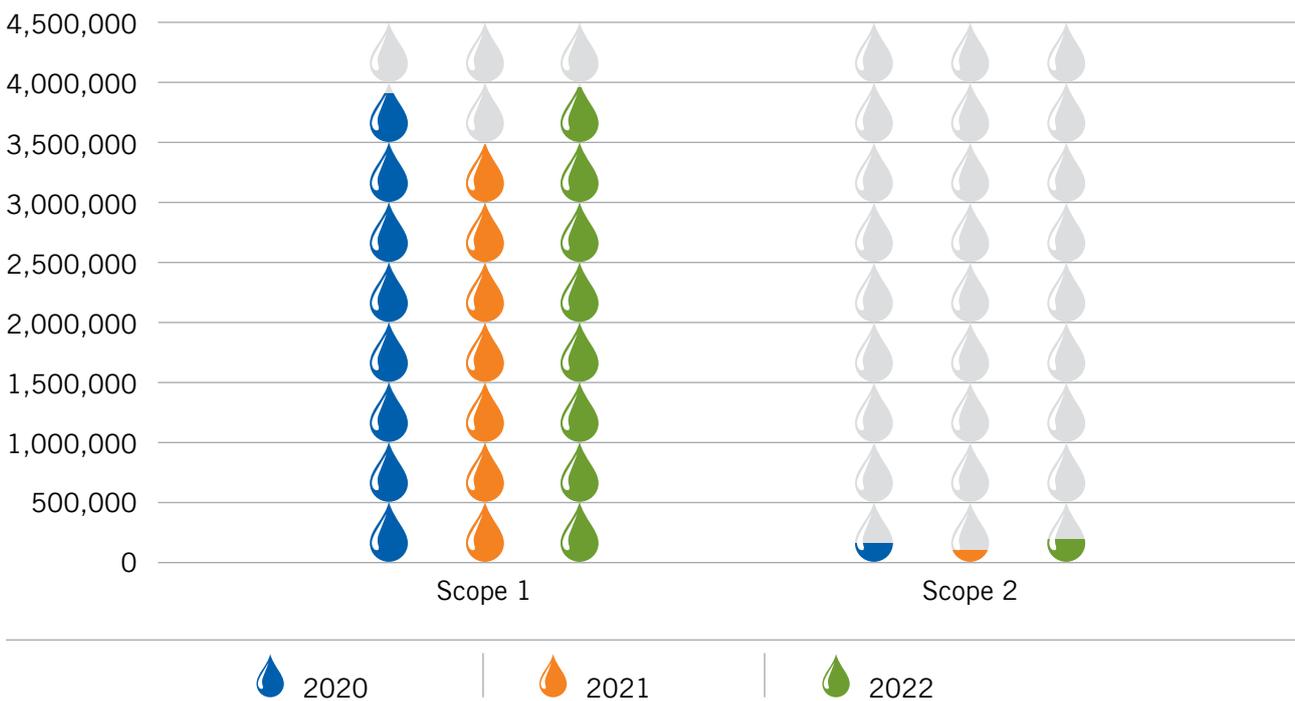
GRI- 305-1, 305-2, 305-5, 305-7

Additionally, we also monitor our emissions to contribute to the greater goal of India becoming a net zero country by 2070. We have a dedicated team in our company that is responsible for recording and monitoring the emissions data. Annually, we evaluate our emissions and use it as a reference point to set goals for our company to achieve the overarching

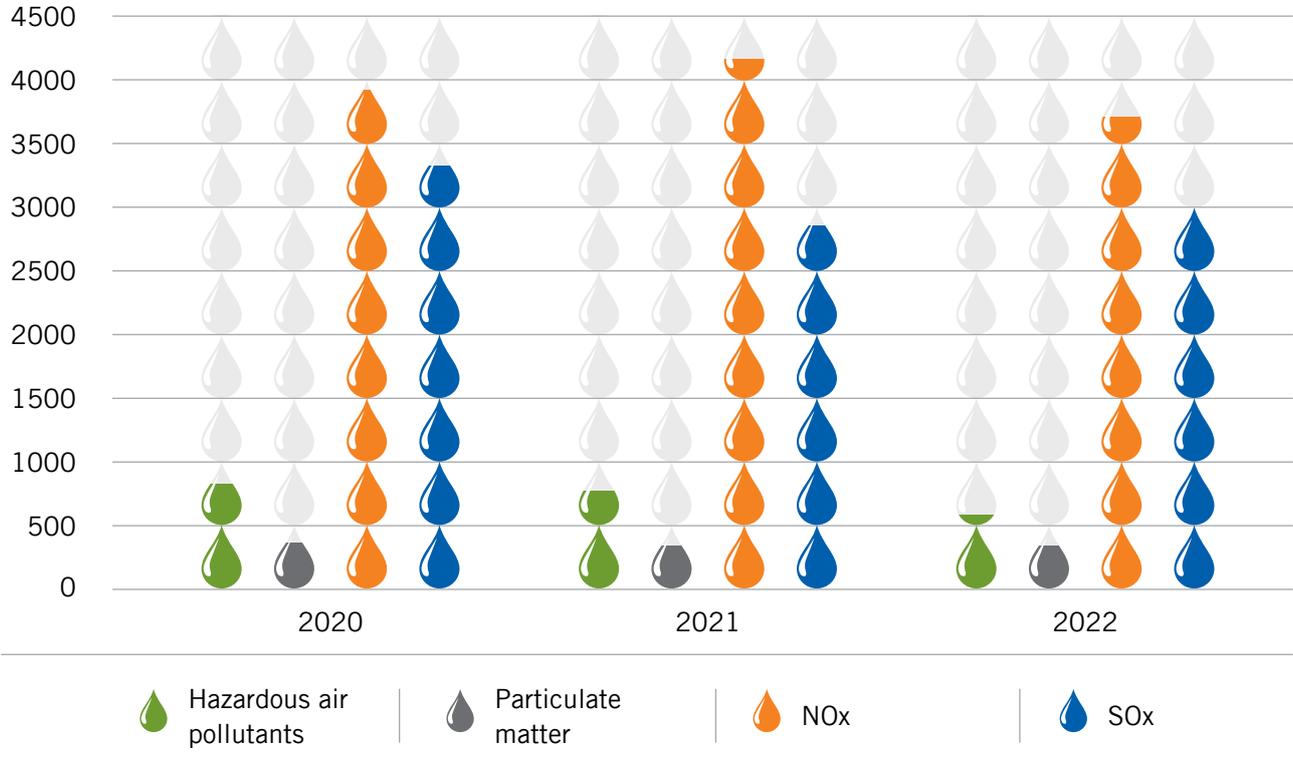
objective. We have achieved ~40% reduction in carbon emission intensity (Scope 1 and Scope 2) since commissioning. During the year, we reported ~11% reduction in carbon emission intensity. Our Scope 1 and Scope 2 GHG emissions have a further reduction target of 34.3% by 2032. Hazardous air emissions have reduced by 25% this fiscal year.

GHG Emissions	2022	2021	2020
Scope 1 (MTCO2e)	3,958,973	3,488,743	3,912,891
Scope 2 (MTCO2e)	183,349	103,565	157,771
Air Emissions			
SOx (MT)	2,995	2,840	3,334
NOx (MT)	3,696	4,142	3,908
Particulate Matter (MT)	331	325	353
Hazardous Air Pollutants (MT)	571	766	811

Scope Emissions



Other Air Emissions (MT)



Harnessing the Power of Clean Technology

GRI-302-1, 302-4, 302-5

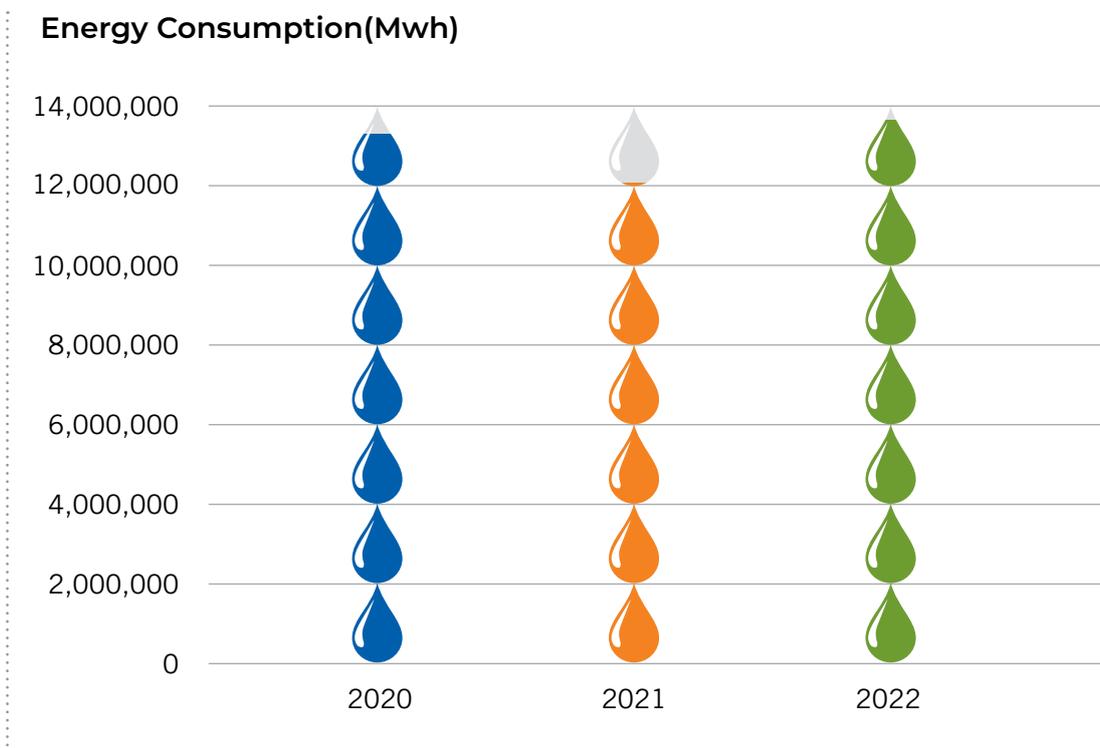
HMEL is dedicated towards creating a greener and cleaner environment and are slowly shifting towards consuming renewable energy instead of fuel-based energy. To completely swap our energy consumption to renewable sources is a long road ahead, but we have already started the journey and are hopeful to achieve the target. The total non-renewable energy consumed in the current year has reduced by 30% in the year as we are shifting towards renewable sources of energy quite evident from our energy consumption. To further reduce our reliance on non-renewable sources of energy, we are looking into renewable sources of energy such as Ethanol, Green Chemicals, Green Hydrogen and Solar Energy to fulfill our energy needs. We are in the process of establishing an energy

management policy to guide our work in this direction.

We have also executed more than 30 energy and fuel efficiency projects to increase our productivity and align our activities to foster a sustainable and cleaner environment. We have multiple initiatives currently underway which would enable us to save 48.8 Gcal/hr of energy by 2024. Our Tech Services - Environment department has been proactive in terms of developing and innovating these projects, monitoring, and periodical evaluation to affirm that the projects are contributing to a benediction both socially and environmentally. These projects include activities like Green Hydrogen, Ethanol Plant, Solar Energy Projects etcetra:

Energy Management	2022	2021	2020
Total Energy Consumed (MWh)	13,997,984	12,029,012	13,402,235
Renewable Energy consumed (MWh)	2,014	7,068	7,146
Non Renewable Energy Consumed (MWh)	13,995,970	12,021,944	13,395,189
Change in Energy Usage per unit of crude thruput	-10.0%	9.1%	

*Includes power consumption for refinery operations only and excludes consumption for projects



Water & Waste Management

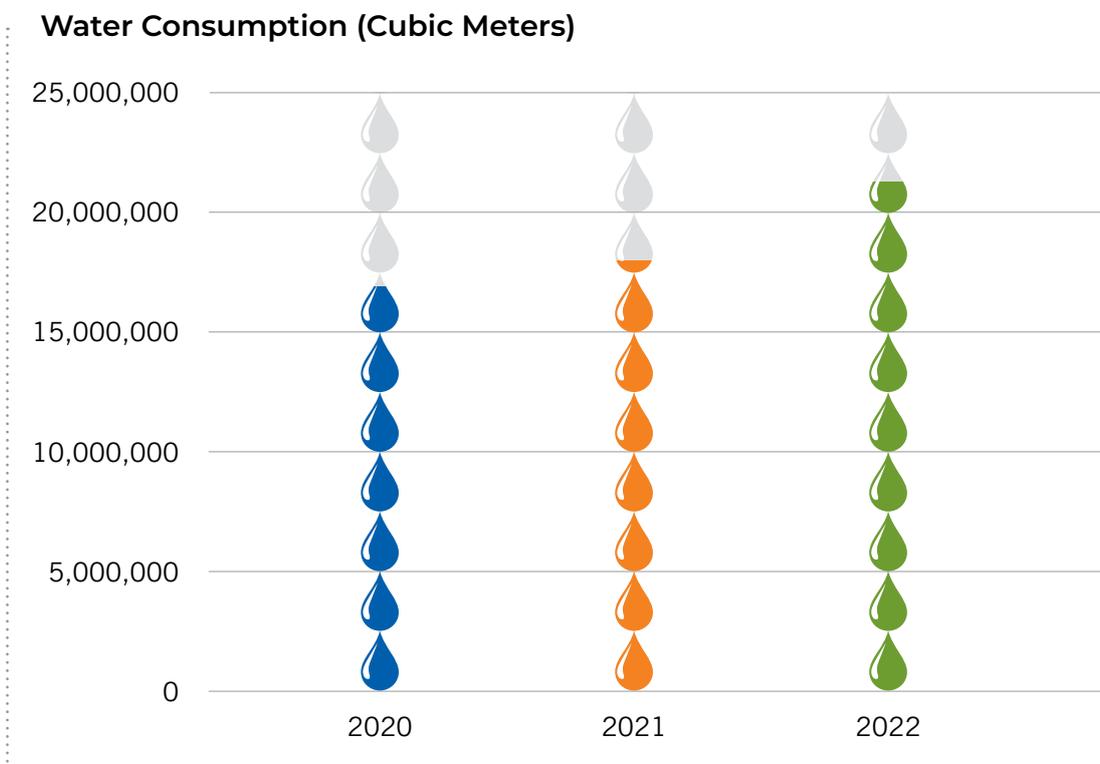
GRI- 303-3, 303-4, 303-5, 306-1, 306-3, 306-4

Water is an integral part of any activity and significant for an industry like us. Not only in our activities, but across our footprint, we ensure that water resources are mindfully consumed and disposed. Our Tech Services- Environment department has an elaborate plan to ensure efficient usage of water and disposal measures. We regularly monitor and evaluate our

actions in handling water resources, which is recorded and reported annually with plans to modify and make it more efficient every year. In case of normal operations and expansion we have been successful in reducing our water consumption by more than 15% in the current year and as a company will continue to follow our robust plan to use water resources mindfully.

Water Management	2022	2021	2020
Total fresh water withdrawn – Surface Water(Cubic Meters)	22,290,026	17,706,189	17,396,889
Total water consumption (Cubic Meters)	21,364,025	16,292,299	17,207,486
Percentage recycled	100%	100%	100%
Change in Water Usage per unit of crude thrupt*	-15.1%	13.4%	2.2%

*Includes water for refinery operations only and excludes consumption for projects

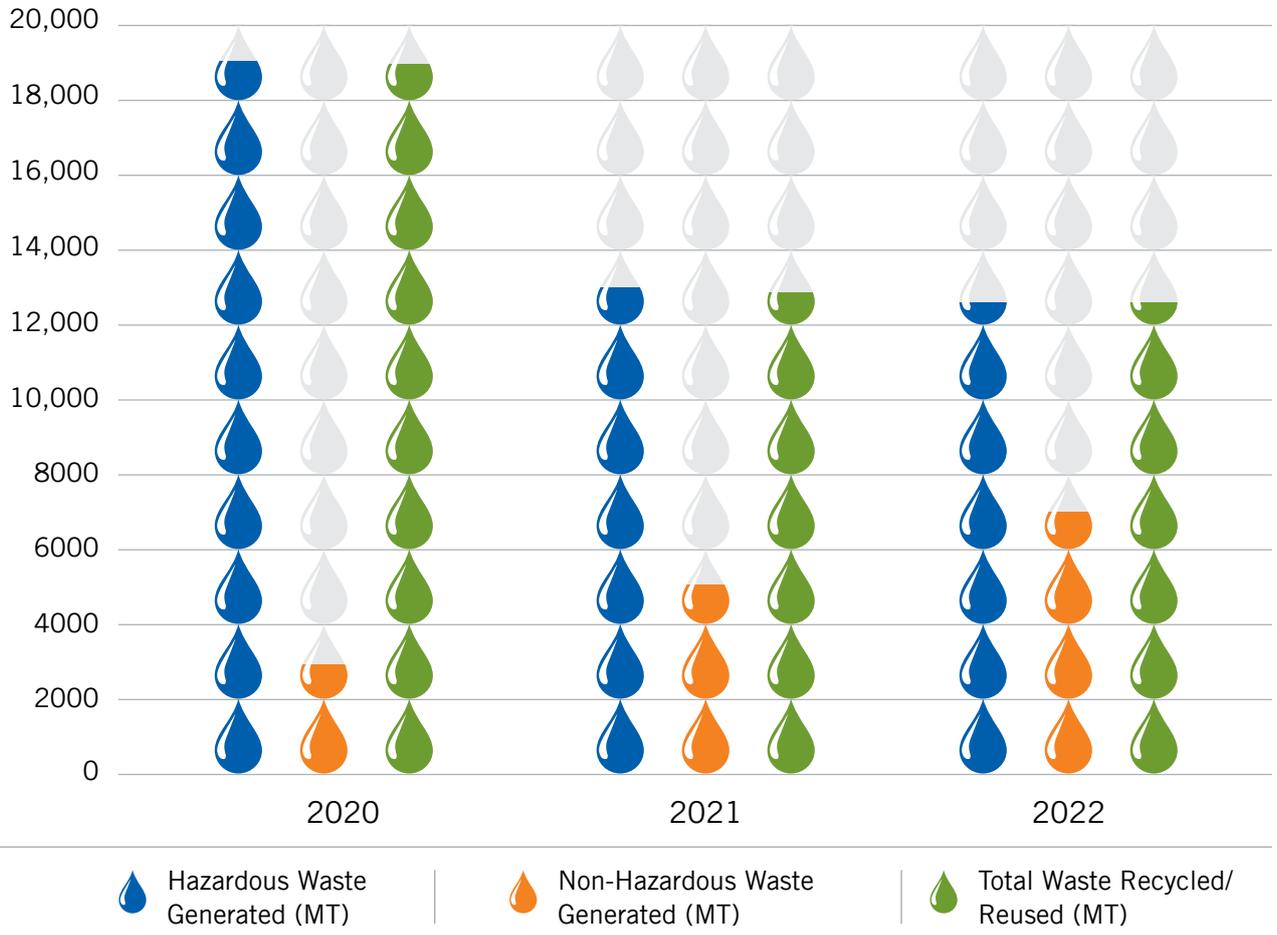


We are mindful about the wastes generated through our activities and in our offices. We have been disposing our waste according to the current municipal norms in Noida and have been adhering to the existing national guidelines and principles under CPCB and

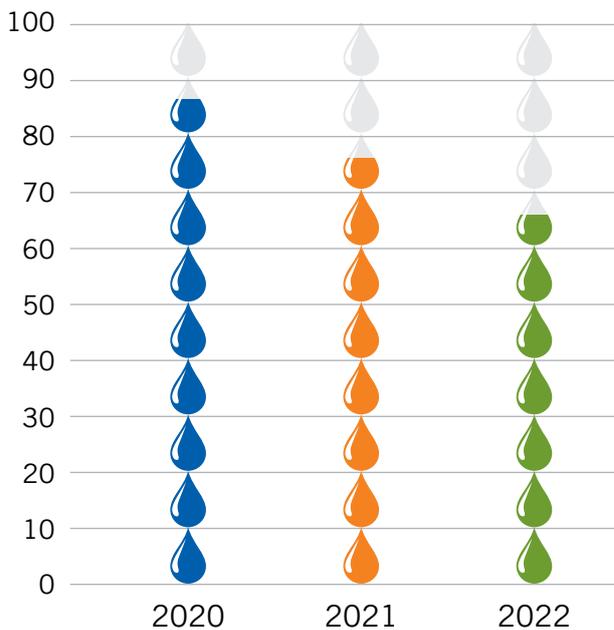
SPCB. We follow the principles of circular economy by eliminating, mitigating wastes and pollution at source, circulating products and materials by reusing and recycling:

Waste Management	2022	2021	2020
Hazardous Waste Generated (MT)	12,301	12,970	18,911
Non-Hazardous Waste Generated (MT)	7,149	4,845	2,498
Total Waste Recycled/Reused (MT)	12,298	12,968	18,906
Percentage waste Recycled	63%	73%	88%

Waste Management



Waste Recycled (in %)

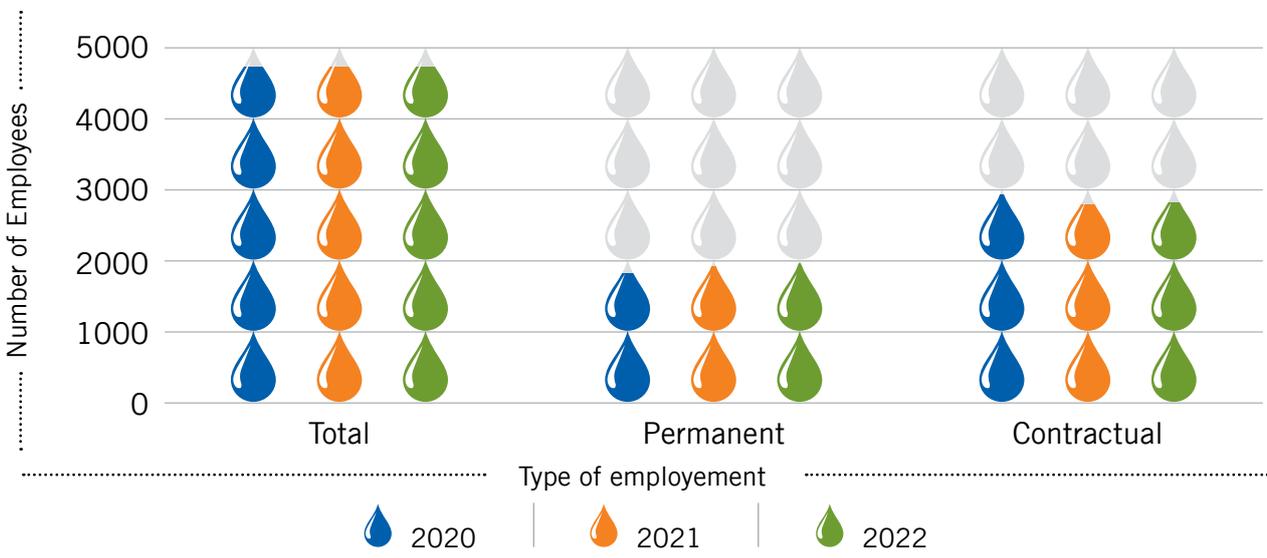


Human Capital

GRI- 401, 403, 404

The ability to attract, motivate, develop and retain talent is critical to our continued success, like any other leading organization. We believe the human capital to be our most valuable asset and the real drivers of our business growth. Our workforce is the real factor behind fulfilling our commitments to all our stakeholders in a timely manner. We have an employee engagement framework termed as 'Employee First'

which helps to boost the morale of our employees and keep them motivated with the aim to equip them with best practices, engagement and communication for enhancing trust, collaboration and camaraderie within their teams. The initiatives under Employee First Framework are categorized under 4 pillars which are (i) Appreciate (ii) Connect (iii) Engage and (iv) Celebrate.



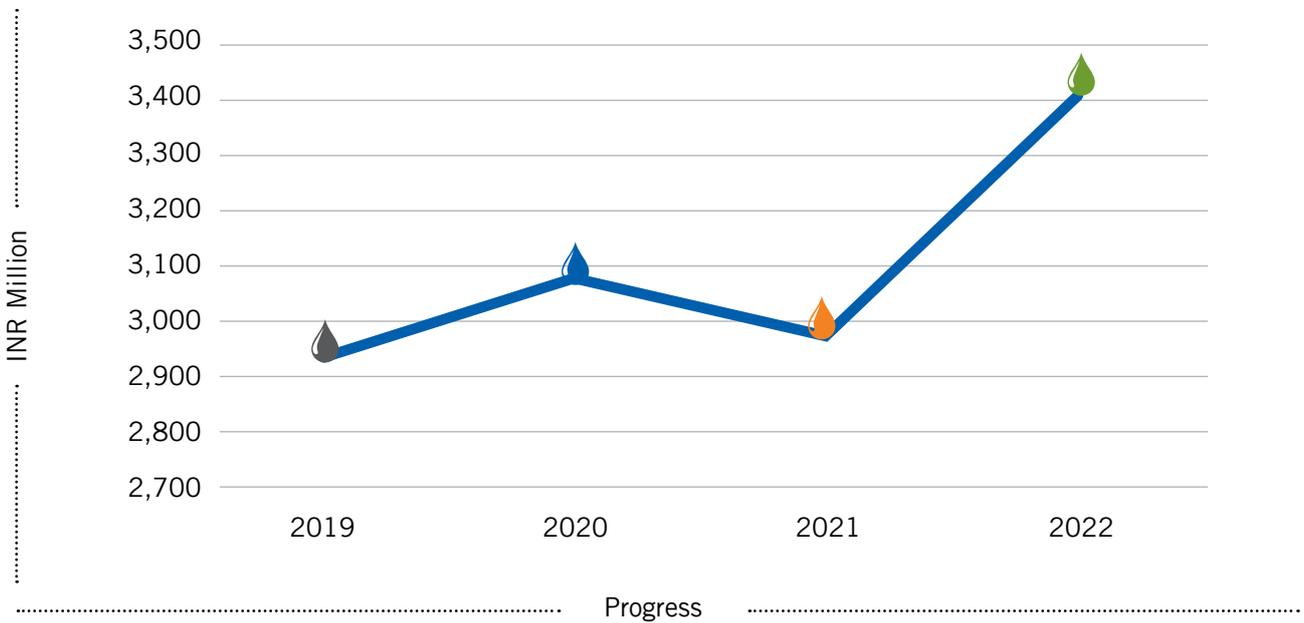
Employment Generation

GRI- 401-1

Our belief in the power of people is evident from the fact that even during the year marked by the devastating 2nd wave of covid in the country, we added more than 108 jobs in the year, taking the total number of people working for us to more than 1,800. Our people too have showed support in us with

our retention rates in the year being more than 94%. During the year, we also enrolled for the best places to work survey in which more than 88% of our employees voted us the 'best place to work', thus cementing our legacy as one of the best employers in the country.

Employee Wages & Benefits



Fostering Employee Well-being

GRI- 404-1, 404-3

Due to the challenges bought on to us by the pandemic, we shifted our focus on not only the physical but also the mental well-being of our employees. We undertook several initiatives for mental and physical well-being of the employees such as ‘We Care’ wherein several leadership-employee connect sessions were held for the employees to directly interact with the leadership for better understanding of their concerns. Regular Townhalls and meetings were held throughout the year to emphasize on the need to follow the covid protocols and the measures to keep the employees and their families safe. Each month in our monthly newsletter ‘Expressions’, we provide employees with some knowledge bytes to remain healthy by making some basic changes in their daily habits which has been received very well by them. We believe in making future leaders for not just the company but also for the country which can be evinced from the

fact that we have accumulated more than 30,000 hours of Behavioral and Leadership Trainings for all our employees.



Health & Safety

GRI- 403-4, 403-5, 403-6, 403-7, 403-9

At HMEL, health and safety of our employees lies at the top of our priority pyramid. The same is demonstrated by our flawless safety protocols and record at the refinery. We take pride in our safety record as a company as the same has been achievable due to the robust trainings that our employees undergo before being deployed to the machines. We understand the fact that we belong to one of the most hazardous industries in the economy and strive to keep our safety record intact for years to come. To ensure the same we also have conducted more than 275,000 hours of safety trainings in the year 2021-22 for our employees and workers. We have also conducted ancillary trainings such as mock fire drills during the year wherein other than the employees and workers working at our refinery, even our leadership team was involved.

Our response to COVID-19

- » Ensuring workplace safety
- » We conducted various workshops and meetings between our workforce and the leadership to let them know that they were not alone and that their company was with them
- » Mental well-being support provided to affected employees and their families
- » Undertook vaccination drives for our contractual workers, staff and employees. By the end of the year, we were able to achieve 100% vaccination status as our entire workforce is now fully vaccinated
- » Collaborated with State Governments along with several NGOs to provide immediate covid relief throughout India through the distribution of dry rations
- » Setup a 100 bedded Covid hospital in assistance with the Government of Punjab to combat COVID-19

Furthermore, it is noteworthy that despite facing significant adversity caused by COVID-19, our team members remain more engaged than ever before.



Diversity & Inclusion

GRI- 405-1

At HMEL, we believe in ensuring fair and equal opportunities for all our employees. We have zero tolerance towards any kind of discrimination at our workplace and the same is also evident from our Code of Conduct which has been prepared in accordance with the NGRBC guidelines. We strive for the diversity in our workforce to help foster the heterogeneity of innovative thinking which not only assists promote collaboration, harmony and unity but also helps in the overall development of the employees and the workforce. Our code of conduct is very clear about eradicating certain social evils from our value creation process such as Child Labor, Forced or Compulsory Labor. The security forces at HMEL are duly trained about the Human Rights issues and adhere to the policies of the company in this regard to maintain high standards of conduct at workplace. In the coming years, we aim to continue our efforts on increasing diversity across the organization.

Social and Relationship Capital

GRI- 2-15, 203-2, 308-2, 406-1, 408-1, 409-1, 410-1, 413-1, 415-1

At HMEL, we think that building long-term partnerships based on mutual trust, respect, and benefits is critical to sustaining a successful business. It safeguards the company during business and economic cycles. Our unwavering commitment to satisfying our clients' evolving requirements and creating value for our suppliers and promoting inclusive growth in the areas we serve, has been a priority for us and has contributed in the development of significant social and relational capital

Code of Conduct

Our Code of Conduct (CoC) encourages our people to conduct business lawfully, ethically and in the best interest of HMEL. It is a guide that provides broad direction on how our company must always operate and uphold integrity. That includes our firm's emphasis on maintaining high standards on issues such as human rights, prevention of fraudulent and corrupt practices, insider trading, avoidance of interest and prevention of sexual harassment at the workplace. The CoC is the mainspring of policies for employees, work force, vendors, third party contractors and all other stakeholders. We have a long history of working in accordance with applicable laws and internationally recognized principles, as well as in partnership with our multi stakeholders. Our CoC is built on our internal Core Values and touches other external principles, such as the International Bill of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption as outlined in the ten principles of the United Nations Global Compact, along with national and regional laws and regulations to form our workspace ethical, just and fair for all. We tend to align our work with the Sustainable Development Goals (SDGs) to contribute to the overall sustainable development framework across sectors and stakeholders.

We believe that by doing so, we are providing a solid foundation that supports a more sustainable future for our core activities, employees, and our stakeholders.

CoC is a vital component in HMEL's governance model, which encompasses common steering documents and processes, with principles to guide us at our work. The policies under CoC not only apply to all employees of the Company but also to other stakeholders and has been formulated to help them understand its ethical philosophy, which would act as a guiding principle in handling its business.

A robust and stringent Prevention of Sexual Harassment (POSH) Policy helps us protect our employees from harassment and discrimination. This policy empowers our employees to raise complaints if they find themselves experiencing or witnessing any sort of harassment at the workplace. The Prevention of Sexual Harassment policy or POSH is constituted in accordance with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. It is also led by our Internal Complaints Committee (ICC) as required by the applicable laws in our operational geographies.

Relationship with Stakeholders and Vigil Mechanism

Stakeholders are one of our significant intangible assets that hold an important value for our company as we consider each employee and stakeholder as a goodwill ambassador to our work ethics and its activities. It is of prime importance to us to engage with all our stakeholders in a respectful and responsible manner. We work in a culture where the Board and all employees work harmoniously for the long-term benefit of the Company and its stakeholders. To sustain this, we have a stakeholder engagement plan and procedure that helps us in structuring and streamlining this process in a meaningful way.

In pursuit of greater long-term stakeholder value, we strive to maintain the highest standard of governance as a foundation towards managing risk and building the trust of our stakeholders. Our governance processes play a key role in supporting the delivery of our strategies and performance.

We follow a zero-tolerance approach towards bribery and corruption and comply with applicable anti-bribery and corruption laws. Our anti-bribery and corruption policy enables us to reduce the risk of liability of improper conduct such as bribery and corruption at all levels within our company. Further, we train and equip employees with the necessary tools to identify situations related to bribery and corruption and take the right steps to mitigate the risk and always operate ethically. All our locations undergo assessments for risks related to corruption as part of our operational as well as organizational-level risk identification and management process. Complaints associated with corruption are also raised through the whistle blower mechanism by all stakeholders including suppliers and customers. Additionally, as a part of this commitment, we do not make contributions to political parties or agendas which are made to influence any decision or gain a competitive advantage. The Whistle Blower Policy and its operating mechanism are available on the website of the Company. Each complaint, anonymous or otherwise, is evaluated for investigation at the Ethics Committee (composed of senior management personnel) and sent to Audit Committee members with proposed next steps. There exists a well-established and robust investigation process for complaints reported via the whistle blower mechanism, which includes engagement of specialized external forensic firms (in select cases). A summary of all complaints along with the outcome of the investigations and actions taken is presented periodically to the Audit Committee.

Supply Chain Management

The oil and gas industry is one of the most important components of the world economy and has a significant impact on the continuous development of other industries. This uninterrupted need of energy for all the industries and also individuals makes Supply Chain Management a key parameter to ensure the efficiency of the preventing and mitigating any forms of economic, social and environmental risks that may arise and affect stakeholders' trust in our operations

and overall activities. With this objective in mind, we ensure that the SCM process and plans are at par with leaders in this industry and continue to update it according to modern standards and protocols. Our strategy for procurement and contracts, is to align long-term targets with our business objectives and direction. It also guides the procurement unit on execution of activities, to achieve the targets in a sustainable manner.

We have in-depth market intelligence and technical information for analysis and the formulation of strategies for each function to handle suppliers through the evaluation of new vendors and management of relationships with critical suppliers. Our Contracts & Procurement Team, that heads the supply chain management, is also responsible for procurement process and contracts for various activities of our refinery, from sourcing, bidding, negotiation, contract preparation and issuance of orders to contract management support and advice to the Procurement Committee to ensure compliance with contracts along with efficiency, transparency and accountability.

Our refinery has a unique geographical advantage of being situated in the northern part of India and it has HPCL pipeline connectivity at the refinery for quick offtake of its liquid fuel products. Company's COT's close proximity to the Middle East Asia, which has around 48 per cent of the world's proven oil reserves and also produces and exports the highest volume of crude oil amongst all regions, is another added advantage. Accordingly, a major proportion of our requirement is being sourced from this region that has reduced the freight cost and lead time in processing the crude oil as compared to other regions. Further, to take full advantage of the refinery complexity, heavy/tough crude oil grades that are mostly available in Latin America, West Africa and Mediterranean regions, are sourced on a regular basis. We have established strong and long-term relationships with most of the major national oil companies in the Middle Eastern region as well as other regions. Further, to ensure security of supply, we have entered into term contracts with major national oil companies in the Middle East as well as Latin America.

Transparency

At HMEL, transparency is the key to performance. It forms the basis for trust between us and our stakeholders.

We comply with transparency at different levels in our activities and business. The multi perspective approach in this area helps us in keeping the communication channels clear, be mindful about issues and our impact and channelize our resources using efficient decision making.

- » Transparency with Customers and stakeholders – We at HMEL, respond to our customer inquiries and feedback in an honest and timely fashion, and increase the accessibility of information about our products and services. We have a grievance redressal mechanism in place which helps us in identifying any issue and resolve it within a stipulated time frame keeping in mind customer satisfaction.
- » Transparency in the Supply Chain – We value transparency with our vendors/ suppliers for ensuring a productive ongoing relationship.
- » Transparency with Employees – At HMEL, transparency with employees is central to our mission and vision and we believe in honest, two-way communications between employees and their managers. Our human resource department plays a key role in ensuring that the processes and procedures are intact to follow a clear channel of communication, recording performance and growth within the organization.

Social:

Our Board-level CSR Committee oversees community development initiatives, ensuring stringent due diligence, review and tracking impacts. It delivers on its social commitments in and around the vicinity of GGSR by itself as well as partnering with HPCL-Mittal Foundation ('HMF') for wider reach. The Company's CSR policy and initiatives outlines the vision, mission, thrust areas and key requirements as per Schedule VII of the Companies Act. Our community focused programmes aim at bringing about societal change and bridge developmental gaps through education, empowerment led by creation of livelihoods, transformation of ecosystems, reducing gender gap and promoting sustainable development.

We have designated these 5 pillars of Social Responsibility for our workforce to follow and improve on the Social and Relationship Capital as follows:

Livelihood & Sustainable Development

- » A community needs to survive through sustainable livelihoods, which would help in meeting basic needs as well as ensure a secured future for coming generations. Women at the core of developmental initiatives, are institutionalized through Self Help Group (SHG) and supported through enterprise to create additional source of income. The initiative is intended to bring status of dignity for the women, to take collective decision and enhance confidence and capabilities to meaningfully contribute to their family and social upliftment. In this direction, 214 SHGs are formed till now, consisting of 2239 women in vicinity villages of Haryana & Punjab. 119 SHGs have been supported with different enterprises benefitting 1293 women. In the Year 2021-2022, 5 SHGs consisting of 60 women earned Rs. 4.88 lacs by stitching 12,217 school bags, provided to students of Govt. schools. In 2021-22 HMF has facilitated the formation of 30 new self-help groups and 7 new enterprises were supported to matured SHGs.
- » Dairy farming is also an additional source of income for the farmers. To improve the health of animals, veterinary support is being provided on regular basis to the villagers of 27 villages. In 2021-2022, 12 animal health check-up camps were organized, benefitting 2474 beneficiaries.

Skill Development

- » We believe Skill development enhances the proficiency of a person not only in terms of gainful engagement but also being accepted as a productive contributor in the society . We took the initiative to partner with Punjab Ghar Ghar Rozgar and Karobar Mission (PGRKAM) to train and coach 50,000 unemployed youth in Punjab to appear for different competitive examinations for jobs. The coaching for this has begun from September 2021 and will end in 2023. The training has been provided for different competitive exams which aim to provide better opportunities for youth to qualify in different competitive examinations. Till March 2022, 56510 youth had enrolled for different coaching courses and 10713 had completed their coaching.

Community Healthcare & Hygiene

- » With the onset of COVID-19, we actively worked across sectors and regions to enable community healthcare and hygiene in its immediate surroundings, and at the state and district levels. To address the numerous unprecedented challenges due to the COVID-19 crisis, H MEL undertook several steps to address the various emergency requirements of the community. In vicinity of GGSR, residents of the 27 vicinity villages and students from 14 government schools were provided with 83,200 masks for prevention from the virus. Further, we have distributed 750 liters of sanitizers for common places like Gurudwara/ Dera Sahib, bus stands, through village panchayats. To contain the spread of diseases and maintain hygiene, fogging and sanitization were undertaken in all the vicinity villages. We have further extended our support by way of distribution of medical equipment i.e. 21 concentrators and 8 ventilators at various health institutions.
- » Further strengthening of health delivery system were supported through a make shift hospital with 100 beds adjacent to the refinery during Covid response and recovery stage. 2, 250 KV DG sets were installed at Rajindra Hospital Patiala for O2 PSA plants. For COVID-19 relief and management, we supported Punjab Disaster Management Authority for taking preventive measures for COVID-19 management in the state. We also extended financial support to Pehal Society for arrangements of oxygen concentrators in Sangrur District.

Education Development

- » We consider education as one of the most powerful instruments of social change and to create a positive environment in the society. In light of this, we have conducted numerous activities to support the communities and children to bridge the existing educational gap while using our CSR

resources. In Government schools in the GGSR vicinity, stationeries and school bags for 12,217 schools students were distributed. Apart from this, necessary furniture & other items such as RO, almirahs, classroom tables, lecture stands, boards, inverters, printers and computers in vicinity village's schools were also provided. We also awarded scholarships to 256 students in class 10th and 12th for continuing education and encouraging them to aspire for higher education. During the previous financial year, we completed infrastructure development of 12 schools, by constructing 2 classrooms, 1 mid-day meal shed, 1 kitchen shed and paver block work in 6 schools. Educational initiatives also included organizing virtual sessions on road & fire safety awareness for school students and interactive sessions on career guidance in 5 government schools.

Community Infrastructure & Environment

- » To enhance our objectives and actions towards sustainable development and necessary provision for the community, our Community, Infrastructure and Environment pillar helps in building activities towards a more inclusive and holistic society. Under this domain, we have executed community infrastructure work in four vicinity villages of Giana, Hassu, Kanakwal and Phullokhari. 600 tree guards and 598 concrete benches were distributed in vicinity villages as well as at other community places for the convenience of common mass. Other supplies such as public address systems, RO and water coolers have been provided during the year.
- » With an objective to nurture the grassroot talent of the state and encourage more boys & girls to embrace sports as their profession, a project to construct Synthetic Turfs playground was undertaken under CSR, which will be benefiting larger community at the state and national level. Work of 3 grounds was completed and handed over to the respective authorities.

Awards and Recognition

We continue to receive accolades and awards from various prestigious bodies, for its exemplary work and commitment towards excellence in various aspects of its business. During the year, we were recipients of the following prestigious awards:



FICCI Chemical & Petrochemical Awards 2021 in the categories of

- » Award for Excellence in Energy Usage; and
- » Digital and Technology Enabled Company





Excellence in CSR Award by FICCI in Petrochemical (Private Sector)



Factories and Boiler Inspection Department of the Government of Rajasthan awarded the 1st prize (jointly) under 'Petroleum Factory Category' to IPS-3 Dhansa and IPS-4 Jud of H MEL's subsidiary HPCL-Mittal Pipelines Limited for excellent safety, health and welfare of the workers

Business Responsibility & Sustainability Reporting

EXTRACT OF BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING FORMAT

SECTION A: GENERAL DISCLOSURES

Company details

Requirement of the BRSR	Location in the Report
Corporate Identity Number (CIN) of the Company (if applicable)	Reference to the financials
Name of the Company	Reference to Company at a Glance section
Year of incorporation	Reference to Company at a Glance Section
Registered office address	Company at a Glance Section
Corporate address	Same as Above
E-mail	
Telephone	
Website	
Financial year for which reporting is being done	2021-2022
Whether shares listed on recognized Stock Exchange(s): Yes/No	No
Authorised Capital	Reference to Financials
Paid-up Capital	Reference to Financials
Sector(s) in which the company is engaged	Company at a Glance Section
Number of business activities	From MGT 7
Top 3 Products/Services sold by the company by Turnover (including both manufactured and traded)	Company at a Glance Section
Location of top 3 plants (in case of manufacturing businesses) or operations/offices (in case of non-manufacturing) in India by contribution to turnover	Company at a Glance Section
Names of subsidiary / associate companies	Reference to Financials
(i) Whether CSR is applicable as per section 135	Reference to Financials
(ii) Turnover (in Rs.)	
(iii) Net worth (in Rs.)	
Net Profits for last three financial years 21. Average net profit of the company for last three financial years	Reference to Financials
Prescribed CSR Expenditure	Reference to Financials
(a) Total amount spent on CSR for the financial year (in Rs.)	Reference to Financials
(b) Amount spent in local area	
(c) two per cent. of the amount above	
(d) Manner in which the amount spent during the financial year as detailed below	

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

Details of statutory dues (PF, Gratuity, ESI) deducted and deposited with the authorities approved by government, for Current FY and Previous Financial Year	Reference to Financials
Is there a mechanism available to receive and redress grievances for the following categories of employees and workmen? If yes, please name the mechanism	Reference to Code of Conduct in Social & Relationship Capital

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

List stakeholder groups identified as key for your company as described in Section B, Q. 5, and the frequency of engagement with each stakeholder group	Reference to Stakeholder Engagement
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PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

Details of energy and water consumption by the company	Reference to Natural Capital
Air emissions and liquid discharges per unit of production for the 3 major facilities of the company as reported to regulatory authorities	Reference to Natural Capital

PRINCIPLE 8: Businesses should promote inclusive growth and equitable development

Essential Indicator

Provide the following information on CSR Projects undertaken by your company and describe mechanisms to receive and redress grievances of the community	Reference to Social in Social & Relationship Capital
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BOARD'S REPORT

On behalf of the Board of Directors of your company ('Board'), i.e. HPCL-Mittal Energy Limited ('HMEL' or 'Company'), it is our pleasure to present the Twenty First Board Report ('Report') along with the audited annual financial statements together with the auditors' report for the financial year ('FY') ended March 31, 2022 and share with you the highlights of our performance during the year.

Financial Performance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Accounts) Rules, 2014.

The financial highlights of your Company for the FY ended March 31, 2022, compared with the previous year, are summarized as follows:

<i>(Amount in Rs. million)</i>					
S. No.	Particulars	Standalone		Consolidated	
		2021-22	2020-21	2021-22	2020-21
1	Revenue from operations	895,512	517,305	8,95,512	517,305
2	Other income	2,813	8,283	928	8,581
3	Expenditure:				
	(Increase) / Decrease in Inventory	(5,340)	(1,978)	(5,342)	(1,928)
	Cost of raw materials consumed	525,815	233,593	5,16,858	226,586
	Excise duty on sale of goods	304,460	256,007	3,04,460	256,007
	Purchase of traded goods	-	1,566	-	1,566
	Employee Cost	3,292	2,862	3,674	3,211
	Depreciation and Amortization Expense	8,625	8,137	10,800	10,272
	Other Expenditure	12,929	15,849	15,109	17,567
	Total	849,781	516,036	845,559	513,281
4	Profit/ (Loss) before Finance Costs & Tax	48,544	9,552	50,881	12,605
5	Finance Costs	9,022	8,519	9,993	9,182
6	Tax Expense/ (Credit)	27,489	(1,224)	28,312	(613)
7	Profit/(Loss) after Tax	12,033	2,257	12,576	4,036
8	Other Comprehensive Income/ (Loss)	(1,304)	2,536	(1,303)	2,538
9	Total Comprehensive Income for the year	10,729	4,793	11,273	6,574
10	Paid-up Equity Share Capital (Face Value Rs. 10/- each)	80,411	80,411	80,411	80,411
11	Reserves as per Balance Sheet	29,264	24,659	31,445	26,296

During the FY 2021-22, Company achieved a turnover of Rs. 895,512 million and Profit after Tax ('PAT') of Rs. 12,033 million.

There have been no material changes and commitments which affect the financial position of the company which have occurred between the end of the FY to which the financial statements relate and the date of this Report.

Business Operations

At HMEL, value creation for stakeholders remains a cornerstone of our long-term business sustainability. Team HMEL always endeavors to outperform its set targets in all areas including Safety, Operations, Marketing and Financials.

The FY 2021-22 continued to be highly challenging with respect to uncertainties in demand of products owing to Covid-19 pandemic and low product cracks of MS and HSD internationally. Despite unprecedented challenges, Company upped its performance and the Guru Gobind Singh Refinery ('GGSR' or 'Refinery') has been able to operate on its full capacity alongwith meeting the timelines towards the completion of Guru Gobind Singh Polymer Addition Project ('GGSPAP' or 'Petchem project'). Refinery has achieved crude throughput 13.027 MMT. This is the highest ever yearly crude throughput achieved till date.

Margin improvement Initiatives:

Additionally, to improve profitability your Company has implemented various innovative initiatives in FY 2021-22 covering inter-alia the following:

- i. To maximize high value Polypropylene ('PP') production, FCCU capacity has been enhanced from 125 per cent to 130 per cent leading to highest ever PP production at 528 KT.
- ii. Successful trial of production of Iso-Pentane was conducted in HRU unit to establish capability for supply of Iso-Pentane to petrochemical.
- iii. In house production of Flux Oil ex refinery for DFCU commissioning is implemented.
- iv. Fuel optimization: Maximized CFBC utilization by increasing FCC MCN recycle in FCC, routing CCR H₂ rich gas to DHDT-1 directly and maximizing RFG fuel to HGU Reformers

Digitilisation Initiatives

During FY 2021-22, Refinery has implemented following major initiatives for digitalisation:

- i. Implementation of Real time optimizer (RTO) in CDU/VDU for maximization of yield of high value products.
- ii. Automated process control implementation has been completed for HGU post revamp for optimization of unit thruput.
- iii. Implementation of Energy RTO system in captive power plant ('CPP') resulting in fuel savings.

Guru Gobind Singh Polymer Addition Project

Your Company is setting up a petrochemical facility, within the existing Refinery premises. GGSPAP comprises a world-class cracker of 1.2 MMTPA capacity (expandable to 1.5 MMTPA capacity) wherein low value Refinery gases, Naphtha and Kerosene, some of which are presently being consumed as fuels for power generation or sold at low price, will be utilized, thereby enhancing returns from the GGSR Complex. The complex consists of associated downstream polymer units to produce LLDPE, HDPE, Butene and additional PP. GGSPAP once commissioned, would help the Company to diversify into the petrochemicals business and reduce its dependence on a single commodity cycle of fuel products.

Despite the challenges due to Covid-19 across the country, the GGSPAP is over 98.82 per cent complete. The engineering, ordering and tendering activities have been completed and manufacturing and delivery activities are nearing completion. Construction activities are in full swing at the GGSPAP site with a construction workforce of nearly 20,000 numbers, all being done with utmost care and compliance to the best-in-class health, safety and quality control practices and the cumulative construction progress is at 99.9%. A cumulative total of ~217 million construction man hours have been clocked in the project till March 31, 2022 (~69 million man hours clocked in FY 2021-22).

The Raw Water Treatment Plant, Compressed Air & Nitrogen Plant, Cooling Tower package, RO-DM Plant, Condensate Polishing Package of DFCU Unit, PP Unit, HDPE Unit, Butene-1 Unit, LLDPE/HDPE Swing Unit, DFCU Furnace Package, Tankages incl. Double Walled Storage Tanks, Mounded Bullets, Spheres, Flare package, 400 KV & 66 KV GIS package, Bagging Machine of Polymer Units, ETP, Ethylene Unloading Facility have been mechanically completed. As Construction activities are nearing completion, the pre-commissioning and commissioning activities are also in progress in various units in GGSPAP. Major utility plants like the Raw Water Treatment Plant, Cooling Tower 4 & 5, Compressed Air & Nitrogen plant, the RO-DM Plant (Tertiary Treatment section), 400 KV Transmission Line and GIS have been successfully commissioned. Also, the Sub-Station for PPU, Swing Unit, ASRS, ETP, Mounded Bullets, Spheres, Flare and Control Room for Loading Gantry have been energized during the year. With this all 12 nos. of electrical sub-stations and 2 Control rooms of Petrochemical Project have been energised cumulatively in the project.

Towards ensuring consistent support to Petrochemical Plant, following initiatives are taken:

- i. Additional Gas Transmission Agreement are executed with GAIL and other suppliers.
- ii. Discussions are on for sourcing cryogenic ethylene & isobutane including domestic logistics.
- iii. Explored logistics options for Naphtha.

A total of ~2.2 Lakh man hours of Safety Training for petrochemical project was conducted during FY 2021-22. The relevant statutory approvals required at various stages of GGSPAP, from the concerned authorities like Ministry of Environment and Forests, Petroleum and Explosives Safety Organization, Department of Telecom, etcetera are in place and further permissions are being sought progressively as per the statutory requirements.

This Petchem project complex once completed and integrated with the Refinery, would provide unique value maximization to the organization.

Health & Safety

Following is the highlight of health and Safety initiatives during the FY 2021-22:

- i. A total of ~2.86 Lakh Man hours of Safety training was ensured at all locations (including Refinery, Pipelines and Petchem project) for employees, contractor staff and workers during.
- ii. A total of 13 nos. of Internal Safety Audits and 31 nos. (20 Major +11 Minor) of Contractor Safety Audits were conducted.
- iii. A total of 20 mock drills (15 Level-1, 04 Level- 2 and 01 Level- 3) and 241 no. IIF listening tours were conducted.

Share Capital

During the FY, there was not change in the authorised or paid-up share capital of the Company. As on March 31, 2022, the authorised and paid up capital remained at Rs. 100,000 million and Rs. 80,411 million respectively.

Company has not issued any equity shares with differential rights as to dividend, voting or otherwise. Further, the Company has not issued any sweat equity shares or shares under stock option scheme to its employees.

Dividend

The Board of your company declared and paid in March 2022 an interim dividend for FY 2021-22 of Rupee 0.7616 per equity share totaling to Rupees 612.41 crores, subject to applicable withholding tax. Further, the Company has 'nil' balance of unpaid / unclaimed dividend.

Subsidiary Company

Your Company has a wholly owned subsidiary viz. HPCL-Mittal Pipelines Limited ('**HMPL**'). HMPL owns and operates a Single Point Mooring ('**SPM**') in Mundra Port waters with an approximately 17 kms long 48" diameter offshore/onshore pipeline, an 10,20,000 KL capacity Crude Oil Terminal ('**COT**') in Mundra, Gujarat and a 1,017 kms long 28"/30" diameter Mundra- Bathinda Pipeline ('**MBPL**') from the COT to GGSR. During the FY 2021-22, HMPL achieved a turnover of Rs. 11,656 million, and PAT of Rs. 2,290 million.

The present capacity of MBPL is around 11.30 MMTPA which can further be expanded to 18 MMTPA by converting two scrapper stations into full- fledged pump stations and addition of more pumping units in existing pump stations enroute MBPL.

MBPL has its originating pumping station at COT and three intermediate pumping stations at Juna Raviyana (District Palanpur, Gujarat), Dhansa (District Jalore, Rajasthan) and Jud (District Jodhpur, Rajasthan), respectively. There are two intermediate pigging stations at Dedarwa (District Kutch, Gujarat) and Sri Dungargarh (District Bikaner, Rajasthan). Enroute MBPL there are 27 sectionalizing valve ('**SV**') stations, which are unmanned but equipped with CCTV surveillance and electric power fencing. The safety and security of the entire pipeline stretch from Mundra to Bathinda is robust and secured. There is 24 hours surveillance in pipeline security control room.

MBPL and other associated facilities have been operational for the entire year in absolute synchronization with the refinery operations resulting in sustained revenues and profit for HMPL in conformity with HMEL.

HMPL continues to build operational and cost efficiencies in its operations through energy and time saving measures and reduction in manpower costs.

HMEL is preparing consolidated financial statements for the FY 2021-22 consolidating the accounts of its subsidiary viz HMPL.

Your Company has also incorporated a non-profit organization viz. HPCL-Mittal Foundation ('HMF') on October 30, 2018, as its wholly owned subsidiary in order to fulfil the objectives of Corporate Social Responsibility ('CSR') of the Company. Owing to the nature of HMF business, the audited financial statements of HMF are not required to be consolidated with HMEL.

During the FY 2021-22, no company became or ceased to be subsidiary, joint venture or associate company of your Company.

Consolidated Financial Statements

In accordance with the Ind AS 110 on consolidated financial statements read with other relevant Accounting Standards, the audited consolidated financial statement is provided in the Integrated Annual Report. The financial statements of the HMPL and other related detailed information are available for the members or stakeholders of the Company, upon request.

Directors

The Company's visionary approach is being led by the prudence as encapsulated in its Board of Directors. They bring with them their rich technical, financial management and administrative experience on the business of the Company in a timely and seamless manner.

The Company currently has eight (8) Directors on its Board and was chaired by Mr. M.K. Surana during the FY 2021-22. The other members of the Board are Mr. Aditya Mittal, Mr. Rajan Tandon, Mr. Vinod S. Shenoy, Mr. Jagjeet Singh Bindra, Dr. Asha Kaul, Mr. Rajneesh Narang and Mr. Prabh Das.

Mr. Prabh Das is the Managing Director & Chief Executive Officer ('MD&CEO'), who manages day-to-day business affairs of the Company. The extant tenure of Mr. Prabh Das as Managing Director ('MD') of the Company is uptill March 31, 2023. Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on April 26, 2022 has reappointed

him as the MD&CEO of the Company for a term of three (3) years with effect from April 1, 2023 uptill March 31, 2026. The Board now recommends to the shareholders to accord their approval in the ensuing AGM towards renewal of tenure of Mr. Prabh Das as MD&CEO of the Company for a further period upto March 31, 2026. The disclosure required to be made regarding appointment of the MD in terms of the Schedule V of the Act, are provided in the explanatory statement enclosed to the notice of AGM.

In accordance with the provisions of the Companies Act, 2013, Mr. Jagjeet Singh Bindra (DIN: 00354270) and Mr. Rajneesh Narang (DIN: 08188549), Director(s), retire by rotation and being eligible, have self-proposed for re-appointment. Further, appointment of Dr. Asha Kaul, as the Independent Woman Director was regularized by the shareholders in the AGM held during the FY 2021-22 for a tenure of two years up to December 23, 2022. It is proposed to reappoint Dr. Asha Kaul as Independent Director for second tenure of two years starting from December 24, 2022 up to December 23, 2024.

There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large. None of the Directors of the Company are related to any other Director or has any business relationship with the Company.

Further, Dr. Asha Kaul, the Independent Woman Director is not related to the promoters, nor has any pecuniary relationship with the Company. Dr. Kaul has given a declaration that she meets the criterion of independence as required under Section 149(6) of the Act. As on March 31, 2022, Dr. Asha Kaul has her name registered in the Independent Directors' databank maintained by Indian Institute of Corporate Affairs.

Key Managerial Personnel

Pursuant to the provisions of Section 203 of the Act together read with the Rules framed thereunder, the Key Managerial Personnel ('KMP') of the Company as on March 31, 2022 are Mr. Prabh Das, Managing Director and Chief Executive officer ('MD&CEO'), Mr. Harak Banthia, Chief Financial Officer ('CFO') and Mr. Sidhartha Tyagi, Company Secretary ('CS'). There has been no change in KMPs during the year.

Payment of Remuneration / Commission to Directors from Holding or Subsidiary Companies

None of the directors of the Company are in receipt of any remuneration / commission from the subsidiary companies of the Company. Further, the Company does not have a holding company.

Meetings of The Board

During the year under review, the Board of Directors met four (4) times. For details of the meetings of the Board of Directors, please refer to the Corporate Governance Report, which is a part of this Report.

Directors' Responsibility Statement

To the best of our knowledge and belief, and according to the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) that such accounting policies as mentioned in the notes to the financial statements have been applied consistently, and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit & Loss of the Company for the FY ended March 31, 2022;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems were adequate and operating effectively.

Auditors

Statutory Auditors

As per Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, the Members of the Company in its AGM held in year 2017 approved the appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants with ICAI Registration No. 117366W/W-100018 as the Statutory Auditor of the Company for an initial term of 5 years i.e. from conclusion of the 16th AGM till the conclusion of 21st AGM of the Company to be held in calendar year 2022, subject to ratification of their appointment by Members at every AGM. Pursuant to amendments in Section 139 of the Act, the requirements to place the matter relating to such appointment for ratification by members at every AGM has been omitted with effect from May 7, 2018.

The Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, have audited the annual financial statements as of and for the year ended March 31, 2022 and submitted an unqualified audit report thereon.

The Auditors' Report does not contain any qualification, reservation or adverse remark. Therefore, it does not call for any comments. Further, there were no frauds reported by the Statutory Auditors as specified under section 143(12) of the Companies Act, 2013 to the Audit Committee or the Board.

Cost Accounts and Cost Auditors

In terms of the Section 148 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, it is stated that the cost accounts and records are made and maintained by the Company as specified by

the Central Government under sub-section (1) of Section 148 of the Act.

In terms of the aforesaid provisions of the Act, on recommendations of the Audit Committee, the Board of Directors appointed M/s Chandra Wadhwa & Co., Cost Accountants, New Delhi (Registration No. 000239), as Cost Auditors of your Company, to carry out the cost audit of your Company for the FY 2021-22. Your Company had received their written consent that the appointment will be in accordance with the applicable provisions of the Act and rules framed thereunder.

During the year, the Cost Accountants had not reported any matter under Section 143(12) of the Act, therefore no detail is required to be disclosed under Section 134(3)(ca) of the Act.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act, together read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. DR Associates (CP No.714), Company Secretaries, to undertake the Secretarial Audit of the Company.

The Secretarial Audit report in Form No. MR-3 is attached as **Annexure I** to this Report. The Secretarial Audit report is self-explanatory and does not call for any comments under Section 204 of the Act. There are no qualifications, reservations, adverse remarks or disclaimer made by the Secretarial Auditor in their report for the FY ended March 31, 2022.

Internal Auditors

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud and misconduct. The Companies Act, 2013 requires certain companies to institutionalise the whistle blower policy. The Company since its inception believes in honest and ethical conduct from all the employees and others who are directly or indirectly associated with it. The Audit Committee is also committed to ensure fraud-free work environment and to this end the Committee has laid down a whistle-blower policy, long before the same was made mandatory under the law. The Head of Risk Assurance acts as the ombudsperson for the whistle-blower complaints. The Risk Assurance department performs the duties of internal auditors of the Company and their report is reviewed by the Audit Committee from time to time.

Internal Financial Control System

Your Company has a robust and well embedded system of internal controls which is commensurate with its size of business and nature of operations and is designed to provide for a reasonable assurance with regard to the efficiency and effectiveness of the operations. It ensures that all assets are safeguarded and protected against unauthorized use or losses. The

Internal control system at your Company helps it to adhere to the applicable accounting standards and policies in true letter and spirit. The internal control processes ensures compliance of applicable laws, rules and regulations by the Company and thereafter ensuring the reliability of the financial reporting and statements. The Company has robust Internal Control over Financial Reporting framework which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles.

Performing all operations in the most ethical manner is the core value of your Company. All operations are carried out in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Adherence to the core values and code of conduct of the Company are of paramount concern and any actual or potential breach of the same is considered seriously.

Vigil Mechanism

Your Company is committed to highest standards of ethical, moral and business conduct. Accordingly, the Company has established a robust vigil/ whistle blower mechanism that provides avenues to various stakeholders including employees, vendors etc. to highlight issues and grievances of such nature. The Whistle Blower Policy and its operating mechanism is available on the website of the Company.

Each complaint, anonymous or otherwise, is evaluated for investigation at the Ethics Committee of the Company (comprising of senior management personnel) and sent to Audit Committee members with proposed next steps. There exists a well-established and a robust investigation process for complaints reported via the whistle blower mechanism, which includes engagement of specialized external forensic firms (in select cases). A summary of all complaints along with outcome of the investigations and actions taken is presented periodically to the Audit Committee.

Risk Management

Company recognizes that risk is an integral component of its business and hence it keeps on reviewing its external and internal business environment for

any risks and is further committed to manage risks in a proactive and effective manner to ensure its sustainable growth. The dynamic risk landscape in which the oil and gas industry works, presents a wide range of risks such as foreign exchange fluctuations, commodity price variations, changing laws / regulations, cybersecurity etcetera which it is committed to manage strategically. Our success as an organisation depends on our ability to identify and leverage the opportunities while managing the risks.

HMEL's risk management systems are robust and aligned to ISO:31000 norms. Along with a well-defined risk management policy and procedure, HMEL has a clear understanding of the risks to which it is exposed and it has in place a suitable risk management systems to deal with the same. Company has structured its Enterprise Risk Management Committee ('**ERMC**') comprising of MD&CEO, CFO, Chief Operating Officer ('**COO**'), and other senior leaders from critical functions encompassing Finance, Treasury, Human Leadership, Strategy, Internal Audit, Petrochemical, Project and Petrochemical Project Control. ERMC is engaged in risk identification, assessment, monitor and mitigation. To implement its strategy, the company's ERMC ensures that clear and precise objectives are defined at various levels of the organization with regard to operations, reporting and compliance.

A detailed Risk Register is regularly prepared containing all the various identified risks, ranked according to their criticality, with further details of their individual mitigation measures, action plans

for implementation with timelines, for monitoring of the same. The COO, who is also designated as the Head of Risk Management, oversees timely release of the Risk Register to the ERMC and the Heads of Department for necessary timely action.

The ERMC meets at regular intervals to review the risk portfolio of HMEL against its risk appetite and to measure its efficacy as well as the implementation status of various mitigation measures of the

identified risks. Further, the ERMC apprises the Board of Directors on the Risk scenario of HMEL on a quarterly basis through the Audit Committee for seeking its valuable guidance.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company adopts a cross-business approach to reduce environmental footprint. It focuses on the areas of clean air and water, preventing soil contamination, preserving biodiversity, optimal utilisation of resources and digitisation of operations by utilizing technology for direct energy savings and online collaborations for reducing travel needs. The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3) (m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, are provided in **Annexure II** to this Report.

Corporate Governance

At HMEL, good Corporate Governance has always been intrinsic to the management of business affairs. Ensuring fairness, transparency and accountability across all processes is critical to our daily business operations. We continuously strive for excellence through the adoption of good governance and disclosure practices. It is a reflection of the principles entrenched in our values & policies and stems from the inherent culture as well as general outlook of the organisation. A brief report on Corporate Governance is annexed to this report as **Annexure III**.

Secretarial Standards

During the year under review, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Annual Return

The Annual Return of the Company as on March 31, 2022 is available on the Company's website and can be accessed at www.hmel.in

Related Party Transactions

All transactions entered by the Company with related parties during the year were in the ordinary course of business and on arm's-length basis. The Audit

Committee has duly approved the same. There have been no 'conflict of interest' transactions with related parties during the FY 2021-22. Suitable disclosures as required under Ind AS 24 have been made in the notes to the financial statements for the FY ended March 31, 2022. Details of the contracts and arrangements with the related parties under Section 188 of the Act are provided in Form AOC-2, which is enclosed herewith as **Annexure IV**.

Particulars of Loans Given, Investments Made, Guarantees Given and Securities Provided

No Loans or Guarantees were given, and no securities were provided during the FY ended March 31, 2022. The details of investments made by the Company in its subsidiaries are provided in note 5.1 of standalone financial statements.

Corporate Social Responsibility

Prosperous communities around our refinery and pipeline locations has always been part of our DNA and integral to sustainable business practices. Through need based assessments and active community engagement and participation, your Company alongwith HMF works on thrust areas across sites addressing the social and economic issues of the communities. The core areas include Livelihood and Sustainable Development, Skill Development, Community Health care and Hygiene, Education Development and Community Infrastructure & Environment.

During the year under review, your Company has spent Rs. 10.31 crores on CSR activities, which is 2.52% against the mandated 2% of the average net profit of last three years as required under section 135 of the Companies Act, 2013. CFO has certified, in terms of Rule 4(5) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 that the CSR spend is utilised for the purposes and in the manner approved by the Board of Directors.

The Annual Report on CSR activities and expenditure, as required under sections 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts)

Rules, 2014, is provided as **Annexure V** to this Report and the CSR Policy along with the action plan of CSR activities for the Financial Year 2022 is available on the website of the Company. There was not any CSR project for which impact assessment was to be carried out during the FY 2021-22 in terms of the Rule 8(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

Industrial Relations

Your Company's emphasis on effective labour welfare measures at GGSR have benefited in maintaining a positive and harmonious industrial workforce relationship at the Refinery. HMEL has successfully almost completed its Petchem project without any disruption on account of cordial Industrial Relations. Various suitable forums and platforms have been made available towards making effective communication and raising grievances or concerns, if any. Periodic townhall sessions, open house sessions, HR induction to workers, gate monitoring, contractors' audits, 24x7 grievance cells, listening tours and regular visits to labour colonies are some of the initiatives that have helped your Company in establishing a seamless communication with its workforce. Company remains acutely connected with its workers, employees and other stakeholders, and continuously strives to provide equal growth opportunities to each one of them; addressing their concerns, if any, amicably and expeditiously.

Equal Opportunity Employer

The Company has always provided a congenial atmosphere for work that is free from discrimination and harassment, including sexual harassment. It has provided equal opportunities of employment to all without regard to their caste, religion, colour, marital status and sex.

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, a Policy on prevention, prohibition and redressing of sexual harassment at workplace is in place along with an Internal Complaints Committee for addressing the complaints received regarding sexual harassment in a confidential manner. During FY 2021-22, no case of sexual harassment was reported.

Declarations and Confirmations

Your Directors state that:

- a) Company does not propose to carry any amount to reserves;
- b) Company has no outstanding deposits and has not accepted any deposits during FY 2021-22 in terms of Chapter V of the Act;
- c) Company did not make any application made or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016 during the FY 2021-22;
- d) No adverse orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- e) Company has not done any one-time settlement with any Bank or Financial Institutions during the FY 2021-22 and accordingly there is not any valuation done or change in valuation;
- f) Company, being an unlisted joint-venture company, is not required to (a) appoint Independent Directors pursuant to rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014; and (b) to constitute Audit Committee and Nomination and Remuneration Committee of Board of Directors pursuant to provisions of the section 177 and section 178 of the Act respectively. However, the Company has one Independent Director on the Board and

as a member of the Audit Committee and the Nomination and Remuneration Committee.

- g) No revision of Company's earlier financial statements or Board's Report has been made.

Accolades and Awards

HMEL continues to receive accolades and awards from various prestigious bodies, for its exemplary work and commitment towards excellence in various aspects of its business. During the year, we were recipients of the following prestigious awards:

- a) FICCI Chemical & Petrochemical Awards 2021 in the categories of
 - » Award for Excellence in Energy Usage; and
 - » Digital and Technology Enabled Company
- b) Excellence in CSR Award by FICCI in Petrochemical (Private Sector)

Acknowledgment

The Board of Directors wish to place on record its deep sense of appreciation for the committed services by all the employees of the Company. The Board of Directors would also like to express their sincere appreciation for the assistance and co-operation received from the banks, government and regulatory authorities, rating agencies, customers, vendors, members, debenture holders and promoters during the year under review.

For and on behalf of the Board of Directors

HPCL-Mittal Energy Limited

Place: New Delhi/London

Date: April 26, 2022

M.K. Surana

Chairman

DIN: 07464675

Rajan Tandon

Director

DIN: 01968916

Prabh Das

MD&CEO

DIN: 00164799

ANNEXURE I TO THE BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**The Members,
HPCL-Mittal Energy Limited,
Village Phulokhari, Taluka Talwandi Saboo,
Bathinda- 151 301, Punjab**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HPCL-Mittal Energy Limited (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records/statutory registers maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during financial year ended on March 31, 2022 ('**Audit Period**'), complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records/statutory registers maintained by the Company for the Audit Period in accordance with the provisions of:

1. The Companies Act, 2013 ("**the Act**") and the rules made thereunder;
2. The Depositories Act, 1996 and the Regulation and Bye-laws framed thereunder;
3. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investments, Overseas Direct Investment and External Commercial Borrowings. Not applicable to the extent of Overseas Direct Investment as there were no reportable events during the financial year under review;
4. The management has identified and confirmed the following laws as being specifically applicable to the Company:
 - a) The Petroleum Act, 1934 and Rules made thereunder;
 - b) Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962;
 - c) Petroleum and Natural Gas Regulatory Board Act, 2006 and Rules made thereunder;
 - d) Explosives Act, 1884;
 - e) The Indian Boilers Act, 1923

We have also examined compliance with the applicable clauses of the Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with Executive Director and Non-Executive Director(s) including a Woman Director. The Company is exempted vide MCA Notification dated July 5, 2017 towards appointment of Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all Directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent sufficiently in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at the meetings of the Board of Directors of the Company and its Committees were carried out unanimously as recorded in the minutes of such meetings.

We further report that there are adequate systems and processes in the Company commensurate with the size and its operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit Period the Company has redeemed Series I (STRPP B) 4% Unlisted, Secured, Redeemable Non-Convertible Debentures.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For DR Associates

Company Secretaries

Suchitta Koley

FCS – 1647, CP – 714

UDIN: F001647D000261491

Place: New Delhi

Date: May 3, 2022

Annexure A

**The Members,
HPCL-Mittal Energy Limited,
Village Phulokhari, Taluka Talwandi Saboo,
Bathinda- 151 301, Punjab**

Our Secretarial Audit Report for the financial year ended March 31, 2022 of even date is to be read along with this letter.

Management's Responsibility

- i. It is the responsibility of management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

- i. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
- ii. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the records. The verification was done on test basis to ensure that correct facts are reflected in the records, we believe that the processes and practices we followed provide a reasonable basis for our opinion.
- iii. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
- iv. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

- i. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- ii. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.

For DR Associates

Company Secretaries

Suchitta Koley

FCS -1647, CP-714

Place: New Delhi

Date: May 3, 2022

ANNEXURE II TO THE BOARD'S REPORT

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

(A) Conservation of Energy:

Conservation of energy is one of the key initiatives taken at your Company to demonstrate its concern for environment and improvement of profitability. The following innovative actions for energy conservation have been taken during FY 2021-22.

Fuel Saving actions:

- i) Operation of CDU column at lower pressure
- ii) Increase in the waste heat recovery from FCC flue gases by reducing the BFW temperature.
- iii) Reduction in Boiler Blow-down in BBU.
- iv) Stoppage of suspect condensate draining in VGO-HDT.
- v) Reduction of firing in Fractionator furnace of DHDT-I by reducing the HSD quality give away w.r.t. moisture.
- vi) Implementation of APC strategy for controlling excess O₂ in HGU Reformer stacks.

Steam Optimization actions:

- i) Reduction in Stripping steam to HSD Stripper of DHDT-II to reduce the quality give away w.r.t. HSD flash.
- ii) Reduction in MAB turbine steam load by reducing the slurry injection in reactor (to optimize the regenerator coke).
- iii) Reduction of the PPU extruder barrels (2nd & 3rd) temperature.

Power Saving actions:

- i) Stoppage of one CPP condensate transfer pump.
- ii) Stoppage of BFW circulation pump in FCC flue gas cooler section.
- iii) Reduction in the rpm of PPU Extruder by optimizing the torque.

(B) Technology Absorption:

Improving operational profitability, reliability and safety through novel technology absorption has always been key focus of your Company. The following are

the major innovation ideas wherein new technologies have been absorbed during FY 2021-22 :

1. Adoption of ROMEo technology for Real Time Optimization (RTO) of CDU/VDU.
2. Adoption of Advance Analytics for improvement of DCU Performance.
3. Use of 3D Trasar technology for real time monitoring of Cooling Water parameters viz. pH, corrosion, ORP etc.
4. Use of Simulanis Virtual-Reality guided training module for PPU extruder.
5. Installation of upgraded design (KY- Mesh/ KY-Flex) Coalescer in DHDT-2 CLPS to improve water separation efficiency.
6. Utilizing MSB & HRU facilities for production of Iso-Pentane.
7. Use of Plate & Frame Heat Exchangers for recovery of low-level heat from various streams of refinery.
8. Use of modified Reactor Feed-nozzles and high-capacity column Internals for augmentation of FCC capacity.

Benefits Derived as a result of above efforts are:

1. RTO implementation has resulted in maximization of high valued products in CDU-VDU
2. Use of Advance Analytics (DCU performance improvement program) resulted in coke yield reduction.
3. 3-D Trasar technology helped in optimizing the Cycle of Concentration of Cooling water.
4. Simulanis Virtual-Reality guided training module has resulted in improved skills of operation crew.
5. Upgraded coalescer internal design improved the reliability & run length of DHDT-2 unit.
6. In-house production of Iso Pentane shall reduce the Opex of Petchem.
7. Low Level Heat recovery resulted in reduced energy consumption.
8. FCC revamp helped in increased refinery capacity utilization & production of value-added products viz. PGP.

Imported Technology

During the FY 2021-22 following imported technologies were absorbed:

1. ROMEo RTO Technology for CDU/VDU was procured from M/s AVEVA, UK.
2. Advance Analytics for improvement of DCU Performance with the support of M/s McKinsey, USA.
3. 3D Trasar technology of M/s NALCO, USA
4. KY- Mesh / KY-Flex Coalescer internals supplied by M/s Koch-Glitsch, USA.
5. M/s DWC Innovation, USA supported in preparation of BDEP for Iso- Pentane.
6. FCC feed nozzle & high-capacity internals supplied by M/s Technip Energies, USA and M/s Sulzer, Switzerland, respectively.

Specific areas in which Research & Development and Innovation was carried out by the Company:

R&D and Innovation ('R&DI') department endeavors to identify and develop innovative technologies/products pertaining and cost-effective solutions to HMEL's existing and upcoming business, thus creating value for all stake holders in particular and society in general. During the FY 2021-22, RDI have taken initiatives in advanced optimization, process & energy efficient processes and valorization of operational streams. R&DI majorly focused on environment benign technologies and products such as green H₂, low carbon fuels, bio-based green chemicals e.g., bioethanol, renewable energy and decarbonization initiatives to create a brand value and improve the societal significance. RDI is engaging with internal expertise and collaborating with reputed research institutes/organizations to achieve the objectives.

A. In-house R&DI Projects:

1. **Advanced Oxidative Effluent Treatment Technology:** R&DI has developed the novel process for Spent caustic effluent treatment by advanced oxidation technology. The technology was demonstrated at pilot scale operations at ETP, and it is ready for commercial implementation. In addition to being environmentally benign, this technology is economically attractive. R&DI filed patent applications (No: 202111051827) "A system and method for treating the spent caustic effluent using chlorine dioxide solution".
2. **HMEL's Decarbonization Roadmap & Policy:** R&DI has developed a report on "HMEL Decarbonization Policy & Roadmap". The report covered the

estimation of Scope 1 & 2 based GHG emissions from operations & business activities. The report included the thorough study of GHG mitigation initiatives, transition risks & opportunities for HMEL to become carbon neutral by 2035. HMEL aligned the GHG reduction target with India's National decarbonization targets.

3. **Techno-economic feasibility report on "Green Hydrogen: Sustainable Fuel for Future"**

The techno-economic feasibility report was prepared on green H₂ production by AWE & PEM technologies. The report covered the comprehensive analysis such as technical details, cost estimation and comparison of commercially available green H₂ production technologies.

B. Collaborative R&D Projects:

R&DI is exploring to leverage the research and development facilities and expertise of reputed Indian Institutions and startups.

1. **Quality improvement of Treated Effluent of ETP:** Chemical Oxygen Demand (COD) is a crucial parameter for treated effluent for recirculating or reprocessing for refinery operations. The average COD of the treated effluent in present conventional biological treatment is range of 60-65 ppm. RDI initiated a collaborative R&D project with IIT-Kharagpur. A novel separation process based on adsorption technique is under development, to meet the desired parameter of 20 ppm COD (to achieve the Zero Liquid Discharge concept).
2. **Collaboration with Various Institutes:** R&DI team has visited 22 reputed Indian R&D institutions e.g., Indian Institution of Technologies (IITs), CSIR laboratories, BARC & the other national laboratories of importance (IISER/IACS etc.) and collected the ongoing decarbonisation themed R&D projects such as Green hydrogen, Carbon capture technologies & valorization of CO₂ to valuable chemicals, Renewable energy production and its storage for identification of collaborative projects.
3. **Central University of Punjab:** R&DI has initiated collaborative projects with Central University of Punjab, Bathinda, such as development of 2-G ethanol process and innovative wastewater treatment technologies.
4. **Green Technologies:** R&DI has interacted with various emerging technology developers such as IIT-Bombay for innovative CO₂ capture and Utilization technology, M/s: NewTrace, Bangalore for green hydrogen production via membrane

less electrolyzer, IIT-Delhi & M/s: EP Sunsol for innovative & efficient design of solar modules etc.

C. Technologies Explored for value addition:

- 1-G Grain based Bioethanol project:** R&DI has reviewed the different biomass-based bioethanol production technologies with various technology licensors. Currently, grain-based 1-G Bioethanol is most appropriate as per organizational needs. Contributed in technology selection, and engaged in preparing the techno-economic feasibility report.
- Green Methanol Production from Biogenic CO₂:** R&DI explored the possibility of conversion of CO₂ emission from the upcoming bio-ethanol plant with M/s: Carbon Recycle International, Iceland. At present the market for biogenic CO₂ is unpropitious. The production of renewable methanol is an effective way to meet both environmental requirements, it also improves the bio-economy.
- Valorization of Cracker downstream products (C4 & C5 valorization):** Identified the value-added products from the petrochemical streams. The products such as Styrene, Isoprene, Cyclopentadiene and Piperylene etc. which are available in the DFCU PyGas stream. RDI collaborated with M/s: GTC-Sulzer for techno-commercial feasibility study. RDI estimated the amount of available Butenes & 1,3-Butadiene present in C4 streams and proposed the possibility of additional 350-380 KT of Propylene production from C4 stream by using Metathesis chemistry, the technology is available for licensing from M/s Lummus.
- Conversion of low value streams to value added products:** Explored the possibility of conversion of LCO (Light Cycle Oils) to Naphthalene by Hydro de-alkylation process. The proposed process provides: the higher valorization to LCO stream, along with reduced hydrogen consumption in diesel hydrotreaters. R&DI contacted various technology licensors and M/s EIL for developing the process for HMEL.
- Recovery of Ammonia from Refinery Sour Gases:** Identified the opportunity to recover Ammonia from the sour water stream. Ammonia separation could improve the efficiency of Claus Process reaction furnace resulting in enhancement of the maintenance and reliability of the overall process. RDI interacted with technology licensors M/s EIL &

M/s Bechtel for licensing opportunity. The project can recover about 10 KTPA ammonia, which has the potential to provide additional revenue.

R&DI is keeping up to date information on decarbonization themed projects such as Hydrogen Economy, Li-ion/ Na-ion batteries for energy storage, Crude to chemical refinery configurations, Plastic recycling for circular economies. These have been regularly discussed and presented in the internal knowledge sharing sessions.

Benefits as a result of the above R&D activities:

R&DI activities are aligned towards benefitting HMEL by:

- In-house intellectual property rights generation as well as identification of technologies best suited for HMEL's requirements.
- Conducting feasibility studies pertaining to manufacture of value-added products to the existing streams and their forward derivative products. Overall, these activities have the potential to increase the Company bottom line.

The future roadmap of HMEL- RDI department comprises:

- Techno-economic prefeasibility reports on value added products of petrochemical streams.
- Identification, development & adoption of scalable Green Hydrogen production and CO₂ valorization technologies, these could lead towards reduction in HMEL's carbon footprint.
- Collaborative research for Crude to Chemicals, waste to oil.
- Collaborative research on Green/Blue Hydrogen, Electrode manufacturing, Biomass valorization, Solar energy technologies & Energy storage system.
- Collaborative research on CO₂ capture and value added products.

(C) Foreign Exchange Earnings and Outgo:

Foreign exchange earnings for the year ended March 31, 2022 : Rs. Nil

Foreign exchange outgo for the year ended March 31, 2022 : Rs. 577,036 million

ANNEXURE III TO THE BOARD'S REPORT

CORPORATE GOVERNANCE REPORT

At HMEL corporate governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. These main drivers, together with the Company's ongoing contributions to the local communities through meaningful Corporate Social Responsibility initiatives play a pivotal role in fulfilling our vision to be one of the most sustainable and competitive company in our industry and our mission to create value for all our stakeholders. The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees and communities surrounding our plants, transparency in decision making process, fair and ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. These practices being followed since inception have contributed to the Company's sustained growth. The Company also believes that its operations should ensure conservation and development of economic, social and environmental capital and that the precious natural resources are utilised in a manner that contributes to the bottom line.

The Governance Structure

Board of Directors

The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals and targets, policies, governance standards, reporting mechanism and accountability and decision making processes to be followed. The Board of Directors are duly supported by the Chairman and the MD&CEO and their role is mentioned hereunder.

Chairman

The Company has a philosophy of joint leadership. The chairmanship of the Company is rotational in terms of the joint venture agreement for a period of two years each between both the promoters viz. Hindustan Petroleum Corporation Limited and Mittal Energy Investments Pte. Limited.

The Chairman leads the Board and is responsible for fostering and promoting the integrity of the Board while nurturing a culture where the Board works harmoniously for the long-term benefit of the Company and its stakeholders. The Chairman is primarily responsible for ensuring that the Board provides effective governance to the Company and Chairman presides over meetings of the Board of the Company.

Managing Director

The MD&CEO is responsible for achieving the Company's vision and mission, business strategies, project execution, significant policy decisions and all the critical issues having significant business and financial implications. He is also responsible for the overall performance and growth of the Company and ensures implementation of the decisions of the Board of Directors and its various Committees. He reports to the Board of Directors.

Apex Committee

The Apex Committee is headed by the MD&CEO. The CFO and COO are its other members. This Committee reviews and monitors monthly performances, addresses challenges faced by the business, draws strategies and policies and keep the Board informed about important developments having bearing on the operational and financial performance of the Company. Additionally, the Committee also reviews Health and Safety, Environment and Sustainability initiatives of the Company.

Composition and Board Diversity

The Company has a very balanced and diverse Board of Directors with varied skill set. The Composition of the Board primarily takes care of the business needs and stakeholders' interest. The Non-Executive Directors including Independent Directors on the Board are well qualified, experienced, competent and highly renowned persons from the fields of operations, management, finance & taxation etcetera. They take active part in the Board and Committee Meetings by providing valuable guidance and expert advice to the Board and the Management on various aspects of business, policy direction, governance, compliance etcetera. and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors.

Gender Diversity: HMEL has one Non-Executive, Independent woman Director as part of its Board and this composition is also in with the requirement of the Act.

As at the end of March 31, 2022, the total Board strength comprises of the following:

Category	No. of Directors
Non-Executive Independent Woman Director	1
Non-Executive and Non-Independent Promoter Director(s)	6
Executive Director (MD&CEO)	1

The names and category of the Directors on the Board of the Company, their academic qualification, attendance at Board Meeting held during the FY 2021-22, number of other directorships as on March 31, 2022 are tabulated hereinunder:

Name of the Director	Academic Qualification	Category	Attendance at Board meetings		Sitting fee paid for attending the meetings	No. of directorships in other companies
			Entitled to attend	Attended		
Mr. M.K. Surana	B.E. (Mechanical), Master's in Financial Management	Chairman, Non-Executive Director	4	4	Nil	5
Mr. Aditya Mittal	Bachelor's Degree in Economics with concentrations in Strategic Management and Corporate Finance from the Wharton School in Pennsylvania, US	Non-Executive Director	4	2	Nil	8
Mr. Rajneesh Narang*	FCA, Master's in Financial Management	Non-Executive Director	3	3	Nil	7
Mr. Vinod S. Shenoy	B.Tech. (Chemical) from IIT Bombay	Non-Executive Director	4	4	Nil	6

Name of the Director	Academic Qualification	Category	Attendance at Board meetings		Sitting fee paid for attending the meetings	No. of directorships in other companies
			Entitled to attend	Attended		
Mr. Rajan Tandon	B. Com. (Hons), FCA	Non-Executive Director	4	4	Nil	7
Mr. Jagjeet Singh Bindra	B.Tech. (Chemical) from IIT Kanpur, Master's in Chemical Engineering from University of Washington, MBA from St. Mary's college California	Non-Executive Director	4	4	Nil	1
Dr. Asha Kaul	Doctorate in stylistics from the IIT Kanpur	Independent Director	4	4	6,60,000	1
Mr. Prabh Das	B. Tech from IIT Kharagpur; MBA from Southern Cross University Australia; Certified Project Director from IPMA	Managing Director & Chief Executive Officer	4	3	Nil	3

* Mr. Rajneesh Narang was appointed during the year as additional director w.e.f. July 1, 2021.

Selection and Appointment of Directors

The Nomination and Remuneration Committee considers inter-alia qualification, positive attributes, areas of expertise and number of Directorship(s) held by such persons in accordance with the Company's business and corporate governance objectives and also for determining Directors' independence. The Board considers the Nomination and Remuneration Committee's recommendation and takes appropriate decision for further recommending to the shareholders for appointment of Director(s).

The Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the law. The Independent Directors are appointed for a fixed term. The Managing Director is also appointed for a term of five years and is not liable to retire by rotation. Non-executive Directors (except Independent Directors) are liable to retire by rotation and are eligible for re-appointment, unless otherwise specifically provided under their terms of appointment.

The Company has undertaken Directors and Officers insurance for all its Directors, including Independent

Directors, for a quantum and risks as determined by the Board of Directors of the Company.

Meetings, Agendas and Proceedings Etcetera at The Board Meetings

Meetings

The Board of Directors generally meets every quarter and the maximum interval between any two meetings does not exceed 120 days. The Board meeting dates are decided in consultation with the Directors. Once approved, the schedule of the Board meetings and the Sub-Committee meetings are communicated in advance to the Directors to enable them to attend the meetings. Video conferencing ('VC') facility is also used to facilitate the participation of Director's especially in the background of the domestic and international travel restrictions in place for much of the FY 2021-22. In case of special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law which are noted and confirmed in the subsequent Board Meeting.

During the year, four (4) Board meetings were held all through VC. The requisite quorum was present in all the meetings and the dates on which such meetings were held are as follows:

SN.	Date of Meeting	Board Strength	No. of Directors present
1	April 29, 2021	8	7
2	July 26, 2021	8	8
3	October 25, 2021	8	7
4	January 24, 2022	8	7

Agenda

The Board has complete access to any information within the Company. All the meetings are conducted as per well designed and structured agenda and in line with the compliance requirement under the Act and applicable Secretarial Standards. All the agenda items are backed by necessary supporting information and documents. The Company Secretary prepares the agenda for each meeting, along with detailed explanatory notes, in consultation with the Chairman and the MD&CEO and distributes these to the Directors.

Company presents its long-term strategic plan and annual budgets of our business to the Board for their review, inputs and approval. Likewise, the quarterly, half yearly and annual financial statements both standalone and consolidated are first presented to the Audit Committee and subsequently to the Board for their approval.

Further, the CSR, governance and compliance related matters are regularly presented to the Board. In addition, various matters such as appointment of Directors and KMP, review of internal and statutory audits, important managerial decisions, and statutory matters are presented to the respective Sub-Committees of the Board and later with the recommendation of Committees to the Board of Directors for their approval.

For any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for ratification/approval.

Invites and Proceedings

Apart from the Board members, the CFO, the COO and the Company Secretary attend all the Board Meetings. Additionally, based on the agenda, meetings are attended by members of the senior leadership as invitees, which brings in the requisite accountability and also provide developmental inputs in addition to

any further information required by the Board before their decision on agenda items.

Presentations are made on quarterly and annual operating and financial performance, annual operating & capex budget, health and safety, human leadership, marketing and other business issues.

The Company Secretary notes the proceedings at Board and Committee meetings to ensure that decisions are properly recorded in the minutes and actions on the decisions are tracked. The important decisions taken at Board/Committee meetings are communicated to the concerned departments/divisions promptly for their reference and actions to be taken. Meeting effectiveness is ensured through clear agenda, circulation of information material, discussion at the meeting.

Post Meeting Action and Follow-up System

Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed periodically by the Managing Director and Company Secretary for the action taken / pending to be taken.

Support and Role of Company Secretary

The Company Secretary plays a key role in ensuring that the Board (including its Committees thereof) procedures are followed and regularly reviewed. The CS ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The CS is primarily responsible to assist and advice the Board in the conduct of affairs of the Company, to ensure compliance with applicable statutory requirements, to provide guidance to Directors and to facilitate convening of meetings. The CS also plays a key role in ensuring that proper procedures are followed by the Board including Sub-Committees thereof. He ensures all

relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The CS interfaces between the management and regulatory authorities for governance related issues.

Statutory Compliance Reporting

The Company is committed to complying with all laws and regulations as applicable. New rules and regulations continue to intensify leading to a complex web of constantly evolving regulations and any non-compliance is subject to enforcement actions and penalties, not to mention damage to reputational risk. It monitors and adapts to significant changes in the legal systems, regulatory controls, customs and practices. The Company has an effective framework in place for monitoring compliances with applicable laws within the organisation and to provide updates to senior management and the Board on a periodic basis. The Board reviews in details, on quarterly basis, the report of compliance with respect to all the applicable laws and regulations of the Company.

Induction and Familiarisation program for Directors

At the instance of their appointment to the Board, the Independent and other Non-Executive Directors are briefed about their roles and responsibilities as a director and are also informed about the organisation and its business overview, the other members on the Board members, relevant internal codes and policies of the Company, etcetera. They are regularly updated about business operations and strategy, risk management, performance overview etc. through the business and other presentations at the board meetings including meeting of committees of the Board on business and performance updates of the Company including Finance, Sales, Marketing of the Company's major business segments, practices relating to Human Resources, overview of business operations of major subsidiaries, global business environment, business strategy and risks involved. Board is also updated about the recent changes in the regulatory landscape applicable to the Company. Visits to various plant locations are generally organized for the Director(s) to enable them to understand and get acquainted with the operations of the Company.

Committees of The Board

The Committees of the Board play an important role in the governance structure of the Company and have been constituted to focus on specific areas and make

informed decisions within the delegated authority. Each Committee is guided by its charter or terms of reference, which provides for the composition, scope, powers and duties and responsibilities. The recommendation and/or observations and decisions are placed before the Board for information or approval. The minutes of the proceedings of Sub-Committee of Board meetings are circulated to the respective committee members and also placed in the Board meetings for noting of the Board. During the financial year ended March 31, 2022, all recommendations of the Sub-Committees have been considered and accepted by the Board.

The Board has constituted the following mandatory and non-mandatory Committees:-

Audit Committee – Non Mandatory Committee

The Company is not mandatorily required under the Act to constitute an Audit Committee but as a practice of good and prudent corporate governance the Company has an Audit Committee since its incorporation to enhance the confidence in the integrity of the Company's financial reporting, the internal control processes and procedures and the risk management systems.

Complaints received under whistleblower policy/vigil mechanism have also been monitored by the Committee. The Committee affirms that in compliance with the whistleblower policy/ vigil mechanism no personnel has been denied access to the Audit Committee.

Composition and Meetings of Audit Committee

As on March 31, 2022, the Audit Committee comprises three Directors viz. Mr. Rajneesh Narang as its Chairman and Mr. Rajan Tandon alongwith Dr. Asha Kaul as members thereof.

During the financial year ended March 31, 2022 four (4) meetings of Audit Committee were held as per the following details:

SN.	Date	Committee Strength	No. of members present
1	April 29, 2021	3	3
2	July 26, 2021	3	3
3	October 25, 2021	3	3
4	January 24, 2022	3	3

During the FY ended March 31, 2022, all the recommendations made by the Audit Committee were accepted by the Board.

Invitees and Participation in the Audit Committee

MD&CEO and CFO are the permanent invitees to the Audit Committee meetings. The Head of Risk Assurance department attends all the Audit Committee Meetings as far as possible and briefs the Committee on all the points covered in the Internal Audit Report as well as the other related issues that comes up during the discussions.

During the year, the representatives of the Statutory Auditors have attended all the Audit Committee meetings, where financial results were approved and Direct and Indirect Tax matters were reviewed. The representatives of the Cost Auditors have attended 1 (one) Audit Committee Meeting when the Cost Audit Report was discussed.

COO also attends the audit committee meetings to provide inputs and updates on the operations of the Refinery.

Terms of Reference of the Audit Committee

The Audit Committee is responsible for the oversight of the quality and integrity of the Company's accounting and financial reporting process and inter alia, performs the following functions:

- » Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- » Evaluate auditors' performance, independence and effectiveness of audit process;
- » Examine the financial statements of the Company and auditor's report thereon;
- » Approval of transactions of the Company with related parties;
- » Valuation of undertakings or assets of the Company, wherever it is necessary;
- » Review the functioning of whistle-blower mechanism of the Company which includes the vigil mechanism for Directors and employees to report genuine concerns in the prescribed manner;
- » Hold timely discussions with auditors regarding

critical accounting policies and practices, significant reporting issues and judgements made, nature and scope of audit;

- » Review the adequacy of internal audit and risk management function;
- » Review the adequacy of internal control systems and ensure adherence thereto;
- » Scrutinise inter-corporate loans and investments;
- » Discussion with internal auditors of any significant findings and follow up there on.

Nomination and Remuneration Committee – Non Mandatory Committee

The Company is not mandatorily required under the Act to constitute a Nomination and Remuneration Committee ('N&RC') but in order to make recommendations to the Board on the structure, size and composition of the Board and ensure that the appropriate mix of skills, experience, diversity and independence is present on the Board for it to function effectively, an N&RC is in place. The N&RC oversees key processes through which the Company recruits, motivates and retains outstanding senior management personnel and recruit's new members to its Board.

N&RC ensures that remuneration policies and practices are designed to attract, retain and motivate the Directors and the senior management personnel and accordingly recommends to the Board the remuneration payable to them. The N&RC did the evaluation of the performance of the Board, its Committees and of individual directors.

As on March 31, 2022 the N&RC comprises Mr. Aditya Mittal as its Chairman and Mr. M.K. Surana along with Dr. Asha Kaul as members thereof.

Remuneration Policy

Pursuant to the relevant provisions of the Act, N&RC has formulated remuneration policy for the appointment and determination of remuneration of Directors, senior management, KMP and other employees of the Company. The N&RC ensures that remuneration policies and practices are designed to attract, retain and motivate the executive director(s) and the senior management group, while focusing on the delivery of the organization's strategic and business objectives.

To build a sustainable performance culture, the N&RC is also focused on aligning the interests of the Executive Director and senior management group with those of shareholders.

The compensation and rewards at Company are directly linked to the individual performances, as well as to the performance of the Company. This helps in building a meritocratic culture and creating an incredibly powerful engine of growth coupled with professional work environment translating into business successes and performance excellence.

The N&RC periodically recommends suitable incumbents for the position of Independent Director after examining qualification, competencies and independence of the candidate. N&RC is also responsible for formulating and making the necessary amendments to the remuneration policy for the KMPs and senior executives of the Company from time to time.

None of the Directors of the Company receive any remuneration, except Mr. Prabh Das in the capacity of MD&CEO. Further during the FY ended March 31, 2022 Non-Executive Independent Directors of the Company had no pecuniary relationship or transactions with the Company other than the sitting fees paid to Independent Directors and reimbursement of expenses incurred by them for the purpose of attending the meetings of the Company.

Corporate Social Responsibility Committee - Mandatory Committee

In terms of the requirements of the Section 135(1) of the Act, the Company has constituted the Sub-Committee of Board on Corporate Social Responsibility ('**CSR Committee**'). As on March 31, 2022 the CSR Committee comprises Mr. Jagjeet Singh Bindra as its Chairman and Dr. Asha Kaul and Mr. Rajneesh Narang as members.

During the financial year ended March 31, 2022, two meetings of CSR Committee were held on July 22, 2021 and December 21, 2021 which were attended by its all the members. The MD&CEO, the CFO, the Head of Refinery Operations, the VP-HL are amongst the invitees to the meetings of CSR Committee.

Terms of Reference of the CSR Committee

The Terms of Reference of the Committee are to:-

- » frame the CSR Policy and its review from time-to time;
- » ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans and budget;
- » ensure compliance with the laws, rules and regulations governing the CSR and to periodically report to the Board of Directors;

An Annual Report on CSR activities for the FY 2021-22 is annexed to the Board' Report.

General Body Meetings

The Company held its last three Annual General Meetings as per the following details:

Year	Location	Date	Time
2018-19	Village Phulokhari, Taluka Talwandi Saboo, District Bathinda, Punjab- 151301	September 13, 2019	3.00 p.m.
2019-20	Through Video Conferencing/ Other Audio-Visual Means (Deemed venue of the meeting: Village Phulokhari, Taluka Talwandi Saboo, District Bathinda, Punjab- 151301)	December 28, 2020	4.00 p.m.
2020-21	Through Video Conferencing/ Other Audio-Visual Means (Deemed venue of the meeting: Village Phulokhari, Taluka Talwandi Saboo, District Bathinda, Punjab- 151301)	September 13, 2021	4.00 p.m.

ANNEXURE IV TO THE BOARD'S REPORT

Form No. AOC 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013, including certain arm's-length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's-length basis: **Not Applicable**
 - a) Name(s) of the related party and nature of relationship:
 - b) Nature of contracts/arrangements/transactions:
 - c) Duration of the contracts/arrangements/transactions:
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any:
 - e) Justification for entering into such contracts or arrangements or transactions:
 - f) Date(s) of approval by the Board:
 - g) Amount paid as advances, if any:
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188:
2. Details of material contracts or arrangements or transactions at arm's-length basis:
 - a) Name of the related party and nature of relationship:

Hindustan Petroleum Corporation Ltd. and Mittal Energy Investments Pte. Ltd; Investing company(s) having significant influence.
 - b) Nature of contracts/arrangements/transactions:
 - Sales of products (Inclusive of taxes)
 - Purchase of transmix and other raw materials
 - Allocation of expenses
 - Reimbursement of expenses
 - Payment of interim / final dividend
 - Any other transaction on a case to case basis

c) Duration of the contracts/arrangements/transactions:

Sales of products (inclusive of taxes) (In terms of product off take agreement dated November 07, 2008 as amended from time to time)	15 years
Purchase of transmix and other raw material	On need basis
Allocation of expenses	Ongoing basis
Payment of interim / final dividend	Annual basis
Sale of Crude oil	On need basis

d) Salient terms of the contracts or arrangements or transactions including the value (during FY 2021-22), if any:

Allocation of expenses	Rs. 190 million
Sales of products (inclusive of taxes) (In terms of product off take agreement dated November 07, 2008)	Rs. 860,084 million
Sales of spares	Rs. 2 million
Purchase of transmix and other raw material	Rs. 1,410 million
Payment of Interim Dividend	Rs. 6,000.73 million

e) Date(s) of approval by the Board, if any: Not applicable; Date(s) of approval of Audit Committee for FY 2021-22: July 26, 2021; October 25, 2021, January 24, 2022 and April 26, 2022

f) Amount paid as advances, if any: Not applicable.

**For and on behalf of the Board of Directors
HPCL-Mittal Energy Limited**

M.K. Surana
Chairman
DIN: 074646751

Rajan Tandon
Director
DIN: 01968916

Prabh Das
Managing Director & CEO
DIN: 00164799

Date: April 26, 2022

ANNEXURE V TO THE BOARD'S REPORT

ANNUAL REPORT ON CSR ACTIVITIES

1. Brief outline on CSR Policy of the Company.

The approach of HMEL and its subsidiary towards CSR is oriented towards addressing the identified societal needs in diverse areas and to implement/support them in a time bound manner. It considers various facets of socio-economic and cultural development of the communities, so as to bring harmony with the core business.

In addition to the above, the HMEL CSR policy conforms fully to Section 135 of the Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 ('**CSR Rules**') as amended by Ministry of Corporate Affairs vide Notification no. G.S.R. 40 (E) dated January 22, 2021. Accordingly, this policy adheres with the relevant provisions of the Act and aforesaid Rules as amended from time to time.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Jagjeet Singh Bindra	Chairman (Non- Executive Director)	2	2
2	Dr. Asha Kaul	Member (Independent Director)		2
3	Mr. Rajneesh Narang	Member (Non- Executive Director)		2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Sl. No.	Particulars	Web link
1	Composition of CSR Committee	https://www.hmel.in/sustainability
2	CSR policy	
3	CSR Projects approved by Board	

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

– **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

– **Not Applicable**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be setoff for the financial year, if any (in Rs)
1	2019-20	Nil	Nil
2	2020-21	Nil	Nil
3	2021-22	Nil	Nil
	TOTAL	Nil	Nil

6. Average net profit of the company as per Section 135(5) : **Rs. 4,09,41,04,747**
7. (a) Two per cent of average net profit of the company as per Section 135(5) : **Rs. 8,18,82,095**
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : **Nil**
- (c) Amount required to be set off for the financial year, if any : **Nil**
- (d) Total CSR obligation for the financial year (7a+7b-7c) : **Rs. 8,18,82,095**
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount (in Rs.)	Date of transfer	Name of the Fund	Amount (in Rs.)	Date of transfer
10,31,28,908	Nil	Not Applicable	Not Applicable	Nil	Not Applicable

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Project duration	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation Direct (Yes/No)	Name	Mode of Implementation -Through Implementing Agency CSR Registration number
1.	Sports Training Facility Development	VII (vii)	Yes	Punjab	1) Roopnagar 2) Mohali	2 years	3,50,00,000	2,30,80,183	--	Yes	N.A.	N.A.
Total							3,50,00,000	2,30,80,183				

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of Schedule VII to the Act	Local area (Yes/No)	State	District	Amount spent for the project (in Rs.)	Mode of implementation -Direct (Yes/No)	Name	Mode of implementation - Through implementing agency CSR Registration number
1.	Dairy Development Programme	VII (iv)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda	24,83,047	Yes	N.A.	N.A.
2.	Make Shift Hospital during pandemic	VII (i)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda	2,38,82,520	Yes	N.A.	N.A.
3.	Preventive Measures for CoVID 19 Management	VII (i)	Yes	1) Uttar Pradesh 2) Punjab	1) Noida 2) Chandigarh and Sangrur	2,84,14,153	Yes	N.A.	N.A.
4.	Women Entrepreneurship Development	VII (iii)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda	7,61,546	No	HPCL- Mittal Foundation	CSR00006700

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in Rs.)	Mode of implementation -Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
5.	Women Empowerment Initiatives	VII (iii)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda	35,80,709	No	HPCL- Mittal Foundation	CSR00006700
6.	Dairy Development Programme	VII (iv)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda	14,48,545	No	HPCL- Mittal Foundation	CSR00006700
7.	Skill Training programs	VII (ii)	Yes	1) Punjab	1) Punjab	10,15,279	No	HPCL- Mittal Foundation	CSR00006700
8.	Preventive Measures for Covid 19 management	VII (i)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda and Patiala	69,67,280	No	HPCL- Mittal Foundation	CSR00006700
9.	Dengue Preventive activities	VII (i)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda	4,39,198	No	HPCL- Mittal Foundation	CSR00006700
10.	Support to Drug De-addiction center	VII (i)	Yes	1) Haryana	1) Sirsa	5,77,710	No	HPCL- Mittal Foundation	CSR00006700
11.	Infrastructure and Scholarship support to school	VII (ii)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda	24,47,663	No	HPCL- Mittal Foundation	CSR00006700
12.	Infrastructure Support to vicinity villages	VII (iv) and (x)	Yes	1) Haryana 2) Punjab	1) Sirsa 2) Bathinda	74,41,075	No	HPCL- Mittal Foundation	CSR00006700
Total						7,94,58,725			

- (d) Amount spent in Administrative Overheads : **Rs. Nil**
- (e) Amount spent on Impact Assessment, if applicable : **Rs. 5,90,000**
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) : **Rs. 10,31,28,908**
- (g) Excess amount for set off, if any : **Rs. 2,12,46,813**

Sl. No.	Particular	Amount in Rs.
(i)	Two per cent of average net profit of the company as per Section 135(5)	8,18,82,095
(ii)	Total amount spent for the Financial Year	10,31,28,908
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	2,12,46,813
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2,12,46,813

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding Financial Years (in Rs.)
				Name of the fund	Amount in Rs.	Date of transfer	
1.	2018-19	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2.	2019-20	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3.	2020-21	2,95,00,000	2,95,00,000	N.A.	N.A.	N.A.	N.A.
Total		2,95,00,000	2,95,00,000	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in Rs)	Amount spent on the project in the reporting Financial Year (in Rs)	Cumulative amount spent at the end of reporting financial year (in Rs)	Status of the project – Completed / Ongoing
1.	FY31.03.2021_1	Infrastructure Development of Schools	2020-21	14 months	22,63,737	22,63,737	22,63,737	Completed
2.	FY31.03.2021_2	Infrastructure Development of Schools	2020-21	14 months	1,20,36,263	1,20,36,263	1,20,36,263	Completed
3.	FY31.03.2021_3	Education Support in the form of Uniform and Stationaries	2020-21	14 months	5,80,242	5,80,242	5,80,242	Completed
4.	FY31.03.2021_4	Education Support in the form of Uniform and Stationaries	2020-21	14 months	47,19,758	47,19,758	47,19,758	Completed
5.	FY31.03.2021_5	Infrastructure Development of Vicinity Villages	2020-21	14 months	24,59,968	24,59,968	24,59,968	Completed
6.	FY31.03.2021_6	Infrastructure Development of Vicinity Villages	2020-21	14 months	52,40,032	52,40,032	52,40,032	Completed
7.	FY31.03.2021_7	Women Empowerment Initiative through Group Enterprises of SHGs	2020-21	14 months	16,64,731	16,64,731	16,64,731	Completed
8.	FY31.03.2021_8	Women Empowerment Initiative through Group Enterprises of SHGs	2020-21	14 months	5,35,269	5,35,269	5,35,269	Completed
	Total				2,95,00,000	2,95,00,000	2,95,00,000	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s) : **Not Applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset : **Not Applicable**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address, etc. : **Not Applicable**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). : **Not Applicable**

11. Specify the reason(s) if the company has failed to spend two per cent of the average net profit as per Section 135(5) : **Not Applicable**

For and on behalf of the Board of Directors

HPCL-Mittal Energy Limited

Jagjeet Singh Bindra
Chairman CSR Committee
DIN: 00354270

Prabh Das
Managing Director & CEO
DIN: 00164799

Date: April 26, 2022

GRI Index

GRI Standard	Disclosure	Location	
GRI 2: General Disclosures 2021	2-1 Organizational details	Company at a Glance Section in Integrated Report	
	2-2 Entities included in the organization's sustainability reporting	Our approach to Reporting in Integrated Report	
	2-3 Reporting period, frequency and contact point	Our approach to Reporting in Integrated Report	
	2-5 External assurance	External Assurance in the Integrated Report	
	2-6 Activities, value chain and other business relationships	Vale Creation Model in the Integrated Report	
	2-9 Governance structure and composition	Board of Directors in the Integrated Report	
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report	
	2-11 Chair of the highest governance body	Corporate Governance Report	
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance Report	
	2-13 Delegation of responsibility for managing impacts	Corporate Governance Report	
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance Report	
	2-15 Conflicts of interest	Corporate Governance Report	
	2-16 Communication of critical concerns	Corporate Governance Report	
	2-17 Collective knowledge of the highest governance body	Corporate Governance Report	
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance Report	
	2-19 Remuneration policies	Corporate Governance Report	
	2-20 Process to determine remuneration	Corporate Governance Report	
	2-22 Statement on sustainable development strategy	Message from MD in the Integrated Report	
	2-23 Policy commitments	Compliance and Ethics in the Integrated Report	
	2-24 Embedding policy commitments	Compliance and Ethics in the Integrated Report	
	2-25 Processes to remediate negative impacts		
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholders Engagement Section in the Integrated Report	
	2-27 Compliance with laws and regulations	Compliance and Ethics in the Integrated Report	
	2-28 Membership associations		
	2-29 Approach to stakeholder engagement	Stakeholders Engagement Section in the Integrated Report	
	GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment in the Integrated Report
		3-2 List of material topics	List of Material Topics in the Integrated Report
		3-3 Management of material topics	Management's Approach to materiality in the Integrated Report
	GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Financial Capital in the Integrated Report
201-3 Defined benefit plan obligations and other retirement plans		Can be linked to the Relevant note of Financial Statements	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Manufacturing Capital in the Integrated Report	
	203-2 Significant Indirect Economic Impacts	Social & Relationship Capital in the Integrated Report	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Compliance and Ethics in the Integrated Report	
	205-2 Communication and training about anti-corruption policies and procedures	Compliance and Ethics in the Integrated Report	
GRI 207: Tax 2019	207-1 Approach to tax	Governance section in the Integrated Report.	
	207-2 Tax governance, control, and risk management		
	207-3 Stakeholder engagement and management of concerns related to tax		
	207-4 Country-by-country reporting		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Manufactured Capital in the Integrated Report	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Natural Capital in the Integrated Report	
	302-4 Reduction of energy consumption	Natural Capital in the Integrated Report	
	302-5 Reductions in energy requirements of products and services	Natural Capital in the Integrated Report	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Natural Capital in the Integrated Report	
	303-4 Water discharge	Natural Capital in the Integrated Report	
	303-5 Water consumption	Natural Capital in the Integrated Report	

GRI Standard	Disclosure	Location
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Natural Capital in the Integrated Report
	305-2 Energy indirect (Scope 2) GHG emissions	Natural Capital in the Integrated Report
	305-5 Reduction of GHG emissions	Natural Capital in the Integrated Report
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Natural Capital in the Integrated Report
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Natural Capital in the Integrated Report
	306-2 Management of significant waste-related impacts	Natural Capital in the Integrated Report
	306-3 Waste generated	Natural Capital in the Integrated Report
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Human Capital in the Integrated Report
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Intellectual Capital in the Integrated Report
	403-5 Worker training on occupational health and safety	Intellectual Capital in the Integrated Report
	403-6 Promotion of worker health	Intellectual Capital in the Integrated Report
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Intellectual Capital in the Integrated Report
	404-2 Programs for upgrading employee skills and transition assistance programs	Intellectual Capital in the Integrated Report
	404-3 Percentage of employees receiving regular performance and career development reviews	Intellectual Capital in the Integrated Report
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Board of Directors in the Integrated Report
GRI 406 : Non Discrimination	GRI 406-1 Incidents of Discrimination and corrective actions taken	No such incident has taken place during the year.
GRI 408 : Child Labour	GRI 408-1 Operations and Suppliers at significant risk for incidents of child labour	No instance of child labor has been noted on any of the value chain partners
GRI 409 : Forced or Compulsory Labour	GRI 409-1 Operations and Suppliers at significant risk for the incidents of forced or compulsory labour	No Such instance has been noted during the year.
GRI 410 : Security Practices	GRI 410-1 Security personnel trained in human rights policies and procedures	All the security personnel working in the company premises have been trained in human rights policies and procedures.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Social & Relationship Capital in the Integrated Report
GRI 415: Public Policy 2016	415-1 Political contributions	Social and Relationship Capital in the Integrated Report
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not applicable
	417-2 Incidents of non-compliance concerning product and service information and labeling	None
	417-3 Incidents of non-compliance concerning marketing communications	None

SASB Index

SASB Index Topic	SASB Disclosure	Description	Location in the report
Greenhouse Gas Emissions	EM-RM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	Natural Capital Section in the Integrated Report
	EM-RM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Natural Capital Section in the Integrated Report
Air Quality	EM-RM-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) H2S, and (5) volatile organic compounds (VOCs)	Natural Capital Section in the Integrated Report
Hazardous Materials Management	EM-RM-150a.1	Amount of hazardous waste generated, percentage recycled	Natural Capital Section in the Integrated Report
Workforce Health & Safety	EM-RM-320a.2	Discussion of management systems used to integrate a culture of safety	Human Capital Section in the Integrated Report
Management of the Legal & Regulatory Environment	EM-RM-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Message from the Managing Director Section in the Integrated Report

List of Acronyms

Abbreviation	Full Form
HMEL	HPCL - Mittal Energy Limited
ATF	Aviation Turbine Fuel
BRSR	Business Responsibility & Sustainability Reporting
BS	Bharat Stage
CDU	Crude Distillation Unit
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identity Number
COO	Chief Operating Officer
COPL	Cross Country Crude Oil Pipeline
COT	Crude Oil Terminal
CPCB	Central Pollution control Board
CSDC	Customer Service and Development Centre
CSR	Corporate Social Responsibility
DCU	Delayed Coker Unit
DG	Diesel Generator
DLP	Data Leakage/Loss Prevention
DSO	Disulfide Oil
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ERMC	Enterprise Risk Management Committee
ESG	Environmental, Social & Governance
ESI	Employee State Insurance
ETP	Effluent Treatment Plant
FCC	Fluid Catalytic Cracking
FCFF	Free Cash Flow to Firm
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce & Industry
FY	Financial Year
GGSPAP	Guru Gobind Singh Refinery Project Affected People
GGSR	Guru Gobind Singh Refinery
GHG	Greenhouse Gasses
GRI	Global Sustainability Index
HR,	Human Resources
HRD	Human Resource Department
HSD	High Speed Diesel
IAS	Indian Administrative Services
ICAI	Institute of Chartered Accountants of India
IIF	Incident and Injury Free
IIMA	Indian Institute of Management, Ahmedabad
IIRC	International Integrated Reporting Council
INR	Indian Rupees
IPS	Intermediate Pigging Station
IR	Integrated Report
ISO	International Organisation for Standardisation
IT	Information Technology
JV	Joint Venture
KPI	Key Performance Indicators
KT	Kilo Ton

Abbreviation	Full Form
KV	Kilo Volt
LOPC	Loss of Primary Containments
LPG	Liquefied Petroleum Gas
MBA	Master's of Business Administration
MBN	Million British Thermal Unit per Thousand Barrel per Energy Factor
MD	Managing Director
MEI	Mittal Energy Investments
ML	Machine Learning
MMT	Million Metric Ton
MMTPA	Million Metric Ton Per Annum
MS	Motor Spirit
MT	Metric Ton
MTCO2	Metric Ton Carbon Dioxide Equivalent
MTO	Mineral Turpentine Oil
MW	Mega Watt
NGRBC	National Guidelines for Responsible Business Conduct
NO	Nitrogen Oxide
O2	Oxygen
OWS	Oily-water Sewer
PAT	Profit After Tax
PF	Provident Fund
PGRKAM	Punjab Ghar Ghar Rozgar and Karobar Mission
PHA	Process Hazard Analysis
PSA	Pressure Swing Adsorption
RDI	Research, Development and Innovation
RO	Reverse Osmosis
ROCE	Return on Capital Employed
RTO	Real Time Optimisation
SASB	Sustainability Accounting Standards Board
SBU	Sub-Business Unit
SCM	Supply Chain Management
SDG	Sustainability Development Goals
SHG	Self-Help Groups
SKO	Superior Kerosene Oil
SLF	Secured Landfill Facility
SOx	Sulphur Oxides
SPCB	State Pollution Control Board
SRU	Sulfur Recovery Unit
UK	United Kingdom
UN	United Nations
UNICEF	United Nations Children's Fund
UNSDG	United Nations Sustainability Development Goals
USA	United States of America
VDU	Vacuum Distillation Unit
VLCC	Very Large Crude Carrier
VPN	Virtual Private Network

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INDIA

TM



HPCL - Mittal Energy Limited

CIN: U23201PB2000PLC024126

Registered Office:

Village Phulokhari, Taluka Talwandi Saboo, Bathinda, Punjab - 151301

Corporate Office:

INOX Towers, Plot No. 17, Sector - 16-A, Noida - 201301 (U.P.)

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