



हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड  
वार्षिक रिपोर्ट 2014-15

Hindustan Petroleum Corporation Limited  
Annual Report 2014-15



**Touching Lives Everyday  
In Every Way**

# Touching Lives Everyday In Every Way

**For millions of Indians, we are transforming the nation's landscape with our energy solutions across a spectrum of needs, everyday.**

Welcome to the world of HP. With our myriad solutions for myriad needs. With a wide compass of offerings that touch your life.

A world bursting with diverse solutions to cater to your energy needs, every day.

A world steered by innovative technology to create value for you, in every way.

Where we consider it our duty to keep your kitchen stoves alight with clean and safe gas, all through the day.

Where we take the lead to extend personalised vehicle & customer care through our retail outlets, round the clock.

Where we provide the necessary thrust for your dreams to take flight, quite literally!

From the food you eat to the clothes you wear, from the cosmetics you adorn to the CDs you love to listen to, there is a touch of HP in every facet of your life. We are helping the nation move ahead by addressing its energy needs with our portfolio of Power packed & Turbo charged solutions.

Ours is a world where we believe in erasing the boundaries and welcoming everyone with open arms to be a part of our family – from differently-abled children to the elderly away from home, from girls deprived of education to youth who yearn for an opportunity for skill building. We always consider it a privilege to reach out to the communities that surround us and lend a helping hand in their development.

**In our world, we walk hand in hand with nature and live the mantra of delivering happiness, safety and sustainable growth, night and day!**



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## Our Directors

Whole Time Directors	Ex-Officio Part-Time Directors	Non-Official Part-Time Directors
<b>Ms. Nishi Vasudeva</b> Chairman & Managing Director (DIN:03016991)	<b>Dr. S. C. Khuntia</b> Director (Upto 15.06.2015) (DIN:05344972)	<b>Dr. Gitesh K. Shah</b> Director (DIN:02330569)
<b>Shri Pushp Kumar Joshi</b> Director - Human Resources (DIN:05323634)	<b>Shri Sandeep Poundrik</b> Director (From 16.10.2014) (DIN:01865958)	<b>Shri A. C. Mahajan</b> Director (Upto 08.04.2015) (DIN:00041661)
<b>Shri K. V. Rao</b> Director - Finance (DIN:05340626)	<b>Shri R. K. Singh</b> Director (Upto 15.10.2014) (DIN:05193269)	<b>Dr. G. Raghuram</b> Director (Upto 08.04.2015) (DIN:01099026)
<b>Shri B. K. Namdeo</b> Director - Refineries (DIN:06620620)		<b>Shri G. K. Pillai</b> Director (Upto 08.04.2015) (DIN:02340756)
<b>Shri Y. K. Gawali</b> Director-Marketing (From 10.10.2014) (DIN:05294482)		<b>Shri Rohit Khanna</b> Director (Upto 05.09.2014) (DIN:00004072)



## Chairman's Message 2014-15

**Dear Shareholders,**

It gives me immense pleasure to present the 63rd Annual Report for the year 2014-15.

HPCL registered its best ever performance since its formation in 1974, recording the highest ever profit of ₹ 2733 Crores for the financial year 2014-15 which has significantly surpassed the decade's highest profit of ₹ 1734 Crores during the previous year. This increase in profit is especially significant given the huge volatility in the crude and product prices in the international markets and its consequent impact on petroleum companies worldwide.

As you may be aware, international crude oil price has dropped by more than half, from over US\$ 100 per barrel prevailing in the previous years. While global prices of almost all commodities have fallen during last year due to factors such as reduced demand from China, crude oil prices have been influenced by many other factors also. These include the resilience shown by US shale oil producers who responded to crude oil price drop by a combination of improved operational efficiency and financial planning, and maintained their production volumes during the year. The attempt of OPEC countries led by Saudi Arabia to maintain their market share by sustaining their production resulted in international crude oil price dropping to US\$ 45 per barrel levels, before recouping to the levels prevailing now.

Your corporation has consolidated its position in this scenario through consistent focus on operational efficiencies in the core downstream refining and marketing activities and on the innovations required to keep ahead of the curve. Our two refineries and our business verticals in marketing have individually pursued every opportunity available to scale greater heights during the year and synergised their efforts for the corporation's all round excellent financial and physical performance.

The Indian economy demonstrated its resilience during the year 2014-15, and overcame the adverse impact of a sub-optimal monsoon on the agricultural sector by better performance in the industrial and service sectors. The economy grew at 7.3% during the year led by the services and manufacturing sectors which grew by 10% and 6% respectively in 2014-15 compared to 9% and 4.5% in 2013-14. The Indian Rupee fared well during 2014-15 as it saw the lowest depreciation in the last four years.

Growth in agricultural sector was 0.2% as a result of the poor monsoon in many important agricultural zones of the country and due to deflationary price trends experienced by many agricultural products caused by similar trends across the globe. Many experts believe that the sustained efforts of the government to increase the GDP growth rate will soon trickle down to the agricultural sector and this will lead to rural demand picking up once again across sectors including petroleum products. This combined with the government's efforts on 'Skill India' is expected to leverage the rural demographics significantly and thereby accelerate the country's growth in the coming years.

The Petroleum product demand in the country increased by about 3% to reach about 165 MMT during the year. The growth was mainly due to increase in Petrol, LPG and Diesel consumption. Consistent positive growth in 2 wheeler segment and increase in passenger vehicles sales from June 2014 on the back of expectations from new government and excise duty cuts have contributed to the growth in Petrol sales. Diesel which witnessed a continuous decline during 2013-14, saw a reversal of declining demand from May 2014 onwards owing to higher vehicular movement due to increased economic activities, power deficit and resumption of mining activities. The deregulation of diesel prices in October 2014 coupled with steep fall in crude price gave an immediate relief to the retail consumers and diesel consumption returned to positive growth in November 2014. The positive growth in the medium and heavy commercial vehicles sales during second half of the year and rising demand for logistics and transportation services helped increase diesel sales during the year. Fuel Oil (FO) consumption fell for the seventh consecutive year. Naphtha and Bitumen consumption also declined during 2014-15.

The Corporation has secured 'Excellent' rating in terms of the Memorandum of Understanding (MOU) signed with the Government of India for the year 2013-14 with an MOU score of 1.257.

During 2014-15, HPCL registered a gross sales of ₹ 2,17,061 crore. And posted its highest ever profit after tax of ₹ 2,733 crore resulting in a significant increase in the earning per share to ₹ 80.72. The market capitalization of your company increased by ₹ 11,500 crore during the year.

Your company maintained its superior physical performance during 2014-15. HPCL refineries processed a total of 16.18 MMT crude corresponding to 109% capacity utilisation and achieved a highest ever combined distillate yield of 77.5%. This performance is remarkable given the shutdown of key units for revamps, turnaround activities and precautionary shutdown of Visakhapatnam refinery operations during Cyclone Hudhud. The year also marked a milestone for the company with regard to production of HSD meeting Euro IV specifications by both the refineries, with the commissioning and stabilised operation of Diesel Hydro Treater (DHT) units.



## Chairman's Message 2014-15

Amidst increasing competitive intensity in the market due to re-entry of private players, HPCL has registered excellent sales performance. The market sales including exports increased by about 3% in 2014-15 to reach about 32 MMT. Domestic sales were about 31 MMT registering a growth of 2.3% against PSU industry growth of 2.2%. Petrol and LPG sales recorded double digit growth rates and Diesel sales growth was maintained despite re-entry of private players. We bucked the industry trend by achieving FO/LSHS sales growth of 4%. While Aviation Fuel consumption in the country increased only marginally by 1%, we achieved an excellent growth of 13%. Your company has forged further ahead in the highly competitive lubricants segment, and we remained the largest lube marketer of India for second consecutive year with sales of 478 TMT during the year.

Your corporation has acquired a high level of competency in managing the pipeline network for optimizing distribution cost and achieved a combined pipeline throughput of 14.9 MMT. During the year HPCL commenced operations of Awa-Salawas Pipeline and commissioned Bahadurgarh- Tikrikalan pipeline taking the total cross country pipeline network to 2572 Kms with a capacity of 23.57 MMTPA.

Logistics remains the critical dimension in petroleum marketing, and the primary distribution infrastructure of your company has been further strengthened during the year through various projects. These include addition of 300 Thousand KL of product storage capacity by commissioning of new depots and revamping of existing facilities. New depots at Patna (Bihar), Kadapa (Andhra Pradesh) and new terminals at Salawas (Rajasthan), Tikrikalan, (Delhi) and Bokaro (Jharkhand) were commissioned during the year while additional tankages were commissioned at Kolkata and Paradeep terminals.

LPG operations and logistics is another strength of your company, and constant efforts led to significant increase in capacities during the year. A state-of-the-art new LPG bottling plant has been commissioned at Yediyur (Bangalore) with a 72 head flex speed carousel, the largest carousel in the world. We also commissioned the connection of Jetty no 12 to the existing Mangalore LPG Import Facility (MLIF) at Mangalore to receive Very Large Gas Carriers (VLGC) with resultant optimisation of freight costs. Your corporation is also on track with regard to its ambitious plans to expand its presence in natural gas sector. During the year, HPCL commenced its maiden RLNG sales to with a volume of 10.87 million metric standard cubic meter (MMSCM).

Your company has been in the forefront in the government's programme titled 'PAHAL' to switch over to Direct Benefit Transfer in domestic LPG segment, which has a salutary effect on the country's subsidy outgo. Another important government initiative supported by your company is the 'Swachh Bharat Abhiyan', through a number of initiatives undertaken across the country during the year.

Subsidiaries and Joint venture companies of HPCL have steadily created shareholder value through continuous focus on core businesses. In the upstream business, HPCL's wholly owned subsidiary Prize Petroleum Company Limited has performed well and reported three times higher total revenue of ₹ 33.45 crore on consolidated basis during the year.

One of the important strategic initiatives of your company which started bearing fruit during the year is the Integrated Margin Management programme. This is aimed at optimising the processes across the entire value chain, from crude procurement to product sales. Another strategic initiative successfully undertaken was the setting up of a Central Procurement Cell, staffed by domain experts, for optimising the procurement cost.

To prepare for the future challenges, we have formulated our Vision 2030 that charts our road map for the future. This strategic initiative is expected to help your company achieve sustainable competitive advantage in the continuously changing market and business environment.

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

We are fortunate to have a dedicated team who are passionate about their work and spare no effort in striving for excellence in all their endeavours. We will continue to nurture the talent and capabilities of our people by creating a work environment conducive to innovation and growth.

The Ministry of Petroleum & Natural Gas, Government of India, other Ministries / Departments of the Government of India and various State Governments have guided us in all our efforts, and I sincerely acknowledge their support in this regard. Our customers, business associates and shareholders have always been a source of strength and I thank them for their support.

We look forward to your continued support in all our endeavours.

Thank you

**Nishi Vasudeva**



## Senior Management Team

(Positions as on 30.06.2015)

Shri Manoj Pant	Chief Vigilance Officer
Shri A.B. Thosar	ED - HSE (Marketing)
Shri R.S. Rao	ED - Finance (Refineries)
Shri S.P. Gupta	ED - HPCL Biofuels Limited
Shri S.C. Mehta	ED - Refineries Project Process
Shri S. Jeyakrishnan	ED - Retail
Shri G. Sriganesh	ED - Visakh Refinery
Shri A. Pande	ED - O&D with additional charge of Projects & Pipelines
Shri S.T. Sathiavageeswaran	ED - Information System
Shri Ajit Singh	ED - LPG
Shri Rakesh Misri	ED - Human Resource
Shri S.I. Joseph	ED - Employee Relations
Shri H.R. Wate	ED - Gas, Renewables & BD
Shri M.K. Surana	ED*
Shri Rakesh Kumar	ED - Compensation Management
Shri V.V.R. Narasimham	ED - HSE
Shri J. Ramaswamy	ED - Corporate Finance
Shri H.C. Mehta	ED - Direct Sales
Shri N.S.J. Rao	ED - Mumbai Refinery
Shri A.V. Sarma	Chief Finance Officer Cum CS Rajasthan Refinery Project
Shri P.P. Nadkarni	GM - Pipeline Operations
Shri R. Radhakrishnan	GM - IS (Functional)
Shri V.K. Jain	GM - Tax
Ms. Sonal Desai	GM - CSR
Shri M. Naveen Kumar	GM - Finance, IT & S
Shri S. Babu Ganesan	GM - Facilities Planning & Engineering
Shri R. Kesavan	GM - CS& P
Shri B. Ravindran	GM - Finance (Marketing)
Shri M. Rambabu	GM - Operations & Maintenance
Shri S.K. Kulkarni	Head - Central Procurement (Refineries) & Additional Charge of GM Materials - MR
Shri M.V.R. Krishna Swamy	Head - Central Procurement Marketing
Shri S.P. Nair	GM - Legal
Shri Anil Khurana	GM*
Shri GSVSS Sarma	GM - Operations, Visakh Refinery
Shri S.P. Gaikwad	GM - Rajasthan Refinery
Shri Ranjish Mehta	GM - Aviation
Shri J.S. Prasad	GM - Pipeline Projects



## Hindustan Petroleum Corporation Limited

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Shri V.S. Shenoy	GM - Projects, Visakh Refinery
Shri S. Paul	GM - Internal Audit
Shri M.D. Pawde	Head - Economic Planning & Optimization
Shri N.V. Choudary	GM - I/C Corporate R&D Bengaluru
Shri L. Venugopal	GM - Initiative Management Office
Shri S. Raja	GM - Maintenance - Visakh Refinery
Shri S. Chiranjeevi	GM - Special Projects
Shri D.K. Pattanaik	GM - Retail, East Zone
Shri S. Bhattacharjee	GM - Joint Ventures
Shri K. Daniel Santhosh	GM - Commercial - LPG SBU
Shri S. Biswas	GM - LPG (Sales & Marketing)
Shri K. Ananda Rao	GM - Refinery Coordination
Shri A.S.V. Ramanan	GM - HR, Visakh Refinery
Shri G.S.V. Prasad	GM - Retail, South Central Zone
Shri C. Rama Krishnan	GM - Retail, West Zone
Shri K. Radhakrishnan	GM*
Shri Vikram Gulati	GM - Treasury & Pricing
Shri A.V. Narayana Rao	GM - Corporate Accounts
Shri Rajiv Chandra	GM - Information System
Shri R. Sudheendranath	GM - Lubes
Shri S.K. Suri	GM - Coordination - DCO
Shri Shyam Mustyalwar	GM*
Shri V.S. Agashe	GM - HR, Mumbai Refinery
Shri Ahishek Datta	Deputy Chief Vigilance Officer
Shri K. Srinivas	GM - Retail, South Zone
Shri Rajneesh Narang	Executive Assistant to C&MD
Shri Shrikant M. Bhosekar	Company Secretary

\* On Deputation



## Offices, Auditors & Bankers

### Registered Office & Headquarters Office

Petroleum House  
17, Jamshedji Tata Road  
Mumbai - 400 020.  
e-mail: corphpcl.in  
website: www.hindustanpetroleum.com

### Marketing Headquarters

Hindustan Bhavan  
8, Shoorji Vallabhdas Marg  
Ballard Estate  
Mumbai - 400 001.

### Mumbai Refinery

B. D. Patil Marg, Chembur  
Mumbai - 400 074.

### Visakh Refinery

Post Box No. 15  
Visakhapatnam - 530 001.

### Zonal Offices

#### East Zone

771, Anandpur  
Off EM By - Pass  
Kolkata - 700 107.

#### North Zone

6<sup>th</sup> & 7<sup>th</sup> Floor  
Core 1 & 2, North Tower  
Scope Minar, Laxmi Nagar  
Delhi - 110 092.

#### North Central Retail Zone

C/o Lucknow Retail R.O.  
4, Shanajaf Road, 1, Nehru Enclave  
Besides VishwasKhand, Gomti Nagar  
Lucknow - 226 010 (U.P.)

#### North West Retail Zone

1<sup>st</sup> Floor, Alpha Bazaar  
Opp. Thakorjibhai Desai Hall  
High Street - 1, Law Garden  
Ahmedabad - 380 006.

#### South Zone

Thalamuthu Natarajan Building  
4<sup>th</sup> Floor, 8, Gandhi Irwin Road, Post Box No. 3045  
Egmore, Chennai 600 008.

### South Central Zone

Parishram Bhavan, 7<sup>th</sup> floor  
Door No. 5-9-58/B  
Fateh Maidan Road, Basheer Bagh  
Hyderabad 500 004.

### West Zone

R&C Building  
Sir J. J. Road, Byculla  
Mumbai 400 008.

### Statutory Auditors

#### CVK & Associates

Chartered Accountants, Mumbai

#### G. M. Kapadia & Co.

Chartered Accountants, Mumbai

#### Branch Auditors

##### Sriramamurthy & Co.

Chartered Accountants, Visakhapatnam

#### Cost Auditors

##### R. Nanabhoy & Co.

Mumbai

#### CMA Rohit J. Vora

Mumbai

### Bankers

1. Bank of Baroda
2. Bank of India
3. Citibank N.A.
4. Corporation Bank
5. HDFC Bank
6. ICICI Bank
7. Punjab National Bank
8. Standard Chartered Bank
9. State Bank of India
10. Union Bank of India

### Company Secretary

Shrikant M. Bhosekar





Hindustan Petroleum Corporation Limited

## Notice of Annual General Meeting

**HINDUSTAN PETROLEUM CORPORATION LIMITED**  
(A Government of India Enterprise)  
REGISTERED OFFICE: 17 JAMSHEDJI TATA ROAD, MUMBAI 400 020  
Website: [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com) E-mail: [corphqo@hpcl.co.in](mailto:corphqo@hpcl.co.in)  
Tel: (022) 22863900 Fax: (022) 22872992  
(CIN : L23201MH1952GOI008858)

### NOTICE

NOTICE is hereby given that the 63rd ANNUAL GENERAL MEETING of the Members of Hindustan Petroleum Corporation Limited will be held on September 10, 2015 at 11.00 A.M. at Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, General Janannathrao Bhonsle Marg, Mumbai – 400 021 to transact the following business :

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Corporation for the Financial Year ended March 31, 2015 and Reports of the Board of Directors and Auditors thereon.
2. To declare Equity Dividend for the Financial Year 2014-15
3. To appoint a Director in place of Shri K.V. Rao (DIN:05340626), who retires by rotation and is being eligible offer himself for reappointment.
4. To appoint a Director in place of Shri B.K. Namdeo (DIN:06620620) who retires by rotation and is being eligible offer himself for reappointment.
5. To approve payment of ₹ 30 Lakhs as remuneration to the Statutory Auditors of the Company to be appointed by the Comptroller & Auditor General of India for auditing the Accounts of the Company for the Financial Year 2015-16 and to authorize the Board of Directors for fixing the remuneration of Statutory Auditors from Financial Year 2016-17 onwards.

#### SPECIAL BUSINESS:

6. **Appointment of Shri Y.K. Gawali (DIN 05294482) as Director of the Corporation.**

**To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution**

“**RESOLVED that** pursuant to the provisions of Section 149, 152, 160 and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and also under the provisions of Articles of Association of the Company, Shri Y.K. Gawali (DIN:05294482) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 10.10.2014 and who holds office under the said Article and pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting, and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as an Director of the Company, liable to retire by rotation”.

7. **Appointment of Shri Sandeep Poundrik (DIN 01865958) as Director of the Corporation.**

**To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution**

**RESOLVED that** pursuant to the provisions of Section 149, 152, 160 and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and also under the provisions of Articles of Association of the Company, Shri Sandeep Poundrik (DIN:01865958) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 16.10.2014 and who holds office under the said Article and pursuant to the provisions of Section



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161 of the Companies Act, 2013 upto the date of this Annual General Meeting, and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation”.

### 8. Payment of Remuneration to Cost Auditors for Financial Year 2015-16

**To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution**

“**RESOLVED that** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and such other permissions as may be necessary, the payment of the remuneration of ₹ 2,95,000/- with applicable Service Tax plus reimbursement of out of pocket expenses at actuals plus applicable Service Tax payable to M/s. R. Nanabhoy & Company & Rohit J. Vora, who were appointed as “Cost Auditors” to conduct the audit of cost records maintained by the Company for Financial Year ending March 31, 2016, pertaining to various units as applicable and detailed in the statement annexed to the item 8 of the said notice, be and is hereby ratified and approved.

### 9. Approval for Material Related Party Transactions:

**To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.**

“**RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the Listing Agreement (including any statutory modification(s) or enactment thereof for the time being in force), and also pursuant to the consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, the approval of the Company be and is hereby accorded to the Material Related Party Transactions as entered by the company for the Financial Year 2014-15 of a value of ₹ 24,102.68 Crores and transactions to be entered for Financial Year 2015-16 of a value of ₹ 50,473.18 Crores as per details as set out under item no. 9 of the Statement annexed to this Notice and that the Board of Directors be and are hereby authorized to perform and execute all such deeds, matters and things including delegate such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.

**BY THE ORDER OF THE BOARD,**

Date: 07.08.2015  
Regd. Office: 17, Jamshedji Tata Road  
Churchgate,  
Mumbai - 400 020

**Shrikant M. Bhosekar**  
**Company Secretary**

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.



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4. Corporate Members intending to send their authorized representative(s) to attend the Annual General Meeting are requested to forward a certified copy of Board Resolution authorizing their representative to attend and vote at the Annual General Meeting either to the Company in advance or submit the same at the venue of the General Meeting.
5. The relevant Statement made pursuant to Section 102 (1) of the Companies Act, 2013 in respect of Special Business to be transacted at the Annual General Meeting, set out in the Notice, is annexed hereto and forms part of the Notice.

6. **Book Closure:**

Dividend on Equity Shares as recommended by the Board of Directors for the Financial Year 2014-15, if approved at the meeting, will be payable to those eligible members whose names appear :

- (1) As Beneficial owners, as on September 03, 2015 as per the list to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in Dematerialised form, and
- (2) As Members in the Register of Members of the Company as on September 10, 2015 in respect of shares held in Physical Form, after giving effect to all valid share transfers in physical form lodged with the Company or its R & T Agents on or before September 03, 2015.

7. **Transfer of Shares (held in Physical Form):**

In terms of circular no. MRD/DoP/Cir-05/2009 dated 20th May, 2009 issued by Securities and Exchange Board of India (SEBI), it is now mandatory for the transferee(s) of the physical shares to furnish copy(ies) of PAN card(s) for registration of transfer of shares. Transferee(s) are requested to furnish copy(ies) of PAN card(s) along with Share Transfer Deed duly completed and physical share certificate(s).

8. **Nomination:**

Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, Members are entitled to make nomination in respect of Shares held by them in Form No. SH-13. Members holding name in single name and physical form are advised to make nomination in respect of their holding in the Company by submitting duly completed form No SH-13 with the Company in case of shares in Physical Form and to their respective depository in case of shares held in electronic form. Joint Holders can also use nomination facility for shares held by them. The Nomination form can be downloaded from the Company's website [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com) under Section "Investors".

9. **Shareholders' holding shares in Multiple Folios:**

Members holding shares in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Registrar and Transfer Agents, M/s. Link Intime India Pvt.Ltd. for consolidation into a single folio. Shareholders holding shares in Dematerialized form are also requested to consolidate their shareholding.

10. **Non-Resident Shareholders:**

Non Resident Indian Shareholders are requested to inform Registrar and Transfer Agents, immediately of:

- a. Change in their residential status on return to India for permanent settlement.
- b. Particulars of their bank account maintained in India with complete name, branch, account type, account number, IFSC Code, MICR No. and address of the bank, if not furnished earlier, to enable Corporation to remit dividend to the said Bank Account directly.

11. **Green Initiative:**

In support of the "Green Initiative" measure taken by Ministry of Corporate Affairs, Government of India, New Delhi, enabling electronic delivery of documents and also in line with circular Ref. No. CIR/CFD/DIL/7/2011 dated November 05, 2011 issued by Securities and Exchange Board of India (SEBI) and under the provisions of the Companies Act, 2013 and the Rules made thereunder, Company has sent Annual Reports in Electronic Mode to the shareholders who have



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registered their E-mail IDs. However, an option is available to the shareholders to continue to receive the physical copies of the documents/ Annual Reports by making a specific request quoting their Folio No./Client ID & DP ID to Company/ R & T Agents.

12. Shareholders to whom hard copy of Annual Reports have been provided are requested to bring their copies of the Annual Report to the Meeting. In case of others, copies of Annual Reports shall be made available at the venue of the Meeting.
13. Shareholders / Proxies attending the Meeting should bring the Admission Slip, duly filled, for handing over at the venue of the meeting.
14. **E-Voting:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules made thereunder, the Shareholders are provided with the facility to cast their vote electronically, through the e-Voting platform provided by NSDL on all the resolutions set forth in this notice. The e-Voting shall commence on September 04, 2015 at 4.00 p.m. IST and shall end on September 09, 2015 at 05.00 p.m IST. The e-Voting module shall be disabled by M/s. NSDL for e-Voting thereafter. During this period, all the Shareholders of the Company holding shares either in Physical Form or in dematerialized form as on September 03, 2015 may cast their vote electronically.

The results declared along with Scrutinizer Report shall be placed on the Company's website [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com) & also on the website of the NSDL within three days of conclusion of the Meeting and be also communicated to NSE and BSE where the shares of the company are listed.

### E-VOTING

- I. The process and manner for remote e-voting are as under:
  - A. Members having valid email IDs in Folio/DP ID-CL ID shall receive an email from NSDL with link for accessing Annual Report of HPCL. Kindly follow the following procedure for remote e-voting.
    - (i) Open email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com>
    - (iii) Click on Shareholder - Login
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
    - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "EVEN" of "Hindustan Petroleum Corporation Limited".
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [ucshukla@rediffmail.com](mailto:ucshukla@rediffmail.com) with a copy marked to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)



## Notice of Annual General Meeting

- B. In case a Member receives physical copy of the Notice of Annual General Meeting [for members whose email IDs are not registered with the Company/Depository Participants(s) or who have requested physical copy]
- (i) Initial password is provided on the Admission Slip-cum-Proxy Form of the Annual General Meeting:  
EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and Remote e-voting User Manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free No.: 1800-222-990.
- III. If you are already registered with NSDL for remote e-voting, kindly use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).
- V. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 03, 2015
- VI. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 03, 2015 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Shri B.B. Shirodkar, Sr. Manager Shares, Shares Department, 2nd Floor, Petroleum House, Churchgate, Mumbai -400 020, Telephone No.: (022) 22863208 (email ID: [bbshirodkar@hpcl.in](mailto:bbshirodkar@hpcl.in))
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- VII. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
- VIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- IX. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- X. Shri Upendra Shukla, Practising Company Secretary, (Membership No. 1654) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XI. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “remote e-voting” or “Ballot Paper” for all those members who are present at the Annual General Meeting but who have not cast their votes by availing the remote e-voting facility.
- XII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by her in writing, who shall countersign the same and declare the result of the voting forthwith.



## Notice of Annual General Meeting

XIII. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by her in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

### 15. Change of Address:

#### (a) Shareholders Holding Shares in Physical Form:

Shareholders holding shares in physical form are requested to advise immediately change in their address, and also inform their valid E-mail ID, if any, quoting their Folio number(s), to M/s. Link Intime India Pvt. Ltd., R & T Agents at their address given below.

#### (b) Shareholders Holding Shares in Dematerialised Form:

Shareholders holding shares in dematerialised form are requested to advise immediately change in address and register their valid E-mail ID, if any, quoting their respective Client ID / DP ID Nos., to their respective Depository Participants only and not to M/s. Link Intime India Pvt. Ltd or to the Company.

### 16. Bank Mandates:

(a) The Securities and Exchange Board of India (SEBI) vide circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 have advised all the concerned to use electronic mode of payment for making cash payment to the investors. In the cases of shareholder/s, where it is not possible to effect electronic payment, SEBI has advised to print bank details on the dividend warrant instruments issued to them.

(b) In order to facilitate the shareholders who are holding the shares in Physical Form, our Corporation has hosted various Forms including e-payment mandate form, on its website [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com) under the menu "Investors" & Sub-Menu "Investors Guide". Shareholders can download the requisite form, fill it as per the direction given therein and forward the same to the R&T Agents at the address given below along with attachments. Form can also be obtained from our R&T Agents.

(c) Shareholders who are holding shares in Electronic Form are requested to contact their respective Depository Participants (DP) only for updating their bank details. They are also advised to seek 'Client Master Advice' from their respective DP to ensure that correct updation has been carried out in their record. It may be noted that the bank details data provided by the Depositories is solely used by the company to effect the payment of dividend. Hence, it is utmost necessary for shareholders to ensure that the correct Bank details are updated with DPs.

### 17. Investors Education and Protection Fund:

Members are hereby informed that Dividends which remain unclaimed / unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund (IEPF) constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956.

We give below the details of Dividends paid by the Company and their respective due dates of transfer to the Fund of the Central Government if they remain unencashed.

Date of Declaration of Dividend	Dividend for the Year	Month and Year of Transfer to the Fund
22.09.2008	2007-08 (Final)	Oct. 2015
28.08.2009	2008-09 (Final)	Sept. 2016
16.09.2010	2009-10 (Final)	Oct. 2017
22.09.2011	2010-11 (Final)	Oct. 2018
18.09.2012	2011-12 (Final)	Oct. 2019
05.09.2013	2012-13 (Final)	Oct. 2020
05.09.2014	2013-14 (Final)	Oct.2021



## Notice of Annual General Meeting

It may please be noted that no claim can be made by the shareholders for the unclaimed Dividends which have been transferred to the credit of the Investor Education & Protection Fund (IEPF) of the Central Government under the amended provision of Section 205B of the Companies (Amendment) Act, 1999.

### 18. Unclaimed Dividends:

In view of the above regulation, the shareholders who are yet to encash the dividend are advised to send requests for duplicate dividend warrants in case they have not received/ not encashed the Dividend Warrants for any of the above mentioned financial years and/ or send for revalidation the unencashed Dividend Warrants still held by them to the Registrars and Transfer Agents of the Company.

### 19. Registrar and Transfer Agents:

The address of Registrars and Transfer Agents of the Company is as follows:

M/s. LINK INTIME INDIA PVT. LTD.

Unit: HINDUSTAN PETROLEUM CORPORATION LTD.

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West),

Mumbai - 400 078

Telephone No.: 022 – 25963838 Fax No.: 022 - 25946969 E-mail : mumbai@linkintime.co.in

20. Route Map showing Directions to reach to the venue of the Meeting is given at the end of this Annual Report.

### 21. Appointment / Re-appointment of Directors

At the ensuing Annual General Meeting, Shri K.V. Rao and Shri B.K. Namdeo, retire by rotation and being eligible, offer themselves for re-appointment.

## STATEMENT IN PURSUANCE OF SECTION 102(1) OF THE COMPANIES ACT, 2013

Statement with respect to items covered under Special Business covered in the Notice of Meeting are given below:

### 6. Appointment of Shri Y.K. Gawali (DIN 05294482) as Director of the Corporation.

Shri Y.K. Gawali (DIN05294482) was appointed as an Additional Director & the Whole Time Director on the Board effective 10.10.2014 consequent to his appointment as Director Marketing of the Corporation by the Government of India. In terms of provisions of Section 161 of the Companies Act, 2013, rules made thereunder and also in terms of clause 112 of Article of Association of the Company, he holds office upto the date of this Annual General Meeting. In terms of provision of Section 160 of the Companies Act, 2013 & the rules made thereunder, a person who is not a retiring director in terms of Section 152 shall, subject to the provisions of this Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him as a Director, has, not less than fourteen days before the meeting, left at the Registered Office of the company, a notice in writing under his hand signifying his candidature as a Director, or as they case may be, the intention of such member to propose him as a candidate for that office, along with deposit of one lakh rupees, which shall be refunded to the person, if the person whose is proposed gets elected as a Director or gets more than twenty five percent of total valid votes cast either on Show of Hand/Remote voting/Ballot or on poll on such resolution. Accordingly, Corporation has received a notice from a member along with requisite Deposit proposing candidature of Shri Y.K. Gawali, for the office of Director in terms of Section 160 & 161 of the Companies Act, 2013.

Relevant documents in respect of the said item are open for inspection by the members at the Registered Office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting.

Shri Y.K. Gawali, prior to his appointment as Director – Marketing, was ED-LPG. He does not hold any shares of HPCL.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 6 of the Notice.

The Board recommends the Ordinary Resolution as set out at item no. 6 for approval by the shareholders



## Notice of Annual General Meeting

### 7. Appointment of Shri Sandeep Poundrik (DIN 01865958) as Director of the Corporation.

Shri Sandeep Poundrik (DIN01865958) was appointed as an Additional Director on the Board effective 16.10.2014 consequent to his appointment as Part-Time Ex-Officio Director of Corporation by the Government of India. In terms of provisions of Section 161 of the Companies Act, 2013, rules made thereunder and also in terms of clause 112 of Article of Association of our Company, he holds the office upto the date of this Annual General Meeting. In terms of provision of Section 160 of the Companies Act, 2013 & the rules made thereunder, a person who is not a retiring director in terms of Section 152 shall, subject to the provisions of this Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him as a Director, has, not less than fourteen days before the meeting, left at the Registered Office of the company, a notice in writing under his hand signifying his candidature as a Director, or as they case may be, the intention of such member to propose him as a candidate for that office, along with deposit of one lakh rupees, which shall be refunded to the person, if the person whose is proposed gets elected as a Director or gets more than twenty five percent of total valid votes cast either on Show of Hand/Remote evoting/Ballot or on poll on such resolution. Accordingly, Corporation has received a notice from a member along with requisite deposit proposing candidature of Shri Sandeep Poundrik, for the office of Director in terms of Section 160 & 161 of the Companies Act, 2013.

Relevant documents in respect of the said item are open for inspection by the members at the Registered Office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting.

Shri Sandeep Poundrik, prior to his appointment as Additional Director on the Board of the Corporation, was Managing Director in M/s. Bihar State Power (Holding) Company Limited. He does not hold any shares of HPCL.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 7 of the Notice.

The Board recommends the Ordinary Resolution as set out at item no. 7 for approval by the shareholders

### 8. Ratification of Remuneration Payable to Cost Auditors of the Corporation.

The Board, on the recommendations of the Audit Committee, has approved the appointments and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2016 as per the following details:-

Sr. No.	Name of the Unit	Name & Address of the Cost Auditor	Audit Fees (In ₹)
1.	Mumbai Refinery & Visakh Refinery	<b>M/s. R. Nanabhoy &amp; Co.</b> Jer Mansion, 1 <sup>st</sup> floor, 70 August Kranti Marg, Mumbai – 400 036.	1,60,000/-*
2.	Mazgaon, Haybunder, Sewree, Silvassa, Budge, Ramnagar & Chennai Lube Blending Plants and CNG Mother Station at Ahmedabad	<b>Mr. Rohit J Vora</b> 1103 Raj Sunflower Royal Complex, Eksar Road, Borivali (West), Mumbai – 400 092.	1,35,000/-*
		<b>Total</b>	<b>2,95,000/-</b>

\* with applicable Service Tax plus reimbursement of out of pocket expenses at actuals plus applicable Service Tax.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors needs to be ratified by the Shareholders of the Company.

Accordingly, approval of the members is requested for passing an Ordinary Resolution as set out at item no. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors to conduct audit of the cost records of the Company for the Financial Year ending March 31, 2016. Relevant documents referred in respect of the said item are open for inspection by the members at the Registered Office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting.





## Notice of Annual General Meeting

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 8 of the Notice.

The Board recommends the Ordinary Resolution as set out at item no. 8 for approval by the shareholders.

### 9. Approval for Related Party Transactions:

During the Financial Year 2014-15, your Corporation has entered into certain business transactions with M/s. HPCL Mittal Energy Limited (HMEL), a Joint Venture Company, which is a "Related Party" as defined under Section 2 (76) of the Companies Act, 2013. The Corporation is also proposed to enter into certain business transactions with M/s. HPCL Mittal Energy Limited during Financial Year 2015-16. These transactions are worth ₹ 24,102.68 Crores for F.Y. 2014-15 & estimated at ₹ 50,473.18 Crores for F.Y. 2015-16 which are of value exceeding 10% of the Annual Consolidated Turnover of the Company as per the Last Audited Financial Statement of the Company. The details of such transactions are given below:-

#### Transactions during 2014-15:

Sr. No.	Nature of Transactions with M/s. HMEL	Amount (₹ in Crores)
1	Purchases of Petroleum Products from HMEL	24,047.51
2	Sale of Petroleum Products to HMEL	24.28
3	Lease Rentals received from HMEL	0.90
4	Charges for Operating & Maintenance of LPG Facility from HMEL	7.69
5	Operating Charges for operation & maintenance at Ramanmandi from HMEL	8.16
6	Safekeeping/Warehousing Services provided to HMEL at Bhatinda Depot	2.93
7	Service Charges received for handling HMEL product at Bahadurgarh on delivered basis (One time Activity)	2.81
8	R&D Services for improving propylene yield at FCC unit - provided to HMEL	0.91
9	Infrastructure Facilities provided by HMEL	6.85
10	Manpower Service in respect of employees on deputation at HMEL	0.37
11	Purchase of Scrap	0.27
	<b>TOTAL</b>	<b>24,102.68</b>

#### Transactions during 2015-16

Sr. No.	Nature of Transactions with M/s. HMEL	Estimated Amount (₹ In Crores)
1	Purchases of Petroleum Products from HMEL	50,040.00
2	Sale of Petroleum Products to HMEL	375.00
3	Lease Rental Received from HMEL	1.50
4	Charges for Operating & Maintenance of LPG Facilities from HMEL.	13.00
5	Operating Charges for Operation & Maint. at Ramanmandi Terminal from HMEL	12.00
6	Safekeeping/Warehousing Service provided to HMEL at Bathinda Depot	6.00
7	Service Charges received for handling HMEL product at Bhadurgarh on delivered basis	5.00
8	Infrastructure facilities provided by HMEL	20.25
9	Charges for Manpower Service provided in respect of employees on deputation to HMEL.	0.43
	<b>TOTAL</b>	<b>50,473.18</b>



## Notice of Annual General Meeting

As per the provisions of Section 188 (1) of the Companies Act, 2013 “Related Party Transactions” requires obtaining prior consent of the Board where transactions proposed to be entered into falls in the list of items referred therein and are within threshold limits prescribed under Rule 15 of Companies (Meeting of Board and its Power) Rules, 2015. Rule 15 of Companies (Meeting of Board and its Power) Rules, 2014 requires taking prior approval of the Company by Special Resolution where transactions proposed to be entered to falls, in the list of items referred therein and are in excess of threshold limits. Proviso to Section 188 further provides that nothing contained in sub-section (1) of Section 188 applies where transactions are entered into by the company in the ordinary course of business other than transactions which are not on an arm’s length basis. All transactions entered into by the Corporation with M/s. HPCL Mittal Energy Limited are in the ordinary course of business and are at arm’s length basis.

The amended Listing Agreement with Stock Exchanges which was made applicable from October 01, 2014 contains clause in respect of Related Party Transactions. The clause also defines term Material Related Party Transaction. It provides that all related party transactions shall be considered as “Material” if the transaction entered with or transactions to be entered individually or taken together with a Related Party along with previous transactions during a Financial Year exceed 10% of the Annual Consolidated Turnover of the company as per the Last Audited Financial Statement of the Company. The Material Related Party Transactions requires approval of the Shareholders by passing a Special Resolution and in respect of voting on such resolution(s), the said related party shall abstain from voting.

Members may please note that based on the criteria as mentioned above in the Listing Agreement, transactions entered into by the Corporation with M/s. HPCL Mittal Energy Limited for F.Y.2014-15 and proposed to be entered into for F.Y. 2015-16 are “Material” and therefore requires approval of the Company by Special Resolution.

Circular issued by SEBI inter-alia providing applicability of the provisions relating to Related Party Transactions states that this provision shall be applicable to all prospective Related Party Transactions. All existing material related party contracts or arrangements as on the date of this circular i.e. April 17, 2014 which are likely to continue beyond March 31, 2015 shall be placed for approval of the shareholders in the first General Meeting subsequent to October 01, 2014. As this is first Annual General Meeting subsequent to October 01, 2014, transactions which had taken place during Financial Year 2014-15 are placed for the approval of shareholders. Similarly the proposed transactions to be entered into for Financial Year 2015-16 are also placed for the approval of shareholders.

Relevant documents in respect of the said items are open for inspection by the members at the Registered Office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution as set out at No 9 of the Notice.

The Board recommends the Special Resolution as set out at item No. 9 for the approval of the Shareholders.

**BY THE ORDER OF THE BOARD,**

Date: 07.08.2015  
Regd. Office: 17, Jamshedji Tata Road  
Churchgate,  
Mumbai - 400 020

**Shrikant M. Bhosekar**  
**Company Secretary**



## Hindustan Petroleum Corporation Limited

### ANNEXURE TO ITEMS 3, 4, 6 & 7 OF THE NOTICE:

Details of Directors seeking appointment / reappointment at the 63<sup>rd</sup> Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Name of the Director	Shri K. V. Rao	Shri B. K. Namdeo	Shri Y. K. Gawali	Shri Sandeep Poundrik
Date of Birth	03.09.1955	17.10.1956	10-10-1956	03.10.1068
Nationality	Indian	Indian	Indian	Indian
Date of Appointment on the Board	01.06.2013	01.07.2013	10.10.2014	16.10.2014
Qualification	B.Com FCA	B.E. (Mech) M. Tech (IIT, Mumbai)	B.E. (Civil)	IAS, B.E. (Electrical Engineering)
List of Directorship in other Companies as on 07.08.2015	1. HPCL Mittal Energy Ltd.. 2. HPCL Mittal Pipelines Ltd. 3. HPCL Biofuels Ltd 4. Prize Petroleum Co. Ltd. 5. CREDA HPCL Bio Fuel Ltd. 6. HPCL Rajasthan Refinery Ltd. 7. SA LPG Co.Pvt.Ltd. 8. HPCL Shapoorji Energy Pvt. Ltd.	1. HPCL Mittal Energy Ltd. 2. Mangalore Refinery and Petrochemicals Ltd. 3. Prize Petroleum Co. Ltd 4. CREDA HPCL Bio Fuel Ltd. 5. HPCL Rajasthan Refinery Ltd. 6. HPCL Biofuels Ltd.	1. Aavantika Gas Limited	1. Indian Strategic Petroleum Reserves Limited. 2. Engineers India Ltd.



## Performance Profile

FINANCIAL	2014-15	2014-15	2013-14	2012-13	2011-12	2010-11
	US \$ Million	₹/Crores	₹/Crores			
Sales / Income from Operations	34,727.00	217,061.11	232,275.82	215,666.45	188,130.95	142,396.49
Gross Profit	1,093.01	6,831.86	6,140.31	4,821.78	5,156.44	4,637.09
Depreciation	315.36	1,971.15	2,188.44	1,934.42	1,712.93	1,406.95
Interest	113.05	706.59	1,336.36	1,412.80	2,224.27	884.00
Tax including Deferred Tax	227.32	1,420.86	881.74	569.85	307.81	807.14
Net Profit	437.28	2,733.26	1,733.77	904.71	911.43	1,539.01
Dividend	132.73	829.64	524.87	287.83	287.83	474.08
Tax on distributed profits	27.02	168.89	89.20	48.92	46.70	76.91
Retained earnings	277.53	1,734.73	1,119.70	567.96	576.89	988.02
<b>INTERNAL RESOURCES GENERATED</b>	<b>624.12</b>	<b>3,901.05</b>	<b>3,618.23</b>	<b>3,015.45</b>	<b>2,179.48</b>	<b>2,785.93</b>
<b>VALUE ADDED</b>	<b>2,372.74</b>	<b>14,830.76</b>	<b>15,548.31</b>	<b>13,158.78</b>	<b>11,824.31</b>	<b>10,017.94</b>
<b>WHAT CORPORATION OWNS</b>						
Gross fixed assets	7,707.37	48,174.91	42,466.76	37,006.21	33,459.00	29,648.39
Less: Depreciation	3,057.69	19,112.10	16,554.52	14,457.51	12,609.35	11,003.86
Net fixed assets	4,649.68	29,062.81	25,912.24	22,548.70	20,849.65	18,644.53
Capital work-in-progress	581.40	3,634.04	4,755.86	5,199.22	4,474.73	3,798.70
Investments						
JVCs & Subsidiary	848.05	5,300.73	5,169.04	4,199.27	3,416.64	3,819.30
Others	950.44	5,940.76	5,690.83	6,427.66	6,953.86	7,515.73
Net current/non current assets	(556.33)	(3,477.31)	9,558.67	12,738.92	10,344.16	6,984.38
Deferred tax liability	(656.52)	(4,103.60)	(3,908.43)	(3,598.35)	(3,085.28)	(3,195.63)
<b>Total</b>	<b>5,816.72</b>	<b>36,357.43</b>	<b>47,178.21</b>	<b>47,515.42</b>	<b>42,953.76</b>	<b>37,567.01</b>
<b>WHAT CORPORATION OWES</b>						
Net Worth	2,563.33	16,022.09	15,012.16	13,726.40	13,122.52	12,545.80
Share capital	54.35	339.71	339.71	339.71	339.71	339.71
Share forfeiture	(0.11)	(0.70)	(0.70)	(0.70)	(0.70)	(0.70)
Reserves	2,509.09	15,683.08	14,673.15	13,387.39	12,783.51	12,206.79
Borrowings	3,253.39	20,335.34	32,166.05	33,789.02	29,831.24	25,021.19
<b>Total</b>	<b>5,816.72</b>	<b>36,357.43</b>	<b>47,178.21</b>	<b>47,515.42</b>	<b>42,953.76</b>	<b>37,567.01</b>
<b>PHYSICAL (MMT)</b>						
<b>CRUDE THRUPUT</b>		16.18	15.51	15.78	16.19	14.75
- Mumbai Refinery		7.41	7.74	7.75	7.51	6.55
- Visakh Refinery		8.77	7.77	8.03	8.68	8.20
<b>PIPELINE THRUPUT</b>		14.91	15.69	14.04	13.62	12.98
<b>MARKET SALES</b>		31.95	30.96	30.32	29.48	27.03

### Notes:

1. Previous year figures have been regrouped / reclassified wherever necessary.
2. 1 US\$ = ₹ 62.505 (Exchange rate as on 31.03.2015).



## Hindustan Petroleum Corporation Limited

### Performance Profile

	2014-15	2014-15	2013-14	2012-13	2011-12	2010-11
	US \$ Million	₹/Crores	₹/Crores			
<b>FUND FLOW STATEMENT</b>						
<b>Sources of Funds</b>						
Profit after tax	437.29	2,733.26	1,733.77	904.71	911.43	1,539.01
Depreciation	315.36	1,971.15	2,188.44	1,934.42	1,712.93	1,406.95
LPG deposits	173.93	1,087.11	1,029.19	763.44	839.74	694.18
Borrowings (net)	(1,833.13)	(11,458.00)	(1,986.53)	2,970.03	5,085.69	3,177.02
Redemption of Oil bonds	56.81	355.11	-	708.00	1,127.90	1,486.00
Amortisation of capital grant received from OIBD & amortisation of FCMITDA*	5.69	35.58	(9.63)	1.85	(0.18)	(0.19)
Provision for deferred tax	31.22	195.17	310.08	513.07	(110.35)	1,387.66
Adjustment on account of sale/deletion of assets & provision for diminution in investment	(20.04)	(125.24)	782.83	584.62	27.50	(238.33)
<b>Total</b>	<b>(832.87)</b>	<b>(5,205.86)</b>	4,048.15	8,380.14	9,594.66	9,452.30
<b>Utilisation of Funds</b>						
Dividend	132.73	829.64	524.87	287.83	287.83	474.08
Tax on distributed profits	27.02	168.89	89.20	48.92	46.70	76.91
Capital expenditures	768.50	4,803.52	5,154.62	5,090.31	4,620.63	4,655.92
Increase/(decrease) in net current / non current assets	(1,775.31)	(11,096.62)	(2,276.04)	2,026.34	4,210.24	3,431.07
Investment in JVCs & Subsidiaries (Including advance towards equity & share application money pending allotment)	14.19	88.72	555.49	926.74	429.26	814.32
<b>Total</b>	<b>(832.87)</b>	<b>(5,205.86)</b>	4,048.15	8,380.14	9,594.66	9,452.30
<b>CONTRIBUTION TO EXCHEQUER</b>						
Excise duty	1,731.06	10,820.00	8,569.03	8,386.47	8,948.91	8,589.25
Customs duty	38.80	242.49	193.03	340.29	1,321.34	3,192.08
Sales tax	4,339.91	27,126.63	25,663.63	21,874.41	19,233.85	15,804.52
Service tax	33.92	212.04	166.26	127.96	83.52	70.32
Income tax	126.20	788.83	356.96	87.95	271.92	542.00
Others	249.97	1,562.43	1,474.56	1,356.42	1,440.99	665.98
<b>Total</b>	<b>6,519.86</b>	<b>40,752.42</b>	36,423.47	32,173.50	31,300.53	28,864.15
<b>RATIOS</b>						
Gross profit/Sales (%)		3.15	2.64	2.24	2.74	3.26
Net profit/Sales (%)		1.26	0.75	0.42	0.48	1.08
Earnings per share (₹)		80.72	51.20	26.72	26.92	45.45
Cash earnings per share (₹)		151.70	119.30	96.86	77.70	98.54
Avg. sales/Employee (₹/Crores)		19.87	19.92	17.23	15.06	11.79
Avg. net profit/Employee (₹/Crores)		0.26	0.17	0.07	0.08	0.14
Debt equity ratio (long term debt to equity)		1.13:1	1.05:1	0.75:1	0.66:1	0.54:1
<b>MANPOWER (NOs.)</b>		<b>10,634</b>	10,858	11,027	11,226	11,248

\* Foreign Currency Monetary Item Translation Difference Account (FCMITDA) as per para 46 of AS-11.



## Performance Profile

	2014-15	2014-15	2013-14	2012-13	2011-12	2010-11
	US \$ Million	₹/Crores	₹/Crores			
<b>HOW VALUE IS ADDED</b>						
<b>Income</b>						
Sales / income from operations	34,727.00	217,061.11	232,275.82	215,666.45	188,130.95	142,396.49
Add: Increase/(decrease) in inventory	(599.86)	(3,749.44)	574.43	(809.46)	824.29	3,438.78
	34,127.14	213,311.67	232,850.25	214,856.99	188,955.24	145,835.27
<b>Cost of Raw materials</b>						
Raw material consumption	8,984.63	56,158.44	61,962.49	63,182.62	56,943.23	40,362.01
Purchases for resale	20,682.88	129,278.36	145,137.95	128,163.93	109,370.73	85,396.86
Packages	37.02	231.40	213.20	183.12	181.66	143.42
Stores & spares	39.07	244.20	167.81	156.39	121.41	116.66
Utilities	135.73	848.41	642.24	1,093.55	921.87	615.68
	29,879.33	186,760.81	208,123.69	192,779.61	167,538.89	126,634.63
<b>Duties applicable to products</b>						
Duties	1,875.07	11,720.10	9,178.25	8,918.60	9,592.04	9,182.70
<b>Total value added</b>	<b>2,372.74</b>	<b>14,830.76</b>	<b>15,548.31</b>	<b>13,158.78</b>	<b>11,824.31</b>	<b>10,017.94</b>
<b>HOW VALUE IS DISTRIBUTED</b>						
<b>Operations</b>						
Operating & service costs	893.41	5,584.25	7,377.70	5,811.44	5,084.76	3,363.69
<b>Employees' benefits</b>	<b>386.31</b>	<b>2,414.66</b>	<b>2,030.30</b>	<b>2,525.56</b>	<b>1,583.10</b>	<b>2,017.16</b>
<b>Providers of capital</b>						
Interest on borrowings	113.05	706.59	1,336.36	1,412.80	2,224.27	884.00
Dividend	159.75	998.53	614.07	336.75	334.53	550.99
<b>Income tax/fringe benefit tax</b>	<b>227.32</b>	<b>1,420.86</b>	<b>881.74</b>	<b>569.85</b>	<b>307.81</b>	<b>807.14</b>
<b>Re-deployment in business</b>						
Retained profit	277.53	1,734.73	1,119.70	567.96	576.90	988.02
<b>Depreciation</b>	<b>315.36</b>	<b>1,971.15</b>	<b>2,188.44</b>	<b>1,934.42</b>	<b>1,712.93</b>	<b>1,406.95</b>
<b>Total value distributed</b>	<b>2,372.73</b>	<b>14,830.76</b>	<b>15,548.31</b>	<b>13,158.78</b>	<b>11,824.31</b>	<b>10,017.94</b>



## Hindustan Petroleum Corporation Limited

### Performance Profile

	'000 Tonnes				
<b>SALES VOLUME *</b>	<b>2014-15</b>	2013-14	2012-13	2011-12	2010-11
<b>Light Distillates</b>					
Liquified petroleum gas	4,707.00	4,251.56	4,073.41	3,957.80	3,700.04
Naphtha	1,014.04	712.63	674.59	778.77	875.69
Motor spirit	4,999.61	4,422.16	4,070.66	3,869.06	3,599.97
Hexane	15.52	18.22	19.47	23.45	14.77
Propylene	13.93	19.66	48.85	52.30	41.44
<b>Sub-total</b>	<b>10,750.10</b>	9,424.22	8,886.98	8,681.38	8,231.91
<b>Middle Distillates</b>					
Mineral turpentine oil	41.24	43.00	36.88	37.35	42.67
Aviation turbine fuel	505.53	445.29	567.30	768.24	698.56
Superior kerosene oil	1,294.87	1,308.00	1,375.30	1,549.13	1,685.29
High speed diesel	15,834.33	15,973.03	15,459.50	14,216.02	12,328.00
JBO/WO	3.79	2.07	0.96	1.37	2.25
Light diesel oil	161.19	179.17	175.87	171.00	157.95
<b>Sub-total</b>	<b>17,840.95</b>	17,950.55	17,615.80	16,743.11	14,914.72
<b>Lubes &amp; Greases</b>	<b>442.72</b>	482.12	470.94	426.63	413.57
<b>Heavy Ends</b>					
Furnace oil	1,459.34	1,590.27	1,794.17	2,243.47	2,008.04
Low sulphur heavy stock	177.52	227.63	187.09	220.16	273.76
Bitumen	976.47	1,007.45	1,056.13	930.24	810.17
Others	304.20	282.63	306.92	239.39	379.89
<b>Sub-total</b>	<b>2,917.54</b>	3,107.98	3,344.30	3,633.26	3,471.86
<b>Total</b>	<b>31,951.30</b>	30,964.87	30,318.03	29,484.38	27,032.06
* Including Exports					
<b>MARKETING NETWORK (Nos.)</b>	<b>31.03.2015</b>	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Regional offices	100	100	101	101	101
Terminals/Installations/TOPs	36	35	34	33	32
Depots (including exclusive lube depots)	91	90	90	90	93
LPG bottling plants	45	46	45	45	44
ASFs	35	35	35	34	32
Retail outlets	13,233	12,869	12,173	11,253	10,212
SKO/LDO dealers	1,638	1,638	1,638	1,638	1,638
LPG distributors	3,952	3,506	3,194	2,897	2,633
LPG customers (in crores)	4.77	4.37	3.99	3.62	3.28



## Performance Profile

	'000 Tonnes				
<b>PRODUCTION VOLUME - MUMBAI REFINERY</b>	<b>2014-15</b>	2013-14	2012-13	2011-12	2010-11
<b>Light distillates</b>					
Liquified petroleum gas	<b>378.70</b>	379.50	440.60	448.60	253.70
Naphtha	<b>499.46</b>	382.90	408.97	491.20	390.90
Motor spirit	<b>1,296.91</b>	1,328.60	1,357.59	1,182.50	935.40
Hexane	<b>8.21</b>	17.00	16.65	26.10	12.60
Solvent 1425	<b>3.12</b>	11.20	5.47	8.20	4.10
<b>Sub-total</b>	<b>2,186.41</b>	2,119.20	2,229.28	2,156.60	1,596.70
<b>Middle distillates</b>					
Mineral turpentine oil	<b>37.68</b>	41.90	36.19	40.50	44.20
Aviation turbine fuel	<b>408.78</b>	500.90	536.65	587.10	543.30
Superior kerosene oil	<b>190.86</b>	272.50	330.93	285.20	69.30
High speed diesel	<b>2,504.49</b>	2,234.40	2,201.83	1,979.20	1,902.40
Light diesel oil	<b>69.55</b>	84.10	84.10	93.40	87.90
<b>Sub-total</b>	<b>3,211.36</b>	3,133.80	3,189.71	2,985.40	2,647.10
<b>LOBS/TOBS</b>	<b>294.61</b>	385.80	361.99	382.40	300.20
<b>Heavy ends</b>					
Furnace oil	<b>665.01</b>	804.90	847.49	1,018.00	1,034.70
Low sulphur heavy stock	<b>(10.60)</b>	4.20	(1.39)	8.30	48.20
Bitumen	<b>522.40</b>	612.20	631.07	577.40	430.20
Others (including input of BH gas)	<b>95.52</b>	135.60	(33.51)	(83.70)	(58.90)
<b>Sub-total</b>	<b>1,272.33</b>	1,556.90	1,443.66	1,520.00	1,454.20
<b>Total</b>	<b>6,964.71</b>	7,195.70	7,224.65	7,044.40	5,998.20
Intermediate stock differential	<b>(23.94)</b>	29.60	(54.52)	(116.90)	146.70
Fuel & loss	<b>556.19</b>	534.20	584.66	592.80	505.10
<b>Grand total</b>	<b>7,496.95</b>	7,759.50	7,754.78	7,520.30	6,650.00





## Performance Profile

	'000 Tonnes				
<b>PRODUCTION VOLUME - VISAKH REFINERY</b>	<b>2014-15</b>	2013-14	2012-13	2011-12	2010-11
<b>Light Distillates</b>					
Liquified petroleum gas	428.73	423.33	382.75	360.80	281.10
Naphtha	518.69	331.05	251.38	270.00	448.20
Motor spirit	1,545.43	1,347.62	1,258.69	1,357.50	1,097.30
Propylene	14.40	19.35	48.02	52.70	41.90
<b>Sub-total</b>	<b>2,507.25</b>	2,121.35	1,940.84	2,041.00	1,868.50
<b>Middle Distillates</b>					
Mineral turpentine oil	0.33	-	-	-	-
Aviation turbine fuel	76.73	40.22	65.73	60.00	57.50
Superior kerosene oil	614.42	615.67	582.38	640.20	704.90
High speed diesel	3,616.88	3,007.00	3,116.26	3,438.00	3,233.60
JBO	2.79	2.13	0.75	1.00	2.30
Light diesel oil	88.85	101.63	84.76	83.10	93.00
<b>Sub-total</b>	<b>4,400.00</b>	3,766.64	3,849.88	4,222.30	4,091.30
<b>Heavy Ends</b>					
Furnace oil	722.82	825.77	1,025.60	1,220.70	1,020.50
Low sulphur heavy stock	197.32	162.22	183.29	139.30	150.20
Bitumen	384.35	340.06	394.65	367.20	295.90
Others	1.51	(39.16)	31.40	26.30	205.80
<b>Sub-total</b>	<b>1,306.00</b>	1,288.90	1,634.94	1,753.50	1,672.40
<b>Total</b>	<b>8,213.26</b>	7,176.89	7,425.65	8,016.80	7,632.20
Intermediate stock differential	(94.97)	7.78	(5.00)	24.50	(28.30)
Fuel & loss	652.15	587.74	607.81	641.00	595.80
<b>Grand total</b>	<b>8,770.43</b>	7,772.41	8,028.47	8,682.30	8,199.70



## Directors' Report

### DEAR MEMBERS

On behalf of the Board of Directors, It gives me immense pleasure in presenting to you the sixty-third Annual Report on the working of the Company, together with the Audited Financial Statement for the financial year ended 31<sup>st</sup> March, 2015.

### HIGHLIGHTS

	2014-15	2013-14
<b>FINANCIAL PERFORMANCE (₹/Crores)</b>		
Sales/Income from Operation	2,17,061.11	2,32,275.82
Profit before Depreciation, Interest and Tax (PBDIT)	6,831.86	6,140.31
Depreciation & Amortization Expenses	(1,971.15)	(2,188.44)
Interest	(706.59)	(1,336.36)
Profit before Tax (PBT)	4,154.12	2,615.51
Provision for Tax		
Current Tax	1,015.56	744.17
Deferred Tax	432.77	117.75
Taxation of earlier years written back	(27.47)	19.82
MAT Credit Entitlement	-	-
Profit after tax (PAT)	2,733.26	1,733.77
Balance brought forward from previous year	11,269.70	10,191.90
<b>Amount available for Appropriation</b>	<b>14,002.96</b>	<b>11,925.67</b>
<b>Appropriations:</b>		
General Reserve	-	(173.38)
Debenture Redemption Reserve (net)	(137.77)	131.48
Depreciation as per Schedule II transitional provisions	(499.52)	-
Proposed Dividend	(829.64)	(524.87)
Tax on distributed profits	(168.89)	(89.20)
<b>Balance carried forward</b>	<b>12,367.14</b>	<b>11,269.70</b>
<b>PHYSICAL PERFORMANCE (MMT)</b>		
Market Sales (Including Exports)	31.95	30.96
Crude Thruput:		
Mumbai Refinery	7.41	7.74
Visakh Refinery	8.77	7.77
<b>SHAREHOLDERS' VALUE (₹)</b>		
Earnings per Share	80.72	51.20
Cash Earnings per Share	151.70	119.30
Book Value per Share	473.14	443.32

### SALES/INCOME FROM OPERATIONS

Your Company has achieved sales/income from operations of ₹ 2,17,061.11 crores as compared to ₹ 2,32,275.82 crores in 2013-14.

### PROFIT

Your Company has earned gross profit of ₹ 6,831.86 crores as against ₹ 6,140.31 crores in 2013-14 and profit after tax of ₹ 2,733.26 crores as compared to ₹ 1,733.77 crores in 2013-14



## Hindustan Petroleum Corporation Limited

### Directors' Report

#### DIVIDEND

Your Directors, after taking into account the financial results of the Company during the year, have recommended dividend of ₹ 24.50 per share for the year 2014-15 as against ₹ 15.50 per share paid for the year 2013-14. The dividend for 2014-15, including dividend tax provision will absorb ₹ 998.53 crores (2013-14: ₹ 614.07 Crores).

#### INTERNAL RESOURCES GENERATION

The Internal Resources generated were ₹ 3,901.05 crores as compared to ₹ 3,618.23 crores in 2013-14.

#### CONTRIBUTION TO EXCHEQUER

Your Company has contributed a sum of ₹ 40,752.42 crores to the exchequer by way of duties and taxes, as compared to ₹ 36,423.47 crores in 2013-14.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable Accounting standards have been followed along with proper explanation relating to material departures.
- (ii) The Company has selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31<sup>st</sup> March, 2015 and of the Statement of Profit and Loss of the company for the year ended on that date.
- (iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The Company has prepared the Annual Accounts on a going concern basis.
- (v) The Company has laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively.
- (vi) The Company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### MEMORANDUM OF UNDERSTANDING (MOU) WITH GOVERNMENT OF INDIA

Your Company has been signing a Memorandum of Understanding (MOU) with the Ministry of Petroleum & Natural Gas. The performance of the Corporation of the year 2014-15 qualifies for "Excellent" rating basis self-evaluation.

#### REFINERY PERFORMANCE

During the year 2014-15, your refineries have maximized crude processing which enabled a combined refining thruput of 16.18 MMT (15.51 MMT in 2013-14) which is 109% of the installed capacity.

The Overall MoU Rating for your refineries for parameters like Distillate yields, Specific Energy Consumption, Capacity utilization and Operational Availability, stands at "Excellent" level.

Your refineries have made remarkable progress in improving yields of value added products and thus recorded best ever combined distillate yield of 77.5% against a target of 74.9%. This was facilitated by robust secondary processing/treating facilities at both of our refineries i.e. FCCs and DHDS/DHT which achieved highest ever thruput and thus maximized production of transportation fuels.

To meet Euro-IV specifications for diesel, your refineries have set up Diesel Hydrotreater Units (DHT) with associated facilities at both Mumbai and Visakh Refineries. MR commissioned the facility during 2013-14 while VR commissioned it during 2014-15. The DHT units at both refineries were operated on sustained basis during the year and thus helped record best ever HSD production



## Directors' Report

crossing the 6 Million Tons mark during 2014-15. In addition, the refineries have recorded the best ever MS production of 2.7 MMT during the year.

In order to reduce Suspended Intermediate Matter (SPM) and Sulphur emissions, our refineries have taken initiatives to install FGD (Flue Gas Desulphurization) facilities. Accordingly, all 4 FCCs were provided with FGD facilities at both refineries. These would enable the refineries to have flexibility to enhance High Sulphur crude processing as well.

HPCL R&D wing has developed "New Generation 'HP-HiGAS Technology' for Absorption / Separation applications with the help of this Technology. The size of process columns could be reduced to 1/10<sup>th</sup> of the size of the existing columns with the same processing capacity. HPCL has set-up and successfully commissioned a commercially viable HiGAS unit at Visakh Refinery for removal of H<sub>2</sub>S from Refinery Fuel Gas using Amine as absorbent.

Mumbai refinery has achieved 100% recycling of effluent treated in 'Integrated Effluent Treatment Plant' (IETP), making it a 'Zero Liquid Discharge' ETP since April, 2014. Treated Water recycled in the year 2014-2015 was 5,74,343 KL, resulting in equivalent amount of water saving to the community.

Visakh Refinery suffered a setback due to cyclone HUDHUD that hit the east coast of India on 12<sup>th</sup> October, 2014, when as a precautionary measure, refinery units were shut down. This affected the refinery crude throughput and production of petroleum products. All out efforts were put in to restore normalcy and bring the refinery back to normal operations by the 4<sup>th</sup> week of October, 2014 after repairs. Despite this setback HPCL ensured that there was no shortfall in petroleum products during this recovery time.

As per good Refinery practices, Turnaround of every petroleum refining unit has to be taken up every 4 years.

Visakh Refinery successfully handled highest no. of equipment volume of T&I jobs in April, 2014 during MS Block TA, which involved 4 major units viz. NHT-CCR, FCC NHT, NIU, NLU and VRCFP Flare. The turnaround was completed within scheduled period of 35 days.

To regain operational efficiency, Mumbai Refinery took up T&I for FR (APS & VPS), LR VPS, PDU and SEU - I & II for a period of 45 days (oil out to oil in). Through disciplined monitoring and consistent efforts the TA was successfully completed.

Our refineries disposed scrap of 10,102 MT (5,066 MT at MR and 5,036 MT at VR). 9 LPG/propylene spheres at VR and 4 LPG spheres at MR were dismantled thereby generating space for VREP and MRMP respectively.

The particulars with respect to conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo are detailed in **Annexure I**.

The particulars relating to control of Pollution and Other initiative by Refineries are listed in **Annexure II** of Directors' Report.

### Mumbai Refinery

The year 2014-15 has been remarkable for Mumbai Refinery with the crude throughput of 7.41 MMT as against installed capacity of 6.50 MMT with capacity utilization of 114 %. The Distillate yields achieved during the year was 75.9 %. The Fuel & Loss of 7.4 % was better than the target of 7.6 %. Mumbai Refinery achieved Specific Energy Consumption (MBTU/BBL/NRGF) of 79.7 against MoU Excellent target of 82.0.

The refinery recorded best ever production Viz. HSD and LOBS (SPO II & SPO 90 N) production through efficient utilization of assets during 2014-15.

### Visakh Refinery

Visakh Refinery achieved crude throughput of 8.77 MMT as against installed capacity of 8.30 MMT with capacity utilization of 106 %. Refinery achieved best ever Distillate yield of 78.8 % during the year. Energy conservation measures have helped in achieving best ever Specific Energy Consumption (MBTU/BBL/NRGF) of 82.7 against MoU Excellent target of 84. The Fuel & Loss of 7.4 % was in line with target in spite of the commissioning and sustained operation of DHT unit.

The refinery recorded best ever production of LPG, MS and HSD through efficient utilization of assets during 2014-15.



## Hindustan Petroleum Corporation Limited

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### Directors' Report

#### MARKETING PERFORMANCE

During the year 2014-15 your Corporation has achieved sales volume (including exports) of 31.95 Million Tonnes as against 30.96 Million Tonnes recorded in 2013-14. HPCL recorded a growth of 2.3% in domestic Sales over the sales volume of the previous year, and amongst public sector oil companies increased its market share to 20.94% as on 31<sup>st</sup> March, 2015 from 20.90% recorded in the previous year.

During the year, your Corporation commissioned 380 new Retail Outlets, which include 101 retail outlets in the rural areas taking the total tally to 13,233 Retail Outlets. Your Corporation achieved a sales volume of 21.39 Million Tonnes and increased its market share in MS and HSD (combined) by 0.05%.

In the LPG business line, your Corporation achieved a highest ever sales volume of 4.670 Million Tonnes and enrolled 42.26 Lakhs new Gas customers taking their total to 477 lakhs as on 31<sup>st</sup> March, 2015. In order to provide LPG to rural India, your Corporation commissioned 366 distributors under the Rajiv Gandhi Gramin LPG Vitaran Yojana. Your Corporation also commissioned 159 Regular LPG distributors.

The Direct Sales Business line comprises of Industrial & Commercial (I&C) and Lubes & Greases. Your Corporation achieved a sales volume of 3.97 Million Tonnes in the I & C segment and in the Lubes & Greases segment the sales recorded was 445 TMT. Products which recorded market share gains were MS, HSD, Furnace Oil, LSHS and Bitumen packed.

In the Aviation Business line, your Corporation achieved sales volume of 504 TMT during the year.

In the Natural Gas segment, 7.9 TMT of LNG was sold for the first time during the year 2014-15.

A thruput of 44.38 Million Tonnes was handled by the POL installations and your Corporation's pipeline network achieved a thruput of 14.91 Million Tonnes during the year.

#### TREASURY MANAGEMENT

During the year 2014-15, interest costs came down by nearly 47% from ₹ 1,336 crores to ₹ 707 crores. The borrowings of your company were also substantially lower by 37% from ₹ 32,166 crores in the beginning of the year to ₹ 20,335 crores at the close of the year. These achievements were made possible by effective and proactive Treasury management, aided by the fall in the international prices of crude and petroleum products.

Leveraging the image of credit-worthiness of your Company amongst international bankers and investors, high cost loan of USD 400 million was refinanced at significantly lower cost during the year resulting in savings of about ₹ 50 crores over the tenure of the loan. Your Company continued with the strategy of dependence on Foreign Currency loans. Revolving line of credit in USD was also effectively utilized to manage changes in fund requirement.

Your Company initiated the process of international credit rating with M/s Fitch Ratings and has obtained Long-Term Issuer Rating of "BBB-/Stable" from them, which is at par with the sovereign rating of India.

#### VIGILANCE

During the year, taking ahead the concept of Vigilance for Governance, emphasis was laid on Preventive and Participative Vigilance by having regular interactions with employees and other stakeholders, carrying out surprise inspections, ensuring transparency in procurement, scrutiny of property returns filed by employees, coordination with agencies like CBI, CVC, MOP&NG etc. This was in addition to investigation of complaints received from offices of MOP&NG, CVC, CBI and other sources.

Review of operating areas for system improvements such as the process of inventory management at Refinery warehouses, Retail outlet automation effectiveness, Terminal operational arrangement with IOTL, COMCO operations etc., was carried out during the year.

#### INDUSTRIAL RELATIONS

Your Corporation maintained its thrust for maintaining industrial harmony which, it believes, is a pre-requisite for sustainable growth. The focus was on increased communication, productivity enhancement and employee wellbeing. The Unions and workmen demonstrated their commitment to achieve organisational objectives thru' partnering in the various processes for



## Directors' Report

increase in productivity, optimum deployment of human capital and commissioning of new Units/ rationalisation of Shifts. Settlements were signed with various Unions in Mktg. Division/ Mumbai Refinery in the areas of Productivity Enhancement, Outsourcing/ Closure of Operations, Redeployment etc. which amply demonstrate the healthy IR climate in the Corporation.

Performance management system for non-management employees was made more robust in order to assess their performance as well as for their competency development.

During the year, two programmes with an objective to enhance the leadership capabilities of our Union Representatives on Leadership Development were conducted.

A new training programme titled "प्रेरणा" (Prerna) was designed to develop awareness among Contract Workmen regarding safety at workplace, to improve the work-life balance by imparting awareness on stress management, time management, relationship management, importance of health and hygiene and to augment their financial acumen by providing information on financial planning, benefits under various Social Security Schemes launched by Government of India etc.

### OFFICIAL LANGUAGE IMPLEMENTATION

Office Language Implementation (OLI) has been given the utmost importance in the Corporation. To promote implementation of Official Language with the spirit of persuasion and motivation, various programs like Hindi Pakhwada, Hindi workshops, Hindi Coordinators Conferences, Zonal OL Conferences were organized.

Your Corporation continues to Head the Town Official Language Implementation Committee (TOLIC) in Mumbai for Government Undertakings/Corporations since its formation in 1983.

### CORPORATE SOCIAL RESPONSIBILITY

Your Corporation believes in shared value creation and interdependency of business and stakeholders. In line with this, the revised CSR policy of the corporation pens down the philosophy of HPCL CSR, defines the ambit of CSR and brings uniformity in various operations and functionalities of the structure and its activities. During 2014-15, the corporation invested ₹ 34.07 Crores in the implementation of various CSR initiatives in the focus areas of Childcare, Education, Healthcare, Skill Development, Sports, Environment and Community Development, creating social capital, especially in the host communities of the business.

The Committee had approved the CSR policy and the Budget. The CSR policy is uploaded on Company's website. Further, the Report on CSR Activities/ Initiatives is enclosed as **Annexure III**.

Weblink to CSR Policy - <http://www.hindustanpetroleum.com/csrapolicy>

Weblink to Projects and Programs - <http://www.hindustanpetroleum.com/csrprojects>

### CORPORATE GOVERNANCE

The Corporation has complied with the requirements of Corporate Governance as provided under Clause 49 of the Listing Agreement and DPE Guidelines on Corporate Governance, with the exception of appointment of Independent Directors to the level of 50% of the total strength of the Board. The matter is being pursued with the Administrative Ministry.

The detailed Corporate Governance Report forms part of this Annual Report separately.

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

### MANAGERIAL REMUNERATION & PARTICULARS OF EMPLOYEES

Your Company being a Government Company, is exempted from the provision of Section 197 of the Companies Act, 2013 vide Ministry of Corporate Affairs (MCA) Notification dated 05.06.2015.

The details regarding the number of women employee's vis-à-vis the total number of employees in each group is also given in **Annexure IV**.



## Hindustan Petroleum Corporation Limited

### Directors' Report

#### FINANCIAL STATEMENTS OF SUBSIDIARIES

In terms of Proviso to Section 136 (1) of the Companies Act, 2013, Company will place separate audited accounts in respect of each of its subsidiary on its website & also provide a copy of separate audited financial statement in respect of each of its subsidiary, to any shareholder of the company who asks for it. The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the Company and that of the respective subsidiary companies.

#### COST AUDIT

The Cost Audit for the financial year 2013-14 was carried out and the Cost Audit Reports were filed with the Ministry of Corporate Affairs before the stipulated date of filing.

#### DIRECTORS

HPCL Board presently comprises of 7 Directors. The Whole Time Directors are Ms. Nishi Vasudeva (Chairman & Managing Director), Shri Pushp Kumar Joshi (Director - HR), Shri K.V. Rao (Director - Finance), Shri B.K. Namdeo (Director -Refineries) and Shri Y.K. Gawali (Director - Marketing).

The Part-Time Ex-Officio Director is Shri Sandeep Poundrik. The Part-Time Non Official Director(Independent) Director is Dr. Gitesh K. Shah.

The following are the details of directors' appointment/ cessation:

- S/Shri G.K. Pillai, A.C. Mahajan and Dr. G. Raghuram who have joined the HPCL Board on April, 09, 2012 ceased to be Part-Time Non Official Directors of the Corporation effective April 08, 2015 on completion of their tenure of 3 years. Shri Rohit Khanna ceased to be Director of HPCL Board effective September 5, 2014. The Board places on record their sincere appreciation to S/Shri G.K. Pillai, A.C. Mahajan, Dr. G. Raghuram & Shri Rohit Khanna for the valuable services rendered by them during their tenure as Directors of the Corporation.
- Dr. S.C. Khuntia, who have joined HPCL Board effective August 03, 2012 has ceased to be Part-Time Ex-Officio Director in HPCL effective June 15, 2015. Shri R. K. Singh who joined HPCL Board effective June 26, 2013 has ceased to be a part time Ex-Officio Director effective October 15, 2014.
- Shri Y.K. Gawali, Director Marketing and a Whole Time Director was appointed as Additional Director on the Board of HPCL effective October 10, 2014.
- Shri Sandeep Poundrik, Part-Time Ex-Officio Director, was appointed as Additional Director on the Board of HPCL effective October 16, 2014.
- Shri Gitesh K. Shah, who joined HPCL Board on February 26, 2013 as Part-Time Non Official Director continue to be Director of the Corporation.
- Ms. Nishi Vasudeva, Chairman and Managing Director, S/Shri Pushp Kumar Joshi - Director HR, K.V. Rao – Director Finance and B.K. Namdeo - Director Refineries continue as Whole Time Directors of the Corporation.
- As per the provisions of Section 152 of the Companies Act, 2013, Shri K.V. Rao and Shri B.K. Namdeo retire by rotation at the next Annual General Meeting and being eligible, offer themselves for re-appointment.

#### DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

- Shri Y K Gawali was appointed as Additional Director & Director-Marketing on the Board of HPCL effective October 10, 2014.
- Shri Sandeep Poundrik was appointed as Additional Director & Part-time Ex-Officio Director on the Board of HPCL effective October 16, 2014.
- Shri Rohit Khanna, who was appointed as Additional Director by the Board effective September 27, 2013 has ceased to be Director effective September 05, 2014.



## Directors' Report

### NUMBER OF MEETINGS OF THE BOARD

During the year nine Board meetings were convened and held. The details of which are given in corporate governance report.

### PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

HPCL being a Government Company, the performance evaluation of the Company is carried by the Administrative Ministry through the process of Memorandum of Understanding every Financial Year. Further there is also performance evaluation of Functional Directors by MOP&NG. MCA has now exempted Government companies from the provision of Section 134 (3)(p) of the Companies Act, 2013 vide Notification dated 05.06.2015.

### POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Your Company being a Government Company, is exempted to furnish information under Section 134 (3) (e) of the Companies Act, 2013 vide MCA Notification dated 05.06.2015.

### POLICY FOR REMUNERATION OF KEY MANAGERIAL PERSONS AND OTHER EMPLOYEES

HPCL being a Government Company, the remuneration payable to the Key Managerial Persons (KMP) and other employees is fixed by the Government of India. However, payment like Performance Related Pay is placed for the approval of the Nomination and Remuneration Committee.

### Committees of Board

The details of composition of the Committees of the Board of Directors as of 31<sup>st</sup> March, 2015 are as under:-

#### (a) Audit Committee

Sr. No.	Name	Chairman/ Members
1	Shri A C Mahajan	Chairman
2	Dr. G Raghuram	Member
3	Shri K V Rao	Member

#### (b) Corporate Social Responsibility Committee

Sr. No.	Name	Chairman/ Members
1	Shri G.K. Pillai	Chairman
2	Shri A.C. Mahajan	Member
3	Dr. G. Raghuram	Member
4	Dr. Gitesh K.Shah	Member

### DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of Companies Act, 2013 and Clause 49 of Listing Agreement. Statement of declaration required under Section 149(6) have been obtained from the Independent Directors.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Company has appointed Shri Upendra Shukla, Practising Company Secretary to undertake the secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as **Annexure V**. There is no qualification, reservation or adverse remark made by the company secretary in practice in his Secretarial Audit Report.





## Directors' Report

### EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is Annexed as **Annexure VI**.

### INTERNAL FINANCIAL CONTROLS

Your Company has put in place a mechanism to ensure that the effectiveness of its Internal Control Framework is assessed on an ongoing basis, and corrective steps are taken, wherever required. As part of this exercise, the design of internal control, and its operating effectiveness, for the key business processes is tested by independent experts. Based on the review carried out, independent experts have confirmed that they are satisfied with the effectiveness and adequacy of HPCL's internal controls over financial reporting. The entire activity of review and assessment of Internal Controls is carried out under the guidance of a Core Committee set-up for this purpose.

### RISK MANAGEMENT POLICY

HPCL has adopted a well-defined process for managing its risks on an ongoing basis and for conducting the business in a risk conscious manner. These self-regulatory processes and procedures are contained in our Risk Management Charter and Policy. The Company has a structured and comprehensive Risk Management framework, under which the risks are identified, assessed, monitored and reported, as a part of normal business practice. HPCL has leveraged technology to seamlessly integrate and automate the entire process of risk monitoring and reporting, which also facilitate company-wide process of managing the risks. HPCL's risk management system is fully aligned with the corporate and operational objectives.

The Company has engaged the services of independent experts to assist in continued implementation of effective Risk Management framework. In that direction, Risk Management Steering Committee (RMSC) continues to provide its guidance. The Company has put in place mechanism to inform Board Members about the risk assessment and minimization procedures, and periodical review to ensure that executive management controls risks by means of a properly defined framework.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

HPCL being a Government Company is subjected to the CVC Guidelines and the Corporation has a separate Vigilance Department administering the Vigilance matters.

HPCL has a Whistle Blower Policy approved by the Board and the details are placed on the Website of the Corporation. Weblink of whistle blower policy is stated herein below:-

Weblink:- [https://www.hindustanpetroleum.com/documents/pdf/Whistle\\_Blower\\_policy.pdf](https://www.hindustanpetroleum.com/documents/pdf/Whistle_Blower_policy.pdf)

### RELATED PARTY TRANSACTIONS

The details of transactions entered into with the Related Parties during the year 2014-15 are enclosed as **Annexure VII**.

### PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The details on the performance and financial position of Subsidiary, Associate and Joint Venture Companies are given in Management Discussion & Analysis Report. Further, Pursuant to Section 129 (3) of the Companies Act, 2013 read with Rule (5) of the Companies (Accounts) Rules, 2014, the salient features of Financial Statement of Subsidiary and Joint Ventures in Form AOC -1 forms part of this Annual Report Separately.

### COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE

- (a) Companies become HPCL's Subsidiaries, Joint Ventures or Associates:
  - Mumbai Aviation Farm fuel facilities Pvt Ltd.
- (b) Companies cease to be HPCL's Subsidiaries, Joint Ventures or Associates:

There is no company, which has ceased to be HPCL's subsidiary, Joint venture or Associate during the year.



## Directors' Report

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/ Courts which would impact the going concern status of the company and its future operations.

### DETAILS OF DEPOSITS

Particulars	Amount (₹ in Crores)
Deposits accepted during the year	NIL
Deposits remained unpaid or unclaimed as at the end of the year	0.02 *
In case, there is default in repayment of deposit or payment of interest thereon during the year and if so, number of such cases and the total amount involved -	N.A.
a) At the beginning of the year	
b) Maximum during the year	
c) At the end of the year	

\* The Company has deposited the amount in Investor Education and Protection Fund on 11<sup>th</sup> May, 2015.

Note: - All deposits are in compliance with the requirements of Chapter V of the Act.

### PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Corporation has constituted Internal Complaints Committees (ICC). During the year 02 complaints were received by the Corporation and the same were investigated and resolved as per the provisions of the Act.

### PROCUREMENT OF GOODS & SERVICES FROM MSES:

In line with the Public Procurement Policy for Micro & Small Enterprises (MSEs) Order, 2012, for the year 2014-15, against the set target of 18.51% HPCL has achieved 19.59% (₹ 1138.07 crores) procurement of goods & services from Micro & Small Enterprises and a target of 20% has been set for the year 2015-16.

### ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the valuable guidance and support extended by the Government of India, Ministry of Petroleum and Natural Gas, other Ministries, Petroleum Planning & Analysis Cell and the State Governments.

The Directors also acknowledge the contribution made by the large number of dealers and distributors spread all over the country towards improving the service to our valued customers as well as for the overall performance of the Company.

The employees of the Company have continued to display their total commitment towards the pursuit of excellence. Your Directors take this opportunity to place on record their appreciation for the valuable contribution made by the employees and look forward to their services with zeal and dedication in the years ahead to enable the Company to scale even greater heights.

Your Directors are thankful to the shareholders for their faith and continued support in the endeavors of the Company.

**For and on behalf of the Board of Directors**

NISHI VASUDEVA  
**Chairman & Managing Director**

Date : 26.06.2015



## Annexure to Directors' Report for the year 2014-15

### Annexure-I

1. Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per The Companies (Accounts) Rules, 2014.

#### ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

##### A) CONSERVATION OF ENERGY

HPCL refineries are committed towards conservation of energy and minimization of losses. In this endeavor, the refineries have taken part in the benchmarking studies organized by CHT in collaboration with M/s Solomon Associates, USA. This study brought to light the performance of the refineries in comparison to other refineries worldwide with similar configuration. The potential areas for improvement were identified and several measures were developed to implement them under both long term and short term strategies. Implementation of some of these measures has made it possible to restrict Fuel & Loss for Mumbai and Visakh refineries to 7.4 % each for the FY 2014-15.

The energy conservation measures undertaken by both the refineries during the year 2014-15 have resulted in a savings of 18,832 SRFT/year (standard refinery fuel tonnage per year).

The major energy conservation measures undertaken during 2014-15 are as follows:

##### Mumbai Refinery:

1. In an effort to minimize fuel requirement, refinery has taken up the opportunity of T&I for modification in the existing furnace by installation of additional banks in convection section along with regular maintenance. This initiative has resulted in significant improvement in furnace efficiencies and thus savings in fuel consumption.
2. Installation of two additional exchangers and preheat exchanger manual cleaning have resulted in improved Coil Inlet Temperature (CIT) for CDU I furnace, thereby resulting in substantial fuel savings.
3. Modification was carried out on SG10 boiler economizer and superheater section to improve reliability and achieving design steam generation.
4. Improvement in furnace efficiency by 10% was achieved by conversion of natural draft furnace to balanced draft furnace of LR VDU.
5. Reduction in potential hydrocarbon loss by using Ultrasonic Leak Detector during periodic safety valves surveys.
6. Replacement of steam traps all over refinery basis regular steam trap surveys.

##### Impact of above measures on energy conservation and consequent impact on the cost of production of goods:

The above energy conservation measures undertaken during the year 2014-15 have resulted in a savings of 11,568 SRFT/year (standard refinery fuel tonnage per year).

##### Visakh Refinery:

1. Magnetic Resonators installed on GTG-4 in May 2014 and GTG-5 in July 2014, resulting in overall 1% reduction in Naphtha consumption.
2. Steam leak survey was carried out by the CHT nominated team during January 19-23, 2015. Total quantity of steam leaks in the refinery was estimated at 149 kg/hr, which is the lowest ever achieved by Visakh Refinery.
3. Nozzle design of the thermo compressor was modified in FCCU-I condensate recovery system to recover the flash steam from the steam tracing condensate.
4. Continuous capacity control was installed on Recycle Gas Compressor in NHT to optimize power consumption.
5. Online chemical cleaning of CDU's & DHDS furnaces were carried out, which resulted in reduced stack temperatures and increased heater efficiencies, thereby potential savings in fuel consumption.



## Annexure to Directors' Report for the year 2014-15

### Impact of above measures on energy conservation and consequent impact on the cost of production of goods:

The above energy conservation measures undertaken during the year 2014-15 have resulted in a savings of 7,264 SRFT/year (standard refinery fuel tonnage per year).

Oil and Gas Conservation Fortnight was observed at both the refineries Viz MR/VR from January 15 to 31, 2015 to create awareness among the public for conservation of petroleum products.

### Capital investments on energy conservation equipment:

Capital investment on energy conservation equipment during financial year 2014-15 is ₹ 31.06 Crores.

## B) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

### i. Efforts made & benefits derived towards technology absorption, adaptation & innovation is given under.

#### Mumbai Refinery

1. In CDU I crude furnace 11F2, new convection rows were installed. This resulted in Lowering ex convection temperature by 100 Deg. C.
2. In CCR unit, on the run replacement of part of the catalyst was carried out successfully without shutting down of the unit. This avoided production loss of MS and increased reformate RON by 1.5 units.
3. Procured around 60 TMT of low value LSHS from BPCL and processed at NFCCU successfully, converting to high value products like LPG, MS and HSD.
4. Thermal spray in place of strip lining of SS in towers.
5. For the first time, high CCR (4.2%) VGO was processed in NFFCU throughout September 2014. This resulted in additional steam production of 0.11 T/T of VGO, with equivalent saving of fuel consumption in conventional boilers.
6. SG10 boiler economizer and super heater sections modified for improved reliability and achieving design steam generation. (140T/h achieved against earlier 100T/h).

#### Visakh Refinery:

1. Diesel Hydro Treater (DHT) Unit along with Hydrogen Unit (HGU) was commissioned, which enabled production of Euro-IV diesel from the refinery. Performance Guarantee test run (PGTR) conducted in Mar'15.
2. DHT-Sulphur recovery Unit commissioned in Feb'15.
3. Air Fuel Ratio control system for CDU-III Furnace was commissioned, which enabled controlling excess air and thereby saving in fuel consumption.
4. Hi-Gee, a compact facility developed in-house by R&D to treat sour gases using amine solution, was commissioned.
5. Anti-foulant chemical injection facility was commissioned for CDU-I to reduce fouling in crude preheat exchangers.
6. Trial taken by R&D with Viscat chemical for increasing conversion in Vis-Breaker unit while maintaining fuel oil stability.
7. Automatic additive loaders (two numbers) were commissioned in FCCU-I and FCCU-II for precision control of additive loading.
8. Gamma scanning of Atmospheric & Vacuum Distillation Columns in CDU-I and Stripper Column in Diesel Hydro Desulphurization Unit was carried out by M/s BRIT.
9. Dispersant chemical dosing done to reduce DHDS reactor pressure drop and unit operations sustained.
10. Equilibrium catalyst sourced from Mumbai Refinery was used in FCCU-II for yield improvement and reducing fresh catalyst consumption.
11. Trials with two new Bottom Cracking Additives were carried out for decreasing slurry yield in FCCU-I.



## Annexure to Directors' Report for the year 2014-15

12. Rentar Catalyst installation on boiler for fuel optimization - New technology implementation.
13. CDU-3 heater (42-F-01) air fuel ratio AFR system taken to FG balancing mode with FCCU-II fuel gas header pressure (EII improvement item)
14. Completed electrical relay co-ordination study and implementation of all relay settings for total refinery network for NIL protection co-ordination problem.
15. VG-40 grade of Bitumen was produced for the first time in the refinery using the existing facility.
16. Direct slop cut routing facility as hot feed from CDU-III to FCCU-I was commissioned, which helped in maximization of slop cut processing in FCCU and improving distillate yields.

### ii. Imported Technology (Imported during last 3 years) is tabulated below.

Technology Imported	Year of Import	Whether fully absorbed or not	If not absorbed, Reasons
<b>Mumbai Refinery</b>			
DHDS-Isotherming Technology	2011	No	Project is under implementation & will be completed by 1 <sup>st</sup> week of June 2015.
<b>Visakh Refinery</b>			
New type of nozzles in Wash Oil Distributor in Vacuum column (CDU II / III)	2010/12	Yes	
New feed nozzles for FCCU-I	2012	Yes	
Flue Gas Desulphurization units for FCCUs	2013	Yes	
BCA for FCCUs	2013	Yes	
PRU Revamp Project	2013	Yes	

### iii. Expenditure incurred on Research & Development.

Please refer Notes to Accounts - 56 H.

### C) FOREIGN EXCHANGE EARNING AND OUTGO:

#### a. Activities relating to exports

Various Initiatives have been taken to increase exports and for development of new Export markets for products and services. Efforts are on to access international Markets and to tap export potential for free trade products and lubricants.

#### b. Total Foreign Exchange used and earned

Please refer Notes to Accounts - 56 B, C, D & E.



## Annexure to Directors' Report for the year 2014-15

### Annexure-II

#### Environmental Conservation measures:

#### Control of pollution & other environment initiatives undertaken by refineries during 2014-15

##### Mumbai Refinery:

#### A. Hazardous Waste Management

The indigenously developed 'Oil-zapper' technology of The Energy Research Institute (TERI) has been deployed to treat oil sludge generated in the refinery. Oil zapper is essentially a cocktail of five different bacterial strains that feed on hydrocarbon compounds and convert them into harmless CO<sub>2</sub> and water. This is an ongoing process at Mumbai refinery for low oily silt/oily sediments after mechanical recovery of oil.

The refinery has disposed 1,458 MT of spent catalysts and discarded chemicals to the registered "Common hazardous Wastes Treatment Storage Disposal Facility" (CHWTSDF) operated by Mumbai Waste Management Limited.

#### B. Air Emission Control and Monitoring

Continuous Ambient Air Stations are being upgraded with new continuous monitoring facilities for additional parameters viz, Ozone, PM 2.5, Benzene & Ammonia. Apart from online monitoring, manual Monitoring of ambient air as per NAAQS is being carried out by external MoEF approved laboratory.

All quality parameters of the ambient air were conforming to the National Ambient Air Quality Standards (NAAQS) during the year.

Flue Gas scrubbing unit and Purge Treatment unit is installed and commissioned to control Sulphur Dioxide and Suspended particulate matter wherein more than 90% of these pollutants are reduced before letting the flue gas into the atmosphere. Low Nox burners are installed for Nox emissions reduction. Ultrasonic Mass flow meters are installed for continuous monitoring of flare.

#### C. Effluent Water Treatment and Control

State of the art New Integrated Effluent Treatment Plant consisting of primary, secondary and tertiary treatment sections has been in operation consistently since 2010 with a design capacity of 300m<sup>3</sup>/hr. The technology conforms to existing MINAS (environment standards) and can also cater to further stringent standards in the future. The purified treated water is being recycled for refinery consumption and has reduced intake of fresh water from the municipal corporation.

Additionally, Mumbai refinery has contributed significantly to Natural Resource conservation by recycling of effluent water and rainwater management. Water conserved during the year 2014-15 was 6,13,663 KL. Cumulative water recycled since the inception of the "Effluent Treatment Plant" is 22, 12,461 KL thereby saving equivalent amount of Natural Water resource for the community.

#### D. Other Initiatives

- **Rain Water Harvesting** - Mumbai Refinery has constructed necessary infrastructure and has harvested about 1,70,000 KL of rainwater. Further augmentation of rain water management facility is in progress as a part of Natural Water Resource Conservation and sustainable development Project including reduction in refinery carbon foot print.
- **Ground Water Quality Monitoring** - Ground water aquifers are monitored for quality (IS 10500: 1991) regularly with a network of bore-wells spread across entire geographical area of the refinery. Roof top rain water harvesting has been undertaken in refineries.
- **Leak Detection and & Repair (LDAR)** - Program was carried out to identify and control fugitive emissions from equipment leaks.



## Annexure to Directors' Report for the year 2014-15

### Visakh Refinery:

#### A. Hazardous Waste Management

All spent catalysts and discarded chemicals were disposed off to the authorized Central Pollution Control Board (CPCB) recyclers and disposed off around 524 MT of various hazardous waste materials. Approximately 5,440 m<sup>3</sup> of sludge was processed by ETP II.

Indigenously developed 'Oil-zapper' technology of The Energy Research Institute (TERI) has been deployed to treat oil sludge generated in the refinery from June 2014. Bio-remediation of 480 m<sup>3</sup> of oily sludge was carried out in 2014-15.

#### B. Air Emission Control and Monitoring

Completion of Compliance to ambient air quality and stack is 100%.

Data acquisition system was installed by M/s Thermo fisher at all the three CAAQMS. Online connectivity to CPCB server was established in addition to the existing connectivity to APPCB server. Installation of Flue gas Desulphurization Units in FCCU-I and FCCU-II commissioned towards reduction in SPM and SO<sub>2</sub> emissions. Stack analyzers installed and commissioned for IBH boiler.

Odour study is completed by IISc Bengaluru, Ambient air sample collection by IISc team is in progress.

#### C. Effluent Water Treatment and Control

Overall compliance to the MINAS (environment standards) has enhanced. To improve the performance of bio-system in ETP- II, special bacterial culture (Microbe-Lift) addition was carried out during the year.

Designed Dual Media Filters (DMF) of open bell mouth type for ETP-II to reduce the pressure drop and maintain the flow of 90 m<sup>3</sup>/hr per filter. Execution of 1 DMF is completed.

A feasibility study by EIL is undertaken towards integration of ETBs and report is under review.

#### D. Other Initiatives

- **ISO 14001** - ISO-14001 certification renewed. Internal audits and surveillance audits were conducted as per annual plan.
- **HAZOP Study (Phase-V)**- Completed.
- **Leak Detection and Repair (LDAR)** - Leak Detection and Repair (LDAR) program is in place for monitoring & controlling the hydrocarbon emission level.
- **World Environment Day (June 5)** - was celebrated and 1,45,350 saplings planted in the designated locations of Visakhapatnam as part of Phase-II of Green Visakh Program.

### Achievements / Awards / Recognition:

#### Mumbai Refinery:

- National Energy Conservation Award (First prize)' in the Refinery Sector for the year 2014 from Ministry of Power, Govt of India.
- "Excellent Energy Efficient Unit" by Confederation of Indian Industry (CII) in 15<sup>th</sup> National Award for Excellence in Energy Management 2014.
- "Oil & Gas Conservation fortnight award 2014" (Second prize) for "Furnace/Boiler efficiency" by Ministry of Petroleum & Natural Gas (MoP&NG) and Centre for High Technology (CHT).



## Annexure to Directors' Report for the year 2014-15

### Annexure III

#### REPORT ON CSR ACTIVITIES/ INITIATIVES

[Pursuant to Section 135 of the Act & Rules made thereunder]

1. A brief outline of the company's CSR policy, including overview of the projects or programs proposed to be undertaken and reference to the web-link to the CSR Policy and projects or programs:-

"Your Corporation believes in shared value creation and interdependency of business and stakeholders. In line with this, the revised CSR policy of the corporation pens down the philosophy of HPCL CSR, defines the ambit of CSR and brings uniformity in various operations and functionalities of the structure and its activities. During 2014-15, the corporation invested ₹ 34.07 Crores in the implementation of various CSR initiatives in the focus areas of Childcare, Education, Healthcare, Skill Development, Sports, Environment and Community Development, creating social capital, especially in the host communities of the business."

Weblink to CSR Policy - <http://www.hindustanpetroleum.com/csrpolicy>

Weblink to Projects and Programs - <http://www.hindustanpetroleum.com/csrprojects>

2. The composition of the CSR Committee as on 31<sup>st</sup> March, 2015:-
  - i. Shri G.K.Pillai - Director (Chairman, CSR & SD Committee)
  - ii. Shri A.C.Mahajan - Director (Member, CSR & SD Committee)
  - iii. Dr.G.Raghuram - Director (Member, CSR & SD Committee)
  - iv. Dr.Gitesh K.Shah - Director (Member, CSR & SD Committee)
3. Average Net Profit of the company for last 3 financial years (2011-14) = ₹ 1701.49 Crores
4. Prescribed CSR expenditure (2% of amount) = ₹ 34.03 Crores
5. Details of CSR activities/projects undertaken during the year:-
  - a) Total amount to be spent for the financial year = ₹ 34.03 Crores
  - b) Amount un-spent, if any = Nil
  - c) Manner in which the amount spent during financial year, is detailed below:





**Annexure to Directors' Report for the year 2014-15**

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) project or programs wise (₹/Crores)	Amount Spent on the Projects or Programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹/Crores)	Cumulative expenditure upto the reporting period (₹/Crores)	Amount spent: Direct or through implementing agency *
1	School Infrastructure and Amenities	Promoting Education	Local Area	17.21	17.21	17.21	Through Specialised Implementing Agencies like NGOs, Voluntary Organisations, Community Based Organisations etc
			East Godavari, Guntur, Krishna, Srikakulam, West Godavari, Visakhapatnam, Vizianagaran	Andhra Pradesh			
			Kamrup Rural	Assam			
			Darbhanga, East Champaran, Patna, Samastipur, West Champaran	Bihar			
			Rajanandgaon	Chattisgarh			
			Hissar, Karnal, Rewari	Haryana			
			Ahmedabad, Bhuj, Hazira, Sabarkanta	Gujarat			
			Bari Brahmana, Jammu	Jammu & Kashmir			
			Hazaribagh	Jharkhand			
			Kollam, Kottayam	Kerala			
			Chikballapur	Karnataka			
			Mumbai, Nagpur, Palghar, Pune, Raigad, Ratnagiri, Sangli, Solapur,	Maharashtra			
			Bhind, Bhopal, Chindwara, Indore, Rajgarh, Sheopur	Madhya Pradesh			
			Bharampur, Bhubneshwar	Orissa			
			Ambala, Jalandhar, Rohtak	Punjab			
			Ajmer, Dholpur, Jaipur, Jodhpur, Udaipur	Rajasthan			
			Nalgonda	Telangana			
			Madurai, Thiruchirapalli	Tamil Nadu			
			Allahabad, Agra Rural, Chandauli, Mathura, Vikasnagar	Uttar Pradesh			
Bardhaman, Kolkatta, Medinipur	West Bengal						
2	Scholarships for economically backward SC/ST/OBC/PWD Students in Local Areas of Operation Locations	Promoting Education	Local Area	2.48	2.48	2.48	Through Specialised Implementing Agencies like NGOs, Voluntary Organisations, Community Based Organisations etc
			Rajahmundry, Visakhapatnam	Andhra Pradesh			
			Ahmedabad	Gujarat			
			Sindhudurg, Thane, Jalgaon	Maharashtra			
			Churachandpur	Manipur			
			Aizawal	Mizoram			
			Deogarh, Sundergarh	Odisha			
			Chennai	Tamil Nadu			
			Nalgonda	Telegana			
			Lucknow	Uttar Pradesh			
			Bankura	West Bengal			

**Annexure to Directors' Report for the year 2014-15**

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) project or programs wise (₹/Crores)	Amount Spent on the Projects or Programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹/Crores)	Cumulative expenditure upto the reporting period (₹/Crores)	Amount spent: Direct or through implementing agency *	
3	Interventions in Health, incl provision of medical equipments and reach-in approach through health camps and medical vans	Promoting Preventive Health Care	Local Area	8.86	8.86	8.86	Through Specialised Implementing Agencies like NGOs, Voluntary Organisations, Community Based Organisations etc	
			East Godavari, Hyderabad, Kadapa, Secunderabad, Visakhapatnam					Andhra Pradesh
			Banka, Patna					Bihar
			Jammu, Sambha					Jammu & Kashmir
			Bokaro					Jharkhand
			Bangalore, Bangalore Rural					Kartnataka
			Satna					Madhya Pradesh
			Mumbai, Nagpur, Palghar, Satara					Maharashtra
			Jagathsinghpur					Odisha
			Barmer, Jaipur					Rajasthan
			Krishnagiri					Tamil Nadu
			Etawah, Kanpur Dehat					Uttar Pradesh
Hooghly, Kolkatta	West Bengal							
4	Community Development and Environment	Empowerment of Socially and Economically Backward groups	Local Area	1.44	1.44	1.44	Through Specialised Implementing Agencies like NGOs, Voluntary Organisations, Community Based Organisations etc	
			Anantpur					Andhra Pradesh
			Dibrugarh					Assam
			Jammu					Jammu & Kashmir
			Kozhikode					Kerala
			Mumbai, Nagpur, Raigad					Maharashtra
			Sundergarh					Odisha
			Jalandhar					Punjab
			Barmer, Jaipur					Rajasthan
			Chennai					Tamil Nadu
Nagonda	Telengana							
5	Promotion of Sports	Promotion of Nationally Recognised and Paralympic Sports	Local Area	0.85	0.85	0.85	Through Specialised Implementing Agencies like NGOs, Voluntary Organisations, Community Based Organisations etc	
			Delhi					Delhi
			Mumbai, Pune					Maharashtra

**Annexure to Directors' Report for the year 2014-15**

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) project or programs wise (₹/Crores)	Amount Spent on the Projects or Programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹/Crores)	Cumulative expenditure upto the reporting period (₹/Crores)	Amount spent: Direct or through implementing agency *	
6	Interventions with Supply Chain - Health Camps for Tank Truck Crew Members	Promoting Preventive Health Care	Local Area	0.14	0.14	0.14	Through Specialised Implementing Agencies like NGOs, Voluntary Organisations, Community Based Organisations etc	
			Visakhapatnam					Andhra Pradesh
			Mangalore					Karnataka
			Mumbai					Maharashtra
			Bhatinda					Punjab
7	Interventions with Supply Chain - Safe Driver Training Programs for Contract Drivers	Imparting Employment Enhancing Vocation Skills	Local Area	0.63	0.63	0.63	Through Specialised Implementing Agencies like NGOs, Voluntary Organisations, Community Based Organisations etc	
			Anantpur, East Godavari, Kadapa, Krishna, Visakhapatnam					Andhra Pradesh
			Begusarai, Patna					Bihar
			Raipur					Chattisgarh
			Delhi					Delhi (UT)
			Margao					Goa
			Kutch, Surat, Vadodara					Gujarat
			Hissar, Jajjar, Rewari					Haryana
			Solan					Himachal Pradesh
			Jammu					Jammu & Kashmir
			Dhanbad, Singhbhum					Jharkhand
			Belgaum, Bengaluru Rural, Dakshin Kannad, Dharwad, Gulbarga, Hassan					Karnataka
			Ernakulam, Kozhikode					Kerala
			Bhopal, Gwalior, Indore, Jabalpur, Ratlam, Sagar					Madhya pradesh
			Akola, Manmad, Mumbai, Nagpur, Pune, Sangli, Solapur, Vashi					Maharashtra
			Balasore, Jagatsinghpur					Odisha
			Bhatinda, Jalandhar, Sangrur					Punjab
			Ajmer, Bharatpur, Jaipur					Rajasthan
			Chennai, Coimbatore, Madurai, Thirunelveli, Thiruvallur					Tamilnadu
			Karimnagar, Nalgonda, Ranga Reddy					Telengana
Bijnore, Chandauli, Deoria, Gonda, Jhansi, Lucknow, Mathura, Meerut	Uttar Pradesh							
Hardwar	Uttarakhand							
Burdwan, South 24 Parganas	West Bengal							



**Annexure to Directors' Report for the year 2014-15**

Sl. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or Programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (Budget) project or programs wise (₹/Crores)	Amount Spent on the Projects or Programs Sub-heads: (1) Direct Expenditure on Projects or Programs (2) Overheads (₹/Crores)	Cumulative expenditure upto the reporting period (₹/Crores)	Amount spent: Direct or through implementing agency *	
8	Skill Development for Marginalised	Imparting Employment Enhancing Vocation Skills	Local Area		2.17	2.17	2.17	Through Specialised Implementing Agencies like NGOs, Voluntary Organisations, Community Based Organisations etc
			Delhi North West	Delhi				
			Sirsa	Haryana				
			Gumla, Chaibasa, Bokaro	Jharkhand				
			Srinagar	Jammu & Kashmir				
			Bangalore	Karnataka				
			Wayanad	Kerala				
			Mumbai	Maharashtra				
			Amritsar, Bhatinda	Punjab				
			Barmer	Rajasthan				
			Chennai	Tamil Nadu				
Varanasi	Uttar Pradesh							
9	Capacity Building and Internal Communication	As per CSR Rules	Local Area		0.29	0.29	0.29	Direct
			Mumbai	Maharashtra				
<b>TOTAL</b>				<b>34.07</b>	<b>34.07</b>	<b>34.07</b>		

\* Projects of Long Term Commitments were implemented through the following agencies : ADAPT, Akshaya Patra Foundation, Confederation of Indian Industries, KC Mahindra Education Trust, NIIT, Sri Sathya Sai Heart Hospital, Transport Corporation of India Foundation, Wockhardt Foundation.

- In case the company has failed to spend the 2% of the average net profit of the last 3 financial years or any part thereof, reasons for not spending the amount in its Board Report- N.A.
- In line with the revised Companies Act 2013, HPCL has constituted the Board Sub Committee headed by an Independent Director, comprising of 4 independent directors and 3 functional directors who are permanent invitees. This CSR Committee is responsible to formulate and recommend for the approval of the Board, the CSR Policy and the Budgeted Outlay. It is also responsible to monitor CSR Policy and institute the monitoring mechanism.

During the year 2014-15, HPCL has adopted the CSR Policy approved by the Board and has allocated a budget of ₹ 34.03 crores, which is 2% of Profit Before Tax of the average of last 3 years profit. There is also in place a robust framework for implementing various CSR projects and programs. In addition to the third party impact assessment carried out for the Major Long Term Commitments, there is also a two tier internal monitoring mechanism.

Further, during the year, the CSR Committee has reviewed and monitored various CSR projects/programs carried out by HPCL and is satisfied that it conforms to all the requirements as laid down by the Companies Act 2013.

.....  
(CEO/Managing Director/Director)

.....  
(Chairman of CSR Committee)



Hindustan Petroleum Corporation Limited

## Annexure to Directors' Report for the year 2014-15

### Annexure - IV

STATEMENT SHOWING WOMEN EMPLOYEES AS ON MARCH 31, 2015

Group	Total No. of Employees	No. of Women Employees	% of Women Employees
A	5,396	512	9.49
B*			
C	5,208	365	7.01
D	30	-	-
<b>TOTAL</b>	<b>10,634</b>	<b>877</b>	<b>8.25</b>

\*HPCL has no posts classified under group 'B' as the entry in non-management grades has been re-classified in group 'C' effective 1.1.1994.



## Annexure to Directors' Report for the year 2014-15

### Annexure - V

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015

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

To,  
The Members,  
Hindustan Petroleum Corporation Limited,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Hindustan Petroleum Corporation Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Hindustan Petroleum Corporation Limited for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - e) The Securities and Exchange Board of India (Registrars to an Issue of Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; -
- (vi) The following Acts / Guidelines specifically applicable to the Company:
  - a) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
  - b) The Petroleum Act, 1934;
  - c) Petroleum and Minerals Pipelines (Acquisition of Right of User Inland) Act, 1962;
  - d) Explosive Act, 1884;
  - e) The Oil Industry (Development) Act, 1974;



## Hindustan Petroleum Corporation Limited

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### Annexure to Directors' Report for the year 2014-15

I have also examined compliance with the applicable clauses of the following:

The Listing Agreement entered into by the Company with BSE Ltd. and National Stock Exchange Ltd.

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

“The Corporation has complied with the requirements of Corporate Governance as provided under Clause 49 of the Listing Agreement and DPE Guidelines on Corporate Governance, with the exception of appointment of Independent Directors to the extent of 50% of the total strength of the Board. It is clarified by the Corporation that the matter is being pursued with the Administrative Ministry for appointing required number of Independent Directors on the Board.”

I further report that -

The Board of Directors of the Company is constituted as per the Clause 49 of the Listing Agreement with balance of Executive Director and Non-Executive Directors with the exception of appointment of Independent Directors to the extent of 50% of the total strength of the Board. It is clarified by the Corporation that the matter is being pursued with the Administrative Ministry for appointing required number of Independent Directors on the Board. The changes in the composition of the Board of Directors that took place during the year 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, detailed proposal on agenda were sent in advance duly complying with the time limits specified 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.

Majority decision is carried through, while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, there are adequate systems and processes in the company commensurate with the size and operation of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the company had a following specific events/action:

‘A Special Resolution was passed on 28/08/2014 u/s 180(1)(c) and 180(1) (a) of the Companies Act,2013 by Postal Ballot as prescribed u/s 110 of the Act, thereby increasing the borrowing power of the Board of Directors and authorising the Board to create charge on the assets of the Company to secure the borrowings.’

Place : Mumbai

Date : 28<sup>th</sup> May, 2015

(U.C. SHUKLA)  
COMPANY SECRETARY  
FCS: 2727/CP: 1654

**Annexure to Directors' Report for the year 2014-15****Annexure VI****FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management & Administration) Rules, 2014.**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L23201MH1952GOI008858
2.	Registration Date	05-07-1952
3.	Name of the Company	Hindustan Petroleum Corporation Limited
4.	Category/Sub-category of the Company	Public Limited Company
5.	Address of the Registered office & contact details	Petroleum House, 17, Jamshedji Tata Road, Churchgate, Mumbai - 400 020
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt.Ltd. C-13, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup West, Mumbai - 400 078 Telephone No. (022) 25963838 Fax No. (022) 25946969 E-mail : <a href="mailto:mumbai@linkintime.co.in">mumbai@linkintime.co.in</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated) -**

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Motor Spirit (MS)	192	22.17%
2	High Speed Diesel (HSD)	192	52.77%
3	Liquefied Petroleum Gas (LPG)	192	10.09%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:**

S. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	Prize Petroleum Co.Ltd. Jeevan Bharati Building, 11 <sup>th</sup> Floor, Tower 1, 124, Connaught Place, Indira Chowk, New Delhi - 110001	U74899DL1998GOI096845	Subsidiary	100%	2 (87)
2	HPCL Biofuels Ltd. House No.271, Road No.3E, Holding No. 437 & 438, Ward No. 22, New Patliputra Colony, Patna, Bihar - 800013.	U24290BR2009GOI014927	Subsidiary	100%	2 (87)





**Annexure to Directors' Report for the year 2014-15**

S. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
3	CREDA-HPCL Bio Fuel Limited, Sector 1, Shanti Nagar, Shankar Nagar Main Road, Near Mesonet Quarters, Raipur, Chhattisgarh - 429007	U01119CT2008GOI020900	Subsidiary	74%	2 (87)
4.	HPCL Rajasthan Refinery Limited, Tel Bhawan, Sahkar Marg, Lal Kothi Vistar Jyoti Nagar, Jaipur, Rajasthan - 302005.	U23201RJ2013GOI043865	Subsidiary	74%	2 (87)
5.	HPCL Mittal Energy Ltd., Village Phulokhari Talukatalwandi Saboo, Bhatinda, Punjab - 151301	U23201PB2000PLC024126	JV	48.94%	2 (6)
6.	Hindustan Colas Private Ltd., Plot No. D 500, Off. HPCL Vashi Terminal, MIDC, ITC Area, Turbhe, Navi Mumbai, Maharashtra.	U23200MH1995PTC090671	JV	50.00%	2 (6)
7.	South Asia LPG Company Pvt.Ltd., Varun Towers, 4 <sup>th</sup> Floor, Varun Par Side, Kasturba Marg, Siripuram, Visakhapatnam, Andhra Pradesh-530003	U1110AP1999PTC032851	JV	50.00%	2 (6)
8.	Mangalore Refinery and Petrochemicals Ltd. Mudapada Kuthethur, P.O. Via Katipalla, Karnataka.	L85110KA1988GOI008959	JV	16.95%	2 (6)
9.	Petronet India Ltd., BPCL Sewree A/K Installation, Sewree Fort Road, Sewree East, Mumbai - 400015	U45203MH1997PLC108251	JV	16.00%	2 (6)
10	Petronet MHB Ltd., 332, 1 <sup>st</sup> Floor, Darus Salam Building, Queen's Road, Bangalore, Karnataka - 560052	U85110KA1998PLC024020	JV	28.77%	2 (6)
11	Bhagyanagar Gas Ltd., Parishram Bhawan, Basheerbag, Hyderabad, Telangana - 500004	U40200TG2003PLC041566	JV	25.00%	2 (6)
12	Aavantika Gas Ltd., 2 <sup>nd</sup> Floor, LIC Building, Jeevan Pradeep, 12-12A, Anoop Nagar, A.B. Road, Indore, Madhya Pradesh-452008	U40107MP2006PLC018684	JV	49.97%	2 (6)
13	GSPL India Gasnet Ltd., GSPC Bhawan, B/H Udyog Bhavan, Sector 11, Gandhinagar, Gujarat - 382011	U40200GJ2011SGC067449	JV	11.00%	2 (6)



**Annexure to Directors' Report for the year 2014-15**

S. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
14	GSPL India Transco Ltd., GSPC Bhawan, B/H Udyog Bhavan, Sector 11, Gandhinagar, Gujarat - 382011	U40200GJ2011SGC067450	JV	11.00%	2 (6)
15	HPCL Shapoorji Energy Private Ltd., B-210, ISCON Centre, 2 <sup>nd</sup> Floor, Shivranjani Cross Road, Opp. Deepkala Junction, Ahemdabad, Gujarat - 380015	U40101GJ2013PTC077228	JV	50.00%	2 (6)
16	Mumbai Aviation Fuel Farm Facility Pvt Ltd. 1 <sup>st</sup> Floor, Terminal 1B, CSI Airport, Mumbai Maharashtra - 400099.	U63000MH2010PTC200463	JV	25.00%	2 (6)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) : Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2014]				No. of Shares held at the end of the year [As on 31-03-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF									
b) Central Govt	173076750	-	173076750	51.11	173076750	-	173076750	51.11	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>173076750</b>	<b>-</b>	<b>173076750</b>	<b>51.11</b>	<b>173076750</b>	<b>-</b>	<b>173076750</b>	<b>51.11</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/UTI	32344311	200	32344511	9.55	30927533	200	30927733	9.13	(0.42)
b) Banks / FI	42532483	950	42533433	12.56	24435176	950	24436126	7.22	(5.34)
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	35765931	2000	35767931	10.56	62587455	2000	62589455	18.48	7.92
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Banks	293520	-	293520	0.09	293520	-	293520	0.09	-
<b>Sub-total (B)(1):-</b>	<b>110936245</b>	<b>3150</b>	<b>110939395</b>	<b>32.76</b>	<b>118243684</b>	<b>3150</b>	<b>118246834</b>	<b>34.92</b>	<b>2.16</b>



**Annexure to Directors' Report for the year 2014-15**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2014]				No. of Shares held at the end of the year [As on 31-03-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp. (Market Maker + LLP)	30815079	6576	30821655	9.10	18437024	6576	18443600	5.44	-3.66
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	14365897	1371840	15737737	4.65	14905580	1300678	16206258	4.79	0.14
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5522013	-	5522013	1.63	10363650	-	10363650	3.06	1.43
c) Others (specify)									
Non Resident Indians	465341	243750	709091	0.21	599872	230650	830522	0.25	0.04
Non Resident Indians - Non Repatriable	237114	6000	243114	0.07	256742	5850	262592	0.08	0.01
Office Bearers	-	253595	253595	0.07	-	237230	237230	0.07	0.00
Directors	2805	-	2805	0.00	2830	-	2830	0.00	0.00
HUF	179046	1050	180096	0.05	145790	1050	146840	0.04	-0.01
Overseas Corporate Bodies	100	-	100	0.00	100	-	100	0.00	0.00
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	1116430	-	1116430	0.33	756430	-	756430	0.22	-0.11
Trusts	24069	400	24469	0.01	53214	400	53614	0.02	0.01
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	<b>52727894</b>	<b>1883211</b>	<b>54611105</b>	<b>16.13</b>	<b>45521232</b>	<b>1782434</b>	<b>47303666</b>	<b>13.97</b>	<b>-2.16</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	163664139	1886361	165550500	48.89	163764916	1785584	165550500	48.89	0.00
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>336740889</b>	<b>1886361</b>	<b>338627250</b>	<b>100.00</b>	<b>336841666</b>	<b>1785584</b>	<b>338627250</b>	<b>100.00</b>	<b>0.00</b>

**B) Shareholding of Promoter-**

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	173076750	51.11	Nil	173076750	51.11	Nil	0.00



**Annexure to Directors' Report for the year 2014-15**

**C) Change in Promoters' Shareholding (please specify, if there is no change)**

S. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of year</b>				
	President of India	173076750	51.11	173076750	51.11
	<b>At the end of the year</b>				
	President of India	173076750	51.11	173076750	51.11

**D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>				
1	Life Insurance Corporation of India + LIC Category	33359022	9.85	17531442	5.18
2	HDFC Standard Life Insurance Co. Ltd.	9094449	2.69	5345743	1.58
3	HDFC Trustee Co. Ltd. - HDFC Equity	4931411	1.46	-	0.00
4	HDFC Trustee Co. Ltd. - HDFC Top	4531031	1.34	717921	0.21
5	Government Pension Fund Global	3952427	1.17	4380577	1.29
6	ICICI Prudential Life Insurance Co.	3769454	1.11	-	0.00
7	United India Insurance Co. Ltd.	2762167	0.81	1650103	0.48
8	The New India Assurance Co. Ltd.	2610269	0.77	3057641	0.90
9	ICICI Prudential Focused Bluechip Equity	2605177	0.76	1727575	0.51
10	BNP Paribas Arbitrage	2453900	0.72	726219	0.21
	<b>At the end of the year</b>				
1	Life Insurance Corporation of India + LIC Category	33359022	9.85	17531442	5.18
2	HDFC Standard Life Insurance Co. Ltd	9094449	2.69	5345743	1.58
3	Government Pension Fund Global	3952427	1.17	4380577	1.29
4	National Westminster Bank PLC as Trustee	1000000	0.29	4375331	1.29
5	Union Investment Luxembourg S.A. A/C.Quo.	-	-	3339027	0.98
6	HDFC Trustee Co. Ltd. - A/c.HDFC Mid	1425000	0.42	3300000	0.97
7	DSP Black Rock Top 100 Equity Fund	-	-	2431033	0.71
8	Radhakishan Damani Gopikishan S Damani	1000000	0.29	2255000	0.66
9	Jupiter South Asia Investment Co. Ltd.	480000	0.14	2095000	0.61
10	Merrill Lynch Capital Markets Espana S.A.	396337	0.11	1988348	0.58



## Annexure to Directors' Report for the year 2014-15

### E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	B K Namdeo Madhuri B Namdeo	900	0.0003	900	0.0003
2	Balraj Kishor Namdeo	900	0.0003	900	0.0003
3	Pushp Kumar Joshi	600	0.0002	600	0.0002
4	Shrikant Madhukar Bhosekar Vaiju Shrikant Bhosekar	250	0.0001	425	0.0001
5	Shrikant Madhukar Bhosekar	150	0.0000	-	0.0000
6	Rao Venkateshwara Kommalapati Kommalapati Ramalakshmi	5	0.0000	5	0.0000
	<b>Total</b>	<b>2805</b>		<b>2830</b>	

### V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(In ₹ Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	4262.57	27901.98	0.02	32164.57
i) Principal Amount	4262.57	27901.98	0.02	32164.57
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	23.13	35.44	-	58.57
<b>Total (i+ii+iii)</b>	4285.70	27937.42	0.02	32223.14
<b>Change in Indebtedness during the financial year</b>				
* Addition	523.00	18673.45	-	19196.45
* Reduction	807.76	30217.90	-	31025.66
<b>Net Change</b>	(284.76)	(11544.45)	-	(11829.21)
<b>Indebtedness at the end of the financial year</b>	3977.81	16357.53	0.02	20335.36
i) Principal Amount	3977.81	16357.53	0.02	20335.36
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	23.13	23.81	-	46.94
<b>Total (i+ii+iii)</b>	4000.94	16381.34	0.02	20382.30



**Annexure to Directors' Report for the year 2014-15**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(In ₹)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Nishi Vasudeva	Pushp Kumar Joshi	K.V. Rao	B.K. Namdeo	Y.K. Gawali	
1	Gross salary	6685746	4628134	5505879	6220643	3176263	26216665
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5557053	3847086	4608715	5255704	2823766	22092324
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1128693	781048	897164	964939	352497	4124341
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-	-
5	Others : (PF, DCS, House Perks tax etc)	562798	471947	517417	533962	325199	2411323
	<b>Total (A)</b>	<b>7248544</b>	<b>5100081</b>	<b>6023296</b>	<b>6754605</b>	<b>3501462</b>	<b>28627988</b>
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

**B. Remuneration to other directors**

(In ₹)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		G. K. Pillai	A. C. Mahajan	G. Raghuram	Gitesh K Shah	Rohit Khanna	
1	Independent Directors						
	Fee for attending board committee meetings	120000	160000	80000	160000	80000	600000
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	105000	225000	180000	90000	45000	645000
	<b>Total (1)</b>	<b>225000</b>	<b>385000</b>	<b>260000</b>	<b>250000</b>	<b>125000</b>	<b>1245000</b>
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B) = (1+2)</b>	<b>225000</b>	<b>385000</b>	<b>260000</b>	<b>250000</b>	<b>125000</b>	<b>1245000</b>
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.



**Annexure to Directors' Report for the year 2014-15**

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(In ₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	3695631	-	3695631
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	3508269	-	3508269
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	187362	-	187362
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others: (PF, DCS, House Perks tax etc)	-	312171	-	312171
	<b>Total</b>	-	<b>4007802</b>	-	<b>4007802</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



## Annexure to Directors' Report for the year 2014-15

### Annexure VII

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
  - (a) Name(s) of the related party and nature of relationship - NIL
  - (b) Nature of contracts/arrangements/transactions - NIL
  - (c) Duration of the contracts / arrangements/transactions - NIL
  - (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 - NIL
  - (f) Date of approval by the Board - NIL
  - (g) Amount paid as advances, if any: - NIL
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 - NIL

2. Details of material contracts or arrangement or transactions at arm's length basis :

- a. Sale of Bitumen to Hindustan Colas Ltd.

Requirements	Particulars
Name(s) of the related party	Hindustan Colas Ltd. (HINCOL)
Nature of relationship	Joint Venture
Nature of contracts/arrangements/transactions	Sale of Bitumen
Duration of the transactions	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transactions = ₹ 414.61 crores
Date(s) of approval by the Board, if any	
Amount paid as advances, if any	NIL

- b. Purchases of CRMB from Hindustan Colas Ltd.

Requirements	Particulars
Name(s) of the related party	Hindustan Colas Ltd. (HINCOL)
Nature of relationship	Joint Venture
Nature of contracts/arrangements/transactions	Purchases of CRMB from HINCOL
Duration of the transactions	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transactions = ₹ 220.88 crores
Date(s) of approval by the Board, if any	
Amount paid as advances, if any	NIL

- c. Purchases of petroleum products from Manglore Refinery and Petrochemicals Ltd.

Requirements	Particulars
Name(s) of the related party	Manglore Refineries and Petrochemicals Ltd. (MRPL)
Nature of relationship	Joint Venture
Nature of contracts/arrangements/transactions	Purchases of Petroleum products.
Duration of the transactions	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transactions = ₹ 13995.08 crores
Date(s) of approval by the Board, if any	
Amount paid as advances, if any	NIL





**Annexure to Directors' Report for the year 2014-15**

- d. Terminalling Charges paid to South Asia LPG Co. Pvt. Ltd.

<b>Requirements</b>	<b>Particulars</b>
Name(s) of the related party	South Asia LPG Co. Pvt. Ltd. (SALPG)
Nature of relationship	Joint Venture
Nature of contracts/arrangements/transactions	Terminalling Charges for Storage services Provided by SALPG
Duration of the transactions	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transactions = ₹ 79.63 crores
Date(s) of approval by the Board, if any	
Amount paid as advances, if any	NIL

- e. Purchases of petroleum products from HPCL Mittal Energy Ltd.

<b>Requirements</b>	<b>Particulars</b>
Name(s) of the related party	HPCL Mittal Energy Ltd. (HMEL)
Nature of relationship	Joint Venture
Nature of contracts/arrangements/transactions	Purchases of Petroleum Products.
Duration of the transactions	1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015
Salient terms of the contracts or arrangements or transactions including the value, if any	Value of transactions = ₹ 24047.51 crores
Date(s) of approval by the Board, if any	
Amount paid as advances, if any	NIL

**For and on behalf of the Board of Directors**

NISHI VASUDEVA  
**Chairman & Managing Director**

Date : 26.06.2015



## Management Discussion & Analysis Report: 2014-15

### A. DEVELOPMENTS IN THE ECONOMY AND THE OIL SECTOR

The Indian economy has grown by 7.3% during 2014-15, indicating an improvement in growth prospects. Agriculture sector growth in 2014-15 was negligible at 0.2% compared to about 4% in 2013-14. Industry and services sector growth improved slightly in 2014-15. Growth rate for industry in 2014-15 was about 6% compared to 4.5% in 2013-14. Services sector growth was 10% in 2014-15 vis-à-vis 9% in 2013-14.

Huge decline in global commodity prices and continuing slack in the economy eased inflationary pressures progressively during 2014-15. The Brent crude, having reigned above 100 USD per barrel for four years, fell steeply from June 2014 onwards, ending up close to USD 45 per barrel by January 2015. An increase in non-OPEC supply coupled with OPEC decision not to cut production seem to have been the major factor in play.

Balance of payments improved during 2014-15 over the preceding year. Fall in trade deficit and marginal improvement in the net invisible earnings lowered the current account deficit (CAD). The CAD shrank to US\$ 27.5 billion in 2014-15 (1.3 per cent of GDP) from US\$ 32.4 billion (1.7 per cent of GDP) a year ago. India's exports as well as imports fell in 2014-15 compared to previous year. Global growth remains moderate affecting exports. Fall in oil prices reduced value of oil imports and hence, total import bill. India's trade deficit narrowed to US\$ 144.2 billion in 2014-15 from US\$ 147.6 billion in 2013-14. Portfolio and direct foreign investment flows to India were buoyant in 2014-15. Net foreign direct investment to India in 2014-15 was US\$ 36.6 billion while new portfolio inflows totalled US\$ 41 billion. There was an accretion to India's foreign exchange reserves to the tune of US\$ 61.4 billion in 2014-15 as compared with US\$ 15.5 billion in 2013-14. At the end of March 2015, the level of foreign exchange reserves stood at US\$ 341.6 billion. In contrast to volatility in the first half of 2013-14, Indian rupee remained range bound between 59 and 63 per dollar in 2014-15.

The Diesel prices were deregulated in October 2014. Falling prices and deregulation reduced the under-recovery burden. In addition to deregulation of diesel, the government pushed for direct transfer of subsidy to LPG consumers in a big way.

Petroleum product demand in the country increased by about 3% to reach about 165 MMT in 2014-15. The growth is mainly due to increase in Petrol, LPG and Diesel consumption. Petrol and LPG consumption increased by about 1.9 MMT and 1.7 MMT respectively, registering a growth rate of 11% and 10% respectively. Diesel consumption increased by about 1 MMT in 2013-14 recording a growth of 1.5% over 2013-14 volume. ATF consumption in the country increased only marginally by 1%. FO consumption fell for the seventh consecutive year. Naphtha and Bitumen consumption also declined during 2014-15.

### B. PERFORMANCE PROFILE

The Corporation has secured 'Excellent' rating in terms of the Memorandum of Understanding (MOU) signed with the Government of India for the year 2013-14 with an MOU score of 1.257.

For the year 2014-15, HPCL has achieved its highest ever profit after tax of ₹ 2,733 crore resulting in a significant increase in the earning per share to ₹ 80.72. The market capitalization of the corporation increased by ₹ 11,500 crore during the year and the corporation has proposed its highest ever dividend of ₹ 24.50 per share.

During the year 2014-15, interest costs came down by nearly 50% - from ₹ 1,336 crore to ₹ 707 crore. The borrowings were also substantially lower by 37% -. The average cost of borrowings were also significantly lower due to effective and proactive Treasury management, aided by the fall in the international prices of crude & petroleum products and timely receipt of compensation from the Govt of India.

HPCL also continued its distinction of getting "Nil Comments" from C&AG on its Annual Accounts.

The key performance parameters for the year 2014-15 are discussed below:

#### GROSS SALES

The Gross Sales of the Corporation (inclusive of excise duty) for the year ended 31st March, 2015 was ₹ 2,17,061 crore as compared to ₹ 2,32,276 crore in the previous year. The total sale of products (including exports) for 2014-15 was 31.95 Million Metric Tonnes (MMT) as against 30.96 MMT during 2013-14.



## Management Discussion & Analysis Report: 2014-15

### PROFIT BEFORE TAX

The Corporation has earned a Profit before Tax of ₹ 4,154 crore in 2014-15 as compared to ₹ 2,616 crore in 2013-14.

### PROVISION FOR TAXATION

An amount of ₹ 1,421 crore has been provided towards income tax for 2014-15 considering the applicable income tax rates as against ₹ 882 crore provided during 2013-14.

### PROFIT AFTER TAX

The Corporation has earned a Profit after Tax of ₹ 2,733 crore during the current financial year as compared to ₹ 1,734 crore in 2013-14.

### DEPRECIATION AND AMORTISATION

Depreciation for the year 2014-15 was ₹ 1,971 crore as against ₹ 2,188 crore for the year 2013-14. The depreciation expense for the year ended March 31, 2015 was lower due to the adoption of revised useful lives / residual values for fixed assets in line with the requirements of Schedule II of Companies Act, 2013.

### BORROWINGS

The borrowings of the Corporation were ₹ 20,335 crore as on 31st March, 2015 as compared to ₹ 32,165 crore as on 31st March, 2014. HPCL continued with the strategy of dependence on Foreign Currency loans. Leveraging the image of credit-worthiness of HPCL amongst international bankers and investors, ECB of US\$ 300 million was borrowed at very fine pricing and high cost loan of US\$ 400 million was refinanced at substantially lower cost. Revolving line of credit in US\$ was also effectively utilized to manage changes in fund requirement. The total debt to equity ratio stands at 1.27:1 as on 31st March, 2015 as against 2.14:1 as on 31st March, 2014.

### CAPITAL ASSETS

Net Fixed Assets (including Capital Work in Progress) increased from ₹ 30,498 crore as on 31st March, 2014 to ₹ 32,537 crore as on 31st March, 2015.

### INVESTMENTS

Investments as on 31st March, 2015 were ₹ 11,241 crore as compared to ₹ 10,860 crore as on 31st March, 2014.

### GROSS REFINING MARGINS (GRMs)

Gross Refining Margin of Mumbai Refinery averaged at US\$ 4.88 /bbl during the year as against US\$ 5.38 /bbl for the year 2013-14.

Gross refining margin of Visakh Refinery averaged at US\$ 1.12 /bbl during the year as against US\$ 1.50 /bbl for the year 2013-14.

The decline in Gross Refining Margins for the refineries was mainly due to inventory losses suffered as a result of decline in international crude prices. The price of Indian Basket of crude fluctuated from US\$ 104.5/bbl at the beginning of year to US\$ 53.6/bbl per barrel at the close of FY 2014-15.

### EARNING PER SHARE

Earnings per share for the current year increased to ₹ 80.72 as compared to ₹ 51.20 in 2013-14.

### DIVIDEND

Dividend of ₹ 24.50 per share has been proposed for the year 2014-15. The dividend would result in total pay-out of ₹ 999 crore, including Dividend Distribution Tax.



## Management Discussion & Analysis Report: 2014-15

### C. STRATEGY

#### VISION 2030

To prepare for the future challenges and leverage opportunities, an elaborate transformational process was undertaken to develop the Vision for 2030 for the organisation christened 'UDAAN 2030' which defined the Strategic objectives for all the businesses lines till 2030. The exercise involved looking at the discontinuities affecting the energy industry, drivers for growth and scenario building for identifying the shifts impacting fuels and develop the long term future direction of HPCL. UDAAN 2030 objectives translate into 6 strategic bets across Refining, Marketing, Petrochemicals, Natural Gas, Exploration & Production and Renewables. To enable achievement of the Strategic objectives, associated "Bold moves" and "Initiatives" were identified across time horizons and familiarity levels in line with best practices.

#### STRATEGY MANAGEMENT & IMPLEMENTATION OFFICE (SMIO)

To ensure implementation of strategic objectives, a central Strategy Management & Implementation Office (SMIO) has been set up which helps in aligning the Business Units to the Vision and enables execution of the identified bold moves and initiatives through a defined review and monitoring architecture. The SMIO is helping the Business Units to take ownership for execution and undertake actions for achieving the Short term and long term objectives.

This strategic initiative is expected to help the organisation achieve sustainable competitive advantage in the continuously changing market and business environment.

### D. REFINERIES

#### GLOBAL SCENARIO

World GDP grew by 2.6% in 2014 led by growth in Asia Pacific region & USA. After holding above the US\$100 per barrel mark for more than three years, since mid-June 2014 oil prices have declined by more than 50% (through mid-January 2015) when weak market fundamental finally outweighed geopolitical uncertainty. OPEC's decision at their late-November meeting to maintain the current production ceiling, exacerbated the decline.

In 2014 total crude oil production was 93.35 million barrels per day (mbpd) as compared to 91.33 mbpd in 2013 registering a growth of over 2 mbpd or 2.2%. This growth in production was led by USA & Canada, where oil production grew by 12.8% (1.8 mbpd). Global Oil demand in 2014 was 92.52 mbpd as compared to 91.84 mbpd in 2013 registering a growth 0.68 mbpd which was led by Asia Pacific region. The year 2014-15 witnessed the highest ever production of tight oil (shale) in the US which reduced its dependency on West African crude. This has also resulted in highest ever crude inventory build-up in USA.

Brent averaged at US\$ 109.63/bbl in first quarter of 2014-15, compared to US\$ 108.22/bbl in the previous quarter. The marginal rise was aided by continued tensions between Russia and Ukraine, supply outages in Libya and northern Iraq and stepped up crude buying by refiners as they came out of maintenance turnarounds. All these factors combined to offset the impact of seasonally weaker demand and market expectations for lifting of sanctions on Iranian exports. The first quarter in 2014-15 also witnessed Brent at a peak of US\$ 115/bbl in the wake of a bold military campaign by ISIS in Iraq and apparent build up in China's crude strategic reserve in April and May of 2014.

The crude prices fell by \$ 7.8/bbl during second quarter of 2014-15 and averaged at \$ 101.85/bbl. The Brent structure flipped from backwardation to contango witnessing a drop of over \$ 4/bbl every month owing to weak refinery demand, strong dollar index, slower US imports and rising Libyan exports. Brent fell by more than \$ 25/bbl during the third quarter of 2014-15, the highest fall since 2008 meltdown mainly due to OPEC's decision not to cut production which resulted in inventory build-up. As supplies piled up and weighed on oil prices Brent tumbled to below \$46/bbl in early January 2015, its lowest in nearly six years. The market rallied in late January 2015 on news of a steep drop in the US rig count and Brent averaged at \$ 53.97/bbl in the fourth quarter.

Singapore refining margins were subdued in Q1 of FY 2014-15 and closed at US\$ 6.03/bbl. The petroleum product demand remained subdued as the Asian major economies, China was experiencing slowdown in economy with surplus supplies in



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the region. The margins came under further pressure during Q2 and closed at US\$ 4.26/bbl due to poor middle distillates cracks. Effective Q3 margins improved and posted US\$ 7.31/bbl which showed further upward trend at end of the year and closed at US\$ 9.04/bbl due to lower crude prices.

Middle distillates were under pressure during 2014-15 due to ample supplies in Asia and limited demand. The cracks for Gasoil and Jet were lower in 2014-15 compared to previous year. The Gasoil crack fell to its lowest level since late March 2012. Middle distillates cracks showed no sign of recovery and stockpiles of Jet and Gasoil remained to be cleared which were built for Ramadan in the last week of June.

In comparison, Light distillates remained supported in Q1 with cracks for both Gasoline and Naphtha hitting their biggest gain in the last three years, owing to reduced supplies of the imported cargoes from Europe and healthy demand from the Far East Asian countries. Q2 saw Naphtha market remained bullish due to lesser volumes of LPG coming to the region as alternative petrochemical feedstock and surging demand in Europe for Naphtha as a Gasoline blending stock. However, Gasoline cracks saw a decline. Q3 saw Naphtha cracks coming under pressure due to more arbitrage volume coming to Asia as Europe had increased its operating rates for middle distillates to meet its domestic demand. Gasoline cracks dropped further in Q3 with expectation of lesser demand by Indonesia, the biggest buyer of the region on the news of elimination of subsidies in retail pricing by Indonesian Government. Both the cracks got support in the month of February 2015 due to strikes in US refineries and Chemical plants. The Naphtha market found support due to bad weather conditions in Europe, Mediterranean region and US leading to delay in arbitrage volume coming to Asia.

Fuel oil cracks remained heavily discounted to Crude Oil during April & May of 2014 due to huge western arbitrage volume coming to Singapore and weaker bunker demand. Decline in crude oil prices encouraged marine fuel demand and lesser western arbitrage volume coming into Asia leading to improvement on Fuel oil cracks in Q2 and showed a stronger upward trend after November 2014, after the sharp plunge in crude oil prices with OPEC deciding not to cut crude oil production. End of the year 2014-15, saw the continued upward trajectory of Fuel oil cracks due to tighter supplies and lower crude prices.

HPCL posted GRM of US\$ 2.04/bbl for Q1 of 2014-15. For period April – September 2014, the GRM was maintained at US \$ 2.09/bbl by minimizing inventory losses through innovative sourcing practice of delivered month pricing. Q3 witnessed steep fall in crude and product prices resulting in GRM of US \$ 1.04/bbl for the period April – December 2014. In Q4, the margins improved and we closed the financial year 2014-15 with an average GRM of US\$ 2.84/bbl.

### CRUDE OIL IMPORTS

HPCL uplifted 4.85 MMT of indigenous low sulphur crude oil (Mumbai High & Cambay Basin grade) in 2014-15. The increased allocation of Mumbai High crude improved HPCL refinery margins during 2014-15.

HPCL imported 11.30 MMT of crude oil in 2014-15. Lower imports were mainly due to higher upliftment of indigenous crude. The import requirement of 11.30 MMT was met mainly through term imports and spot purchases. Total high sulphur crude oil procurement of 8.84 MMT was done through term contracts from the Gulf region. Main suppliers included Saudi Arabia, United Arab Emirates and Iraq. Total imported low sulphur crude oil procurement amounted to 2.46 MMT, which was sourced through term and spot purchases.

The Free on Board (FOB) cost of imported crude oil amounted to US\$ 6917 million (₹ 42,231 crore) in 2014-15 as compared to US\$ 9,475 million (₹ 57,556 crore) in 2013-14. The average cost of crude oil imported in 2014-15 stood at US\$ 82.75 per barrel as compared to US\$ 106.79 per barrel in 2013-14 on account of lower crude oil prices. The average exchange rate was ₹ 61.05/ US\$ as compared to ₹ 60.75/ US\$ in 2013-14.

During 2014-15, when crude oil prices were falling very steeply, HPCL adopted an innovative approach for sourcing crude oil from spot market by procuring it on delivered month price basis thereby minimizing the impact of inventory losses.

The import of 11.30 MMT crude oil was through ocean transportation from Arabian Gulf, West Africa and Far East. All the term crude was transported by Shipping Corporation of India (SCI) under Contact of Affreightment (COA) with HPCL. For spot purchases of crude, vessels were chartered directly by HPCL. During 2014-15, HPCL chartered 56 vessels on



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voyage and time charter for LPG, LOBS, Crude, Clean Petroleum Product, Dirty Petroleum Product and Bulk Bitumen at competitive freight / charter hire through global enquiries. SCI also carried out coastal movement of 1.72 MMT indigenous crude for HPCL.

During 2014-15, crude shipping freight markets have been higher than the historical as per Baltic Dirty Tanker Index (BDTI) mainly due to increased demand, low crude prices and use of vessels for floating storages. Delays in loading of Basrah crude were observed from Khor-Al-Amaya terminal mainly on account of slow loading rate, bad weather condition and port congestion and from Basrah oil terminal on account of heavy port congestions.

To reduce overall crude procurement costs, HPCL continued chartering of Very Large Crude Carriers (VLCCs) for Low sulphur spot crude cargoes. During FY 2014-15, VLCC unloading in refinery tanks at Visakh was a challenge due to limited tankage availability. Commissioning of ISPRL with additional storage capacity would enable HPCL to optimize crude procurement and maximize freight benefit.

### PHYSICAL PERFORMANCE & INITIATIVES

During the year 2014-15, HPCL's refineries have maximized crude processing which enabled them to achieve a combined refining throughput of 16.18 MMT with a capacity utilization of 109% in spite of taking planned shutdowns. The refineries also achieved a highest ever combined distillate yield of 77.5% by improving yields of value added products.

The year 2014-15 marked a milestone in terms of compliance to auto fuel specifications for Euro IV High Speed Diesel (HSD) at both the refineries with the commissioning and sustained operation of Diesel Hydro Treater (DHT) units. The addition of the DHT units increased the complexity of the refineries and along with robust crude mix and operational strategy contributed to the highest ever production of high valued light and middle distillates. Production of Transportation fuels of Motor Spirit (MS) and High Speed Diesel (HSD) have seen an impressive growth from the previous year recording an all-time high production of 6 million tonnes of HSD and 2.7 million tonnes of MS. Focus on diversification of products to meet customer needs has led to introduction of VG-40 grade bitumen at both refineries. Additionally, Mumbai refinery is now producing three different grades of naphtha to cater to customer needs.

During the year, Mumbai refinery has recorded the best ever production of HSD (2512 TMT) and Spindle Oil (Group II - 9 TMT, 90 N - 6.4 TMT) through effective utilization of assets. By blending reformat sourced from domestic imports, Visakh Refinery was able to enhance production of Motor Spirit (MS), and has recorded the best ever production of MS (1451 TMT), HSD (3544 TMT) and LPG (429 TMT).

The newly commissioned Fluidised Catalytic Converter Unit (FCCU-2) of Mumbai Refinery has the capability to process feed stocks ranging from very light feed of 0.27wt% Continuous Catalytic Regeneration (CCR) to 4.2wt% CCR because of limited quantity of low sulphur residue available. During 2014-15, 60 TMT of Low Sulphur Heavy Stock (LSHS) which is a low value heavy stream was processed in FCCU-2 for producing value added products like MS, HSD and LPG resulting in an estimated saving of ₹ 30 crore.

Both the refineries have undertaken measures towards reduction of emissions on a continual basis ensuring environment protection. Initiatives to reduce Suspended Particulate Matter (SPM) and Sulphur emissions were undertaken by refineries through installation of Flue Gas Desulphurization (FGD) facility for treating Fluidized Catalyst Cracker (FCC) off-gases. All the FCC units are provided with flue gas desulphurization units, which provided both the refineries to have flexibility to enhance low value High Sulphur crude processing as well.

The energy conservation efforts have resulted in Mumbai refinery achieving Specific Energy Consumption of 79.7 MBTU/BBL/NRGF (Million British thermal units / Barrel / Nelson's refining gross factor) against MoU Excellent target of 82.0. Similarly, Visakh refinery has achieved the best ever Specific Energy Consumption of 82.7 MBTU/BBL/NRGF against MoU Excellent target of 84.0. The energy conservation measures undertaken by both refineries during the year 2014-15 have resulted in a savings of 18,832 SRFT/year (Standard Refinery Fuel Tonnage per year).

Operations at Visakh Refinery were impacted due to cyclone HUDHUD that hit east coast during October 2014 and as a precautionary measure refinery units were shut down. This has affected refinery crude throughput and production of



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

### ENHANCEMENT OF REFINERY CAPACITY

In order to comply with the future fuel emission requirements of BS V/VI, HPCL is planning to upgrade and enhance the refining capacity of Visakh refinery from existing 8.3 MMTPA to 15 MMTPA under "Visakh Refinery Modernization Project" (VRMP). The expansion project includes state of the art processing facilities and Bottom up gradation units for increasing the production of value added products. Mumbai refinery expansion is also planned from 6.5 MMTPA to 9.5 MMTPA by utilising the acquired adjacent Calico land. Public Hearing as a part of Environmental clearance has been conducted successfully for the Mumbai Refinery Expansion Project (MREP).

### INTEGRATED MARGIN MANAGEMENT

Conventionally, downstream companies have followed 'silo-based' margin management, where respective departments focus on managing processes within their realm. The downstream value chain in HPCL was managed by respective Business Units which were focused on SBU-specific metrics and performance management systems to drive efficiency and profitability of the respective SBUs. To realize this latent value, a single empowered group called Integrated Margin Management (IMM) was created with ultimate objective for maximizing Net Corporate Realization (NCR) across the crude to customer value chain.

Key cross-functional processes viz., Annual Planning, Monthly Planning and Retro-Analysis (Back-casting) were identified as the processes to be driven by IMM Group..

The IMM approach has helped in improving the cross-functional decision making across the organization. It has made the supply chain planning more streamlined with tight control on margins. All business units are now aligned to common objective of IMM for maximizing corporate realization. With segregation of planning the business units are now focused more on improving the physical operating metrics.

## E. MARKETING

HPCL continued its excellent marketing performance amidst rapidly changing market landscape with consistent thrust on competitive marketing strategies, optimal resource utilization, cost optimisation and innovative sales practices. The Corporation has registered a total product sales (including exports) of 31.95 million metric tonnes during 2014-15 vis-à-vis sales of 30.96 MMT during the preceding year. HPCL recorded a growth of 2.3% in domestic marketing sales vis-à-vis public sector Oil Marketing Company's (OMCs) growth of 2.2%. This excellent marketing performance has helped HPCL achieve a market share gain of 0.02% amongst PSU OMCs and exceed MoU targets. The individual performances of the Marketing Division SBUs are detailed in the sections below:

### RETAIL

Retail Strategic Business Unit (SBU) continues to occupy prime position as it accounts for almost 70% of HPCL's total market sales. The SBU's core philosophy of strategic network expansion and Service delivery process improvement continued to be the key thrust areas during 2014-15. Retail SBU achieved another stupendous performance this year too with a total retail sales volume of 21.4 MMT and in Total Motor Fuels (TMF) segment recorded a market share gain of 0.05% (in PSU category) for the 11th consecutive year. Despite stiff market challenges due to dismantling of the dual pricing in High Speed Diesel (HSD), Retail SBU achieved a market share gain of 0.04% in HSD sales.

During 2014-15, 380 new retail outlets were commissioned taking the total number to 13233 retail outlets and revived operations at 167 closed retail outlets which are expected to contribute incremental sales of 150 thousand kilo litres (TKL) in 2015-16. During the year, Retail SBU carried out modernization at a record 1200 retail outlets with an outlay of ₹ 234 crore, completed electrical safety audit at 4106 retail outlets and provided Retail Automation at 200 retail outlets taking the total number to 2309 automated retail outlets.



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To ensure outstanding customer and vehicle care, HPCL has about 1291 Club HP outlets and during 2014-15, 108 retail outlets were upgraded from Club HP outlets to “Club HP Star outlets” (premier category outlets). Over 15000 dealer men were covered through various training programs focusing on current business imperatives and behavioural changes for delivering the Club HP promise. Mass media along with outdoor campaigns were effectively utilised to communicate the brand promise under the theme Club HP – “Achcha Lagta Hai”. HPCL sells the highest quantity of Branded Fuels in the country. During 2014-15, the sales of Power (Branded petrol) were commenced at 1365 Retail Outlets taking the total number of outlets selling Power to 1463 and registering a sales of 49 TKL of Power during the year.

HPCL has built a profitable Non-Fuel business (Allied Retail Business - ARB) with a wide range of services and facilities for the customers including ATM facility, take away food counters, “C” Stores, vehicle accessories etc. at retail outlets through tie-ups with leading Banks, Food Brands & OEMs. During 2014-15, commissioned 103 new ATMs taking the total number to over 1600 ATMs at HPCL retail outlets. The ARB income realized was ₹ 68.4 crore with a growth of about 23% over the previous year. ARB continues to be a focus area for SBU as apart from enhancing the customer experience at retail outlets same also contributes significantly to non-fuel revenues.

Retail SBU has undertaken various customer centric initiatives during the year. Drive Track Plus, a flagship product under the Card based Loyalty Program of Retail SBU, is accepted at 5012 retail outlets and has built up a large customer base. It offers a combination of control, convenience, security and attractive rewards. This innovative payment device is designed for efficient management of fleet, through greater control over fuel consumption and operating costs. During 2014-15 Over the Counter (OTC) cards were launched under the branding of “My HPCL card” for single vehicle customers and Tatkal cards were launched for instant carding of customers. “HP Account Card” was launched for customers taking fuel from COMCO (Company Owned and Maintained by Company Officer) outlets and T&E (Training & Experimentation) stations and “Instafuel Card” was launched for corporate customers.

Good Fuel Promise, a Quality Assurance initiative has been given thrust through various initiatives. Check and Fill campaigns were regularly conducted during 2014-15 to invite customers to check the quality and quantity before fuelling their vehicles. Surveillance Audit of Club HP Outlets was conducted on regular basis through a 3rd party International Agency.

Retail SBU continued to focus on strategic initiatives to have competitive advantage. During 2014-15, Outlet Diagnostics and Monitoring Tool (ODMT) activity was completed at 1200 outlets taking the total number to 2621 ODMT enabled outlets. Standard Operating Practices (SOPs) enablement was completed at 545 retail outlets taking the total number to 5653 SOP enabled outlets and 3rd party audit was completed at 3250 SOP outlets.

After being Pioneers in technology enabled initiatives like Retail Automation and NANO (No Automation No Operation), HPCL has been innovating to find new ways to enhance efficiencies in business processes and connect with dealer channel and customers by leveraging technology.

HPCL has taken ‘Customer Connect’ in petro-retailing to the Next Level by introducing a Mobile Application for customers, particularly since majority of consumers of petro-products in retail segments also use mobile as a regular means of communication. Mobile Application is also seen as an effective mode to connect with technology friendly customers, particularly the one’s moving up the value chain like Gen Next and others. It has features like Retail outlet locator, Lube oil recommendation chart, Insurance and PUC Tracker etc. We plan to introduce several value-added services through this App in the near future.

HPCL has further leveraged technology by incorporating IT enabled initiatives like online e-Request For Disposal (e-RFD) for disposal of scrap, Pilot launch of Short Messaging Service (SMS) feature through retail automation system, scanning of 11600 lease agreements & capturing under e-repository of property documents under “Project Sangraha” and effective usage of Network Planning (NP) tool to validate potential at locations were rolled out during 2014-15. Other initiatives taken during the year include introduction of attractive loan policy for dealers to install Solar Power systems at retail outlets and revival of Vapour Recovery System at 418 retail Outlets.

Retail SBU Tied-up with SBI for providing working capital finance at attractive rates to over 540 retail outlet dealers under the e-Dealer Finance Scheme (e-DFS) scheme.





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Under “Swachh Bharat” campaign, 100% of the toilets at retail outlets were inspected during the year and 96% of these toilets were found in clean condition. A total 171 new toilets were constructed at retail outlets where the facility was not previously available.

### LPG

“HP GAS”, the HPCL brand of LPG, lights the kitchen in millions of Indian homes. During 2014-15 HPCL has achieved highest ever LPG sales volume of 4.7 MMT and registered a growth of 11% against PSU Industry growth of 10.6 % and gained a market share of 0.10%. LPG SBU increased its Leadership position in the highly competitive Non Domestic (ND) segment and achieved over 50% market share in ND Bulk for the first time.

During 2014-15, HP GAS has released 41.9 lakh new connections (highest in the Industry) and achieved a customer base of over 47.1 million domestic LPG consumers catered through a network of over 3961 LPG distributors as of March 2015. LPG SBU also commissioned highest number of LPG distributorships (159 regular and 366 RGGLV) during the year.

HPCL maintained leadership all throughout the PAHAL (Direct Benefit Transfer for LPG - DBTL) drive and became first in the Industry to achieve 80% Cash Transfer Compliant (CTC) across the country. An amount of ₹ 2,287 crores was transferred under PAHAL during the year with lowest failure rate of 0.78%.

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

As most of the accidents in domestic LPG installations occur due to lack of awareness on safety norms, special drive on safety clinics was carried out across the country. A total number of 12,004 safety clinics were conducted by the distributors and officers of the Corporation covering 8.48 lakh customers.

On the operations front significant achievement during 2014-15 has been the highest production of 4.28 million metric tonnes (MMT) at 46 LPG Bottling Plants with a record production rate of 1560 cylinders per hour. In other notable achievements, 15 LPG Plants achieved ISRS Certification and HP GAS was the first to reach Kashmir Valley within a week of normalization of floods in Jammu & Kashmir.

A new LPG plant was commissioned near Bangalore with the World’s largest 72 head flex speed carousel which is the first SIL Certified Plant in the Industry. Commissioned facility to connect Jetty no 12 to the existing Mangalore LPG Import Facility (MLIF) at Mangalore to receive Very Large Gas Carriers (VLGC) by having India’s largest LPG Marine unloading arms. The first VLGC at MLIF was unloaded on 15th August 2014. A Mounded storage facility with 3x650 MT and 8-bay Tank-Truck (TT) Gantry & New LPG Pump house was commissioned at Hubli LPG plant meeting all requirements of OISD-144. Completed largest mound of 6 x1400 MT storage at MLIF, Mangalore. Mahul - Uran LPG Pipeline was commissioned in December 2014. Commissioned Pump Control Valve (PCV) at Visakh and commenced simultaneous pumping operation to GAIL and new LPG plant from Visakh LPG Import Facility (VLIF), thus enhancing the evacuation in GAIL pipeline by approximately 15%. Pampore LPG Plant was revamped and brought back into operation post floods in less than 2 months. LPG SBU has also signed an MOU with M/s Aegis for setting up a LPG Import facility in Haldia.

Various new IT initiatives were launched by LPG SBU this year which include development of Revised Distributor evaluation tool, Aadhaar based inter-OMC De-duplication of Consumer data, development of Google Map Application to calculate RTKM for transport payment, expansion of Inter-company Distributor portability to 488 more districts covering 32 States/UTs, Transparency and consumer portal enhancements and unification, Installation of Carousel Monitoring System, development of a portal-based Reporting system to facilitate instant access to Q & Q parameters at the LPG Bottling Plants, Implementation of e-Samaharan : a seamless integrated process between the distributor, Distributor Consumer Management System and ERP system resulting in receipt of fund instantly.



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In keeping with the Corporation policy of highest safety standards Live Fire Training was conducted for employees, security staff and contract labour during the year.

### DIRECT SALES

Direct Sales business unit has two divisions viz. Lubes & Industrial & Consumer ( I&C ). Lubes business line caters to Lubricant and Greases requirement of industrial customers in both private and government sectors viz. power plants, chemical units, fertilizer companies and railways, state transport units, army etc. Lubes business line also manages lube sales through network of Lube Distributors catering to bazaar market and Lube CFAs catering to SME segments. I&C business line caters to bulk fuels, bitumen & specialties supplies to industrial customers in both private and government sectors as mentioned above. This unit is also involved in exports of bulk fuels and finished petroleum products.

### DIRECT SALES - LUBES

India is estimated to be the third largest lube market in the world after US and China, with share of 7% approx. of the total world's sales. During the year, the lube market size in India remained steady at approx. 2800 TMT, including Transformer and White Oils.

The Lubes business line recorded excellent sales during the year, resulting from aggressive business strategy adopted for both segments viz. Consumer Lubes and Retail Lubes.

During the year 2014-15, HPCL has recorded total Lube Sales of 477.9 TMT, thereby retaining the No 1 Lube marketer position in the country for the consecutive second year. Value added lubes also recorded excellent volume of 253.6 TMT with 16.4% growth over previous year with all channels viz. Distributor network, CFA network and Retail dealer network achieving highest ever volumes at 44 TMT (growth 10.2%), 78 TMT (growth 0.6%) and 45.7 TMT (growth: 4.0%) respectively.

HPCL is the largest producer of Base Oils in the country with capability of producing Group I and Group II / III Base Oils. The strength of own Base Oil production facility gives a great advantage to HPCL in terms of flexibility in manufacture of wide range of products.

The SBU retained its focus on Original Equipment Manufacturer (OEM) sector during the year, with consolidation of business at important OEMs including JCB India, Royal Enfield and Bajaj Auto along with renewed partnerships with reputed OEMs like Komatsu, San Engineering & SKF. A cornerstone for OEM business development was the close interactions between HPCL and R&D teams of various OEMs enabling MNC OEMs acknowledging HPCL's strengths and capabilities and opening the way for more partnerships in the coming years.

HPCL also rolled out and completed "Project LubTrek" at Lube Distributors across the country, developed on Tally platform with ERP interface. This is a Lube distributor billing software which is going to provide unified access of lube sales in bazaar market to HPCL for rolling out better customer centric schemes.

In order to meet the ever-evolving market requirements, Direct Sales (Lubes) SBU, expanded its lube product range during the year with launch of HP Racer 4 Skutex 10W 40 which is targeted at modern 4-stroke scooters. Special focus also was given to improve market share in hydraulic oil segments by promoting newly launched 26 Ltr pack for Enklo 68. New attractive coloured PET bottle introduced for Racer 4 in 1 Ltr pack, which is first of its kind pack in Oil industry. This pack has been awarded prestigious Golden Peacock Innovative product award 2015.

The R&D wing of the SBU continued its meticulous activities during the year, with development of new products like Moly based grease, chain compound etc. for various customers. One of the major achievements was multiple formulations approval from Defence for engine oils / gear oils with significant 8000 KL annual potential. The group also facilitated many approvals viz. Transformer oil with RDSO and BHEL, Gear oils with Flender Siemens MD Germany, Turbinol with Alstom Germany and many more. The R&D team presented papers at international and national seminars and conferences which were well received with positive peer reviews. Collaborative completed projects include engine test studies on "Nano catalyzed diesel fuels" project with NIT, Calicut.



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### DIRECT SALES - INDUSTRIAL & CONSUMER (I&C)

I&C business-line, which handles institutional sales of fuels, bitumen, naphtha and other bulk products consumed by industries, mining sector, construction, power plants, shipping, etc. achieved a volume of 3.98 MMT with sales growth of 2.8% during 2014-15.

Industry growth leadership position was achieved in MS and HSD with MS sales of 9.8 TMT with a growth of 26.2% and HSD sales of 822.1 TMT with a growth of 34.1%. I&C business line gained Market share in all major products, viz., HSD (0.35%), FO (1.41%), LSHS (0.85%) and Bitumen (0.04%). Focus on highly profitable marine bunker fuels sales resulted in excellent volume of 295.2 TMT with a growth of 17% over last year.

In an attempt to have closer business relationship with armed forces, HPCL commissioned 48 Kerb Side Pumps (KSPs) in J&K sector during 2014-15. HPCL also commissioned world's highest KSP at South Pullu at an altitude of 15300 feet on Leh-Khardunga road during the year.

Corporate tie ups with important I&C customer's viz. BGR Mining, Perkins, RIL, Madhucon, Techno Unique, Jindal group, Asian Paints etc. enabled major volume realization during 2014-15. New agreements include, MoU for one year with RIL for petrochemical grade naphtha supplies to RIL's Hazira and Dahej plants, with yearly sales potential of 240 TMT and Five years agreement with RIL for supply of Special Cut Naphtha (84 TMT p.a.) and LABFS-forward stream (360 TMT p.a.) to their Plant at Patalganga.

Commissioning of bitumen packaging plants, one near Mumbai refinery and two plants near Visakh refinery helped de-bottleneck refineries in evacuation of bitumen. New inland Packed Bitumen storage facilities at Bokaro, Bihta and Hubli, were commissioned during the year for evacuation of bitumen from refinery during slack monsoon season.

### AVIATION

Aviation SBU, provides fuelling services to the aviation industry through its vast network of Aviation Service Fuel stations (ASFs) covering all the major airports in India. HP Aviation fuelling service meets and exceeds the stringent International regulations for handling Jet fuel. During 2014-15, Aviation SBU has achieved Sales volume of 506 TMT with growth of 13.5% against PSU industry growth of 0.2% resulting in a Market share gain of 1.1%.

Aviation SBU is now supplying Jet Fuel to all the eight scheduled domestic airlines of the country, by restarting refuelling services to Indigo and commencing supply to Vistara, Air Asia and Go Air during the year.

Aviation SBU has been the preferred Jet Fuel supplier to the international carrier like FedEx, British Airways, Air France – KLM, Singapore Airlines, Malaysian Airlines, Air Mauritius, Tiger Airways, China Eastern, China Airline, Saudi Arabian Airlines, Oman Air, Gulf Air, Srilankan Airlines and Iran Air among other esteemed airlines. During the year 2014-15, the SBU added some more valued airlines like Turkish Airlines, Air Arabia, Fly Dubai etc. to the existing portfolio.

Infrastructure additions viz Trivandrum and Jammu fixed facility and strategic decisions like outsourcing operations at Santacruz and Palam ASF, new business agreements and renewals with existing/new airlines, strategic commercial partners etc. and entering into hospitality agreements with oil majors have contributed to the growth. Customer base was spread by addition of new corporates under the General Aviation segment. Unique payment solution in collaboration with HDFC Bank was leveraged. This enabled the SBU to register a sale of more than 50% of the total Non-Schedule segment sales on the cobranded card. Training programs were conducted by the Aviation group to enhance/impart various skill set to its officers/workmen. For the first time training on Quality Control and Aviation Fuel handling was provided to senior IAF officers at HPCL facilities. IT based initiative viz. rolling out of 'HP Aviation Credit check' application and Launch of online portal for HSE Index was completed during 2014-15.

The existing supply chain management of Jet Fuel was reviewed and new options were explored in product sourcing and transportation thereby bringing efficiency and optimizing the costs.

### NATURAL GAS

HPCL is geared up to position itself in full gas value chain starting from LNG sourcing from International market, building of regasification terminals, laying of cross country gas pipelines and finally gas marketing to be a major gas player in India.



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### LNG Regasification

HPCL has signed a Joint Venture Agreement with M/s Shapoorji Pallonji Port Pvt Ltd with 50:50 partnership to build a Liquefied Natural Gas (LNG) Terminal of 5 Million Metric Tonne Per Annum (MMTPA) capacity at Chhara Port in Gir Somnath District of Gujarat. The terminal will be built with an investment of ₹ 5400 crore. Target year for commissioning the terminal is 2019. Commissioning of this terminal would facilitate the corporation to source LNG for HPCL refineries and to market gas for customers connected through gas pipelines

### LNG Sourcing & Sales

HPCL is in active discussion with suppliers based in US, Qatar, Russia, Mozambique, Australia to source LNG for meeting the long term and mid-term requirements. HPCL had made arrangements for sourcing RLNG to meet captive requirement and marketing to downstream customers. HPCL commenced its maiden RLNG sales during 2014-15 with a volume of 10.87 million metric standard cubic meter (MMSCM). To map LNG demand of own Industrial customers, assessment has been carried out in the states of Andhra Pradesh, Telangana, Uttar Pradesh, Karnataka and Gujarat and also along the GIGL/GITL pipeline route. MoUs have been signed with Industrial customers covering power, fertilizer and steel sectors.

### Gas Pipeline Infrastructure

HPCL has 11% stake in two joint venture companies viz. GSPL India Gasnet Limited (GIGL) and GSPL India Transco Limited (GITL) to lay approximately 4000 KM gas pipeline. Other promoters in the JVC are GSPL, IOCL and BPCL. HPCL has acquired a right of transporting 1.5 MMTPA gas in initial years through these pipelines.

### City Gas Distribution Network

Presently HPCL is operating 22 CNG Stations in Ahmedabad city. Cumulative sales for Ahmedabad CNG was 9.6 TMT during 2014-15 with a growth of 395% over historical. HPCL participated in CGD bidding invited by PNGRB under Round 4 for 5 cities. However, HPCL could not succeed as lowest bidder. In 5th round of bidding, consortium of HPCL and APGDC (Andhra Pradesh Gas Distribution Corporation) has emerged as the successful entity for building City Gas Distribution (CGD) Network in East Godavari and West Godavari District in Andhra Pradesh.

### OPERATION & DISTRIBUTION

Operations & Distribution (O&D) is a key enabler of robust supply chain management to the Marketing SBUs. It provides unstinted support and innovative delivery logistical solutions resulting in enhanced customer satisfaction levels in both Retail and I&C businesses. HPCL has achieved a record market thrupt of 44.38 MMT during 2014-15 which played a key role in increasing market share. Timely and adequate delivery through optimization of resources remained a focus area. Enhanced Safety processes at POL installations enabled uninterrupted product supplies & improved service levels.

The year 2014-15 witnessed successful commissioning of state-of-art supply location at Tikrikalan , Delhi having a total tankage of 35 TKL, enhancing the infrastructure capability in the North of India. Patna Depot (Bihta), Kadapa, New Bokaro Terminal & Salawas Terminal were successfully commissioned and tankages at Kolkata Terminal commissioned after revamping. HPCL Commissioned Additional Tankages of 23.5 TKL at Paradeep terminal making it the Gateway for feeding POL depots at Balasore, Cuttack, Tatanagar and Dhanbad. During the year the Tank Truck Loading capacity has been enhanced by about 34 Lakh KL/ Shift/ year by addition of 58 tank truck loading bays at Kadapa, Bokaro, Bareilly and Lucknow. HPCL and IOCL signed an agreement for Common User Terminal at Nagpur which will result in synergy between Oil Marketing Companies (OMC) and optimize Infrastructure cost.

Technology aided processes viz Online Logistics Assistant (OLA) has been redesigned to suit changing market needs and the same has been registered for patenting. In an innovative approach to curb pilferage and malpractices, O&D has developed customized Electro-Mechanical Locking system having both mechanical key as well as electronic password and has been registered for Patent. Auto Indenting Application was formally launched at Vadodara Depot, enabling a proper inventory management system. Auto Load building was successfully piloted at Secunderabad terminal, bringing transparency in Load Building and enhancing customer service.



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The corporation places stress on environment protection and sustainability measures at oil installations and has taken steps for significant reduction in greenhouse gases (GHG) emissions at locations. A comprehensive energy & power quality audit was completed for 3 major terminals to recommend more efficient usage of energy. Kolkata Terminal became the first POL Terminal to obtain ISO 50001 certification on energy management. Strict monitoring of Specific energy & water consumption across locations achieved thru' sustained awareness building. Rain water harvesting at all major locations along with fresh water management has helped reduce water consumption significantly.

With a prime objective to achieve greater conversion efficiency and customer delight through timely delivery O&D SBU has been able to add value to the stakeholders and controlling Opex/Capex of the corporation. For achieving these objectives, de-bottlenecking through Process improvement using quick wins in man, machine & method related solutions and productivity enhancement techniques continued to be key area of O&D during the year. Project Utkrisht, the HR centric Change Management initiative achieved significant reduction of in-Process idle time and increase in productivity by 15% without any significant capex investments.

Capability building of employees remained a key thrust area for Operations & Distribution (O&D) group Officers and workmen were trained on Live Fire Simulation, Six Sigma, HSE and many more contemporary topics.

### MB Lal Committee Recommendations Implementation

During the year 100% compliance to Ministry targets have been achieved. The corporation has invested ₹ 709 crore towards safety enhancement through implementation of MB Lal Committee Recommendation at its various depots / terminal. New Initiatives viz state of the art integrated terminal automation system has been provided at Depots & Terminal and as part of the MB Lal Committee Recommendations Implementation Project, instrumented safety systems are being provided at 53 locations. Knowledge Management Centre has been setup under the Projects & Pipeline SBU focusing on Standardization of specifications, Developing Engineering manuals, online library of technical standards and organizing technical trainings for project officers.

### PIPELINES & PROJECTS

HPCL has laid special emphasis on acquiring high level of competency in managing the pipeline network effectively for maximizing revenue gains along with planning & development of a varied set of cross country product pipelines.

HPCL has a pipeline network of about 2500 kms. HPCL achieved remarkable successes on this front with a record combined pipeline throughput of 14.9 MMT during the financial year 2014-15. A significant achievement of the year was commissioning of two new pipelines (i) Awa – Salawas Pipeline (92 KM) during January 2015 much ahead of the target schedule of Nov 2015 (ii) Bahadurgarh-Tikrikalan Pipeline (14km), an extension of Cross Country Mundra-Delhi Pipeline for providing logistic support to the new green field Delhi Terminal.

New pipeline projects under progress include the Rewari-Kanpur Pipeline (442 KM), which is under advance stage of completion and. Mangalore –Hassan-Bangalore-Mysore LPG Pipeline (355 KM) which has achieved almost 80% completion as of Mar'15 and will give competitive edge in Logistics.

As a part of sustainability initiative, HPCL has installed solar power at SV Station in Jodhpur and Pali in Rajasthan to cater to both critical and non-critical loads at recently commissioned Awa Salawas Pipeline. Two Solar Voltaic (SV) stations have been installed with 7.2 Kw power panel each connected to incomer power supply.

## F. QUALITY ASSURANCE

In line with the directives of MOP&NG, HPCL has a dedicated Quality Assurance Cell, having officers posted at all the seven Zones and its functioning is independent of Refining and Marketing functions and directly reports to Human Resources Department. Quality Assurance (QA) Cell carries out surprise inspections covering Retail Outlets, SKO agencies, LPG Distributors, Depot-Terminals in compliance with the revised Marketing Discipline Guidelines (MDG) & HQO directives. The QA Cell acts as an important nodal agency for ensuring supply of quality and quantity of products from all supply sources, storage points, distributors and outlets to customers. QA Cell has been delivering consistent and best in industry performance during last 4 years. During 2014-15, QA Cell performance has again been the best among the Industry both



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in terms of absolute number of inspections carried out and also by each of the quality assurance parameters. QA Cell has carried out inspections of 3075 Retail Outlets, 139 SKO Agencies, 437 LPG Distributors, 15 O&D locations and 2 LPG plants during 2014-15. Establishment of such robust systems has enabled HPCL set high customer service benchmarks both for supply locations and channel partners and helped in strengthening key focus areas in line with the Vision of the company to provide high quality products and innovative services.

Quality Assurance remained a focal point in HPCL with the Quality Control (QC) wing under Direct Sales SBU ensuring continuous vigil on input materials and finished product quality by monitoring at every stage. One of the major achievements was obtaining approval from Directorate General of Aeronautical Quality Assurance (DGAQA) for Tikrikalan QC Laboratory. This is the first HPCL QC Lab which has been granted approval from this prestigious Aviation Regulatory body. BIS Certification of Mazagaon QC Lab was also obtained for Testing of Transformer Oils. To enhance day-to-day effectiveness at field level Regular Quality Control audits / inspections of Petroleum Products installations have been carried out. During the year, the new QC Lab at Jodhpur was made operational for testing HSD initially.

### G. HEALTH, SAFETY & ENVIRONMENT

HPCL continues to leverage workplace Health, Safety & Environment (HSE), including Sustainable Development (SD) as an ingredient of its business policies and strategic plans. Emphasis is given to make HSE an integral part of each and every business activity and build a HSE culture amongst internal and external stakeholders.

#### Health

HPCL focuses on achieving excellence in occupational and personal health of employees at all manufacturing sites as well as at its offices. With this objective, employee 'Wellness' program has been undertaken to improve and maintain employee health. HPCL has set up state-of-the-art Occupational Health Centres (OHC) at refinery locations. Besides emergency medical services, the OHCs also offer preventive & curative health services to its employees. These OHCs are equipped with state-of-the-art diagnostic and therapeutic equipment and are manned by qualified occupational health specialists. HPCL carries out extensive health, education and awareness sessions and diagnostic camps at all major locations. All HPCL employees undergo regular periodic medical examinations. The results are computerised and analysed to provide targeted interventions at the individual and group levels. The employees are also supported for hospitalisation by regular liaison and cashless admission facilities in pan-India hospitals.

#### Safety

HPCL is committed to provide a safe workplace to its employees and contractors and safety to the communities where it operates. During 2014-15, steps were taken to institutionalise Process Safety Management systems at Visakh refinery. HPCL believes that continuous learning and upgrading of systems and processes are indispensable for achieving best-in-industry status with respect to safety systems and culture. Recognizing that personnel competency is a key area to ensure safe and efficient operations, the focus at most of refinery sites and locations during the year was to enhance safety culture, contractor safety management, risk assessment and training. Surveillance audits and benchmarking were undertaken to strengthen HSE governance and compliance systems across all businesses and functions.

#### Environment

HPCL is committed to ensure environmentally sustainable operations to achieve highest standards of environmental excellence. The manufacturing divisions and marketing locations have implemented internationally accepted 'Environmental Management Systems' based on ISO-14001 Standards. HPCL, prioritises maintenance and performance of the assets with continual improvement programs. HPCL has set up the latest state of art pollution control facilities viz. effluent treatment plants, air emission control facilities and waste disposal facilities that are maintained and operated in line with the industrial best practices. Thus, HPCL's concerted efforts have resulted into compliance of all applicable environmental regulations.

HPCL, follows a comprehensive methodology, to evaluate its 'Environmental Impact Assessment' (EIA) studies, for each new and expansion projects. Towards, resource conservation efforts, both refining as well as marketing SBUs have undertaken 'Rain Water Harvesting' and 'Solar Energy' initiatives and have engaged into maximum possible use of water/ reuse of treated waste water and reduction of electricity consumption as well.



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### Sustainability Development

During 2014-15, HPCL published its 3rd Sustainability report with Application Level A+ of GRI G3.1 Guidelines, duly assured on AA1000 Sustainability assurance standards by an external agency. In the year, HPCL undertook Sustainable Development projects of Solar Panel Installations, Green Landscape, and Installation of Energy Monitoring Systems at various locations. A 33 KWp Grid-Interactive Solar PV Captive Plant was installed at a residential colony of HPCL in Mumbai. Total wind power generation from HPCL wind farms was 544 Lakh KWH. HPCL developed the Integrated Green belt and drip irrigation facilities at Visakh New White Oil Terminal. A pilot project for waste water recycling and treatment was undertaken using Plants with bioremediation capacity at two locations, with a cumulative capacity of 9 Kilo litres per day. In addition to already existing rainwater harvesting installations at 40 POL and 30 LPG locations, Rainwater harvesting project was executed at a residential colony of HPCL in Mumbai. 18 Pipeline locations are having solar powered installations. Around the year numerous workshops and training programs with internal and external stakeholders were conducted on business sustainability. During the current year 350 stakeholders including employees have been consulted through a structured process resulting in interaction with more than 1400 stakeholders and employees in the past three years.

HPCL has been at the forefront of sustainability and is a responsible corporate citizen. During 2014-15, HPCL undertook rating assessment based on Sustainability parameters at two locations, (1) A Lube manufacturing Plant and (2) An LPG bottling Plant. This was done by GreenCo under the aegis of Confederation of Indian Industries (CII). HPCL holds the distinguished achievement of becoming 1st PSU and 1st company in the oil & gas sector in the country to have undergone rating assessment in sustainability and to have been awarded with GreenCo Silver Rating for Silvassa location. Going forward, HPCL shall remain proactively engaged in business sustainability by building a climate change resilience strategy, thoroughly complemented with initiatives at ground level.

### H. EXPLORATION & PRODUCTION (E & P)

HPCL has mandated Prize Petroleum Company Ltd (PPCL) to participate in exploration and production of hydrocarbons. During 2011-12, PPCL became wholly owned subsidiary and upstream arm of HPCL. Further details on PPCL have been elaborated under the section "Joint Ventures & Subsidiaries".

### I. RENEWABLE ENERGY

HPCL has installed 50.5 MW windmills in Rajasthan and Maharashtra and another 50 MW is planned to be added for which bids have been received and are under technical evaluation. During the year 2014-15, HPCL achieved Wind energy Generation of 546 Lakh kWh and earned a revenue of ₹ 22.2 crore.

To enhance the Renewable portfolio and increase its footprints in Renewables, HPCL is also focussed on Solar Power projects and has undertaken a project to meet combined solar purchase obligation of POL/ LPG locations based in the state of Tamil Nadu and get Renewable Energy Certificate (REC).

### J. INFORMATION SYSTEMS

Information systems are being used to support all business processes of the Corporation. All business transactions are carried out in Enterprise Resource Planning (ERP) system & various applications bolt-on to the ERP system. Various other applications have been developed and are being used for providing decision support to the Management.

To enhance the competencies of employees to manage Information systems, a comprehensive training plan has been put in place. Over 2000 man days of training have been provided during the last year to the end users of the systems covering the functional and operational areas of the system.

A multitude of IT enabled solutions have been developed & implemented to help managers do their job effectively. ERP platform has made possible the development of real time interface to the IT enabled systems of HPCL's various business partners. Various new initiatives have been implemented and sustained efforts are underway to bring more of these to reality. In line with the "Digital India" initiative of the Government of India (GoI), new initiatives have been undertaken to help consumers transact easily and bring in better visibility of information to all stakeholders.



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### **DBTL (PAHAL) and related applications for LPG**

HPCL led the industry in developing the applications to facilitate the smooth roll out of the PAHAL initiative of Government of India (GoI) under very tight and strict timelines. A number of applications have been developed and implemented for the smooth and timely roll out of this major initiative.

### **My LPG Portal**

My LPG Portal was implemented in coordination with the industry. The effort for implementation of the site in local languages was led by HPCL, on behalf of the industry. Documenting the requirements, identifying the challenges, identifying a feasible solution, doing a Proof of Concept and getting the industry consensus on the solution and its implementation was achieved within a very tight timeframe. The site has been made available in 12 regional languages. This is the only website of any government or PSU entity which is available in 12 regional languages of India.

### **e-SV generation**

Development of the process for e-SV generation and e-collection process is currently underway. The process for e-collection has been developed and tested with the e-Gateway solution of banks. This solution has been developed in a generic manner so that the same can be plugged into any application which would require collection of monies from external stake holders. The payers have the option of paying through their net banking, credit/debit cards or account-to-account transfers.

### **e-procurement**

In house e-procurement system has been rolled out across the Corporation and is being used by various purchasing authorities in all SBUs and functions. The targets of e-procurement as laid down by Central Vigilance Commission (CVC) and MoP&NG have been achieved during the year. It ensures Data security with complete audit trail as well as conformance to CVC guidelines, complete integration with ERP system and results into improved cycle time from Purchase Requisition (PR) to Purchase Order (PO). HPCL is the only company among the major PSUs to have its own e-procurement platform.

### **e-Transportation Agreement**

As a pioneering initiative in the oil industry e-transportation agreement has been introduced which provides for generation/acceptance of electronic LOA, digital signing of Electronic Agreements with auto incorporation of transportation rates and Truck details from an e-procurement platform. Physical Stamp paper has been replaced with digital stamp duty by paying consolidated stamp duty and incorporating reference in each agreement. This initiative brings transparency, easy storage and retrieval of documents, less paper work and proper controls.

### **Business Intelligence**

Specific thrust has been given to Business Intelligence (BI) application to drive data literacy and support decision making process. The available analytics are ranging from volumes to value, revenue to cost, etc. Special dashboards have been developed for the Top Management to provide critical business insights. The analytics provide past trends as well as future projections covering lag as well as lead indicators.. BI has significantly begun to usher in a culture of data supported fact-based decision making in HPCL.

Portal Application for OGCF-2015 and Swachh Bharat monitoring

To capture the awareness campaigns carried out at POL locations and field offices, online portals 'OGCF -2015' and 'Swachh Bharat Abhiyan' were developed in quick time. The portals captured status of different activities at various levels with facility for uploading photographs and provided a mechanism to quickly capture developments for compilation and reporting.

### **Pricing toolkit**

Pricing toolkit for deregulated bulk products was introduced during 2014-15. To be in tune with the contemporary mobile platform, pricing tool kit also provides a mobile application of pricing information for Bulk products. Specifically for retail





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business, a mobile application has been developed through which the dealers can obtain the Retail Selling Price through sms on demand.

### **Integrated disbursement management system**

HPCL is using a centralized payment system through work flow for recording receipts, by building a library of the purchase orders and integrating image processing software to ERP system. The system captures the images of the vendor invoices at the source locations and enables quick payments at the disbursement locations. As the documents do not have to physically flow from source locations to the disbursement locations, thus the system ensures vendor satisfaction through speedy handling of payments. The system helps to significantly reduce the payment cycle times and provides for visibility of all documents related to the payments including the vendor documents in the ERP system itself.

### **Communication Infrastructure & Security**

HPCL has implemented 802.1 X IEEE standard access controls, which has given the capability to permit or deny network connectivity. After deployment of this mechanism every employee has to authenticate by using his Active Directory Secure (ADS) username and password to get network access into HPCL network. 802.1X authentication has enabled HPCL to secure its corporate network from unauthorized access.

Security of information systems continues to be a key consideration and HPCL has taken a number of steps to address this critical area. Security Operations Centre continuously monitors systems for any security related incidents. Identity management system has been implemented.

The IS Center at Hyderabad has received ISO 27001:2913 certification for information security management systems (ISMS). This is the first instance of any PSU in the Oil sector receiving the Certification for the Data Centre.

## **K. HUMAN RESOURCES**

The constantly evolving business landscape necessitates perpetual transformation of Human Resource (HR) priorities and approaches so as to be aligned to the short term and long term objectives of the corporation under TARGET SHIKHAR and UDAAN-2030. HPCL HR has promptly responded to the needs of business requirements through novel innovative HR Initiatives.

“Employee Connect” has been the major theme of HR during 2014-15 with the objective to enhance Employee engagement and reach out to the families of the employees for building a stronger bond within employees.

Excellence in performance has been a key to HPCL’s philosophy of developing capability of workforce and talent management. A major development in this direction is introduction of a much more robust, objective and contemporary performance management process christened HP PACE.

The focus on enhanced engagement levels of the young talent and making the newer members to imbibe the strong values remains for the Corporation.

### **LEADERSHIP DEVELOPMENT**

Project Akshaypath is a leadership development initiative, conceptualized and implemented in-house through a structured process of leadership development with an objective of robust succession planning. Under this initiative executive coaching is being provided to the participants focused on leadership development inputs on ‘one on one’ basis including feedback based on the various psychometric tools, 360 degree feedback on Emotional & Social competency inventory. The participants are required to engage with their teams on the basis of these inputs to leverage this understanding for effectiveness of the team functioning. Each participant has also taken up a project with focus on innovation in her/ his area.

### **CAPABILITY BUILDING**

Capability Building Department continually endeavours to create values by enhancing competencies to achieve the short term and long term strategic objectives. During the year, Capability Building Department focussed on strengthening the leadership pipeline, undertook initiatives to enhance HP FIRST Values. During the year, 31000 man days training was imparted to officers which translated into 5.86 man-days of training per Officer.



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A full time M-Tech program in Chemical Engineering was designed in collaboration with IIT Bombay to develop technical expertise for Refinery Officers, while a one year part time program was designed in collaboration with NITIE to cater to the Project Management competency development. HPCL also partnered with various reputed Business Schools like TISS, IIMs, etc. for programs aligned to its business requirements and employees were encouraged to pursue learning through these programs.

A state of the art “e-learning centre” was established at HP’s Management Development Institute (MDI) at Nigdi which helped trainee participants leverage the e-learning resources.

### **Certified Petroleum Manager Program**

A Certified Petroleum Manager Program is being conducted to provide right mix of technical, functional, managerial and behavioural competencies and harness the full potential of young officers. During 2014-15, the program has been conducted for the first batch of officers and program for the second batch of officers is underway.

### **MBA (Oil & Gas)**

Through University of Petroleum and Energy Studies, Dehradun, a MBA (Oil & Gas) Program was started for the officers who have completed Certified Petroleum Management Program. Module I and II of this MBA batch was organized during 2014-15.

### **Project Uthaan**

A week long development program for employees promoted to clerical cadres from workmen category is organized to hone their skills and to ensure a smooth transition of their work profile. During 2014-15, 7 such programs covering 140 employees were organized.

### **Project Sankalp (Operation and Distribution)**

Project Sankalp initiative is directed towards development of safety related technical and behavioral competency framework for non-management employees in O&D locations. During 2014-15, Phase III was rolled out and the analysis of the scores during reassessment showed an increase in safety co-efficient.

### **Ji Haan Samarth and Samvad (LPG SBU)**

“Ji Haan Samarth” program has been designed to traverse the course of a day in the life of LPG Deliverymen and aims to equip them with the requisite skills, knowledge and attitude to perform job and to succeed in their various roles. “Samvad” program aims to sensitize the customer service cell staff of LPG Distributors on various types of customers and equip them with skills to handle grievances in an effective manner. The ultimate objective of both programs is to give HP GAS customers a unique and differentiated customer experience. During 2014-15, 8097 Delivery Men were trained through 251 Ji haan Samarth programs and 2714 Customer Service Cell Staff through 66 Samvad Programs.

### **Sada Aap Ke Liye (SAKL)SOP (Retail SBU)**

Sada Aap ke Liye SOP is a training initiative for forecourt sales men(FSM) of retail outlets. A total of 3505 FSMs were trained during 2014-15. HR trainers for the initiative SAKL SOP have made 602 audits at retail outlets across India.

## **INNOVATION**

A Business Symposium on Innovation was organized during November 2014 which was the first of its kind in the industry. The intent of this two day symposium was to explore the world of innovation and share innovative practices. The symposium was structured in the form of keynote address, panel discussions and paper presentations. Papers were invited on the themes of ‘HR Practices for Promoting Innovation’, ‘Process Innovation’, ‘Service Innovation’ and ‘Product Innovation’. Representatives from over 30 Organizations including Reliance, McKinsey, Accenture, HDFC, ICICI, IOCL, AAI, LIC, SAIL, Thermax, Blue Star, Hinduja Group, etc. participated in the Symposium. HPCL is now poised to provide support to large number of organizations for promoting innovation.



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### TALENT SOURCING AND ACQUISITION

#### Talent Sourcing

During the year, Talent Sourcing department took significant steps in harnessing technology to reduce lead time and bring about enhanced transparency in the recruitment processes. For the first time, Computer Based Test (CBT) was conducted successfully in two phases across 63 centres in 22 states.

#### 'Samavesh' (Induction Program)

Newly recruited officers were inducted through specially designed program called 'Samavesh' which has been specially designed to culturally integrate the aspirations of officers with the Corporate Objectives. In this unique way of inducting new officers helps them to "Learn" better about the Organization, "Grow" as an individual and professional, and "Lead" on the path towards Organizational excellence. The Samavesh program has 5 phases and each phase has been designed with a specific purpose to help the Officer Trainees understand the Organization, Self, Jobs performed in the Organization, Competencies required to perform job better and their Role in achieving Organizational excellence.

### PERFORMANCE MANAGEMENT

#### Performance Appraisal System

Existing Performance Management process was revisited and it was envisaged to make the goal setting process more robust keeping in view the Strategic Objectives of each Business unit (BU). Towards bringing about objectivity in the appraisal process, "Relative Assessment" was introduced to enable fine grained distinctions regarding performances of various officers.

### REWARDS & RECOGNITION

To promote 'Culture of Appreciation' specific categories were introduced in the Outstanding Achievement Award during the year. 538 officers were nominated and 52 officers finally selected under the 'Best of Best' and the 'Best' Categories. Under the 'You have done Well' category 37 officers were recognised and under the 'Spot the Brilliance' Scheme 11 officers were felicitated. Special Commendation Awards were presented to those Officers who showed unprecedented mettle and unwavering commitment in sustaining the supplies during the Jammu Kashmir floods and the Hudhud cyclone in Vishakhapatnam.

### IMPROVEMENT IN INDUSTRIAL HARMONY

HPCL maintained its thrust for maintaining industrial harmony which, it believes, is a pre-requisite for sustainable growth. The focus was to further build on positive employee relations through increased communication, employee engagement initiatives and employee wellbeing. The Unions and workmen demonstrated their commitment to achieve organisational objectives through partnering in the various processes which resulted in increase in productivity, optimum deployment of human capital and commissioning of new Units/ rationalisation of Shifts across SBUs.

With the excellent cooperation from non-management employees and the Unions, various projects viz. Project Utkarsh in LPG, Project Utkrisht in O&D etc. has yielded substantial increase in Productivity.

Settlements were signed with various Unions in Mktg. Division, Mumbai Refinery and Visakh Refinery in the areas of Productivity Enhancement, Outsourcing/ Closure of Operations, Redeployment etc. which truly reflect high performance work culture in the Corporation.

Industrial Relations (IR) Council consisting of senior management from Business & HR and senior office bearers from each of the Unions operating in the Corporation, deliberated on various issues pertaining to future challenges of the Corporation and came out with meaningful suggestions. The then Working President of Hindustan Petroleum Karamchari Union, Mumbai was awarded with Shri Raja Kulkarni Samman for promoting industrial harmony in the Corporation on June 21, 2014. During the year, with an objective to enhance the leadership capabilities of Union Representatives, 2 programmes on Leadership Development were conducted.



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A new training initiative titled “Prerna” was designed to develop awareness among Contract Workmen regarding various aspects of their functioning. 28 such programmes were conducted during 2014-15.

### EMPLOYEE ENGAGEMENT INITIATIVES

Employee connect has been the theme of the year. In line with same several outdoor activities such as visits to heritage locations, science centres, movie screening, career guidance workshops for the employee’s children etc. have been organized across locations.

### YUVANTAGE

It is a unique Youth engagement initiative at HPCL, aimed at holistic development of youth (below 35years) and spreads across the length and breadth of the country towards ensuring the organizational excellence. First of its kind, it was conceived with the objective of developing youth into multi-faceted personalities keeping the 3Es in mind - energise, engage & enhance the youth. As a part of Yuvantage, “The Youth carnival” – the biggest ever youth meet was organized during Sept’14. More than 250 officers participated in the event.

### Gyanjyoti

Gyanjyoti is a two day training program for workmen to ensure 100% IT literacy. The train the trainer workshop has been conducted in January 2015 and February 2015 and the sessions for the stakeholders will commence from April 2015 onwards.

### Shapath

In order to ensure commitment to increase the safety quotient across all the LPG Plants, Project Shapath was rolled out in August 2014. Competency frameworks were developed and Technical Competency Test and Behavioural Competency Assessment was conducted across all LPG plants during November 2014.

### PRODUCTIVITY ENHANCEMENT INITIATIVES

#### Project Utkarsh

Project Utkarsh is a longitudinal and integrated initiative jointly designed by HR & LPG Strategic business unit. This initiative aims at bringing about significant productivity improvements by fostering collaboration, building ownership, imparting knowledge and skills to enable the employees especially workmen to achieve excellence in a consistent manner.

### OTHER INITIATIVES:

#### Swachh Bharat Abhiyan

Swachh Bharat Abhiyan is a national campaign by the Government of India which aims to accomplish the vision of ‘Clean India’ by 2nd October 2019, the 150th birthday of Mahatma Gandhi. HPCL, as part of Swachh Bharat Abhiyan has taken various initiatives under CSR ensuring that clean environment is created and maintained in all its business units as well as in community at large.

The following are the major initiatives taken under Swachh Bharat Abhiyan at HPCL:

- ❖ Multiple activities including cleanliness drive, walkathon, school functions, and community based activities were conducted by employees of the corporation in collaboration with various agencies
- ❖ Annual and Five year Plan developed for activities under Swachh Bharat Abhiyan.
- ❖ Construction of toilets in schools in states of Assam, Andhra Pradesh, Bihar, Chhattisgarh and Odisha have been initiated and are to be completed by June 30, 2015.
- ❖ Shram Daan initiatives have been taken by HPCL locations which involved cleaning of the unit premises, cleanliness drives in neighbouring communities, walkathons, street plays, competitions, school based activities etc. this involved large number of employees of the corporation in the task of cleaning the surroundings and generating awareness.



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- ❖ Initiated task of adoption of Urban Slum in Mumbai to maintain its cleanliness and sensitize citizens on sanitation practices.

The Corporation coordinated with the Ministry of HRD and the Ministry of PNG for construction of 1205 school toilets in Assam, Bihar and Chhattisgarh under Prime Minister Swachh Bharat Vidyalaya/ Abhiyan. 79 toilets in Government schools were constructed during the year.

### SC/ST Welfare & Liaison

During the year, the Corporation undertook various welfare/development activities under the SC/ST/OBC component plan which included organising health camps, eye check-up camps and distribution of spectacles, distribution of books and provision of free drinking water facility. In order to adequately represent the cause of employees belonging to OBC-NC category, an All India HP OBC Association was formed during the year.

The interview panels for recruitment to various positions were also re-drawn to include members belonging to OBC-NC category and women employees apart from the SC/ST and Minority members.

### Implementation of PWD's Act

HPCL is ensuring compliance of Presidential Directives with respect to recruitment of Persons with Disabilities (PWD's). 3% of the total vacancies are reserved for Persons with Disabilities and separate rosters are maintained for the same. During the year, the Corporation has recruited 10 PWD candidates in various streams.

### OVERVIEW OF SPORTS ACTIVITIES AT HPCL

HPCL gives a major impetus on Sports Promotion. During 2014-15, HPCL organized three internal tournaments for the employees viz. All India Inter Unit, Indoor Games Tournament (Badminton, Bridge, Carrom, Chess & Table Tennis), All India Inter Unit Cricket Tournament and All India Annual Sports Meet (Athletics, Track & Field Events). HPCL hosted XXXV Petroleum Sector Sports Promotion Board (PSPB) Carrom Tournament at Mumbai during July 2014 and XX PSPB Veterans Cricket Tournament at Indore during December 2014.

HPCL takes promising and deserving boys/girls on Contract/ Scholarship basis and gives them financial assistance to help them grow to the International standards. Many of the players have performed at National & International level.

HPCL participated in 11 Sports disciplines in PSPB tournaments viz. Athletics, Badminton, Bridge, Carrom, Chess, Cricket, Football, Golf, Table Tennis, Tennis, and Veterans Cricket and performed exceptionally well. Team HPCL finished Runner up in Team Championships as well as Track & Field events in the PSPB Athletic Meet held at Goa. Team HPCL finished First Runner up each in Men Category & Women Category in PSPB Carrom Tournament held at Mumbai. Team HPCL was Second Runner up in the PSPB Veterans Cricket held at Indore and PSPB Football Tournament held at Guwahati.

HPCL Team also participated in 4 Sports disciplines in the All Indian Public Sector Sports Promotion Board (AIPSSPB) Tournaments viz. Athletics, Badminton, Carrom, Chess and Cricket. Team HPCL finished First Runner up in Track & Field events in the AIPSSPB Athletic Meet held at New Delhi. Team HPCL was ended up as Runner-up in the AIPSSPB Cricket Tournament held at Mumbai.

### L. RIGHT TO INFORMATION (RTI)

HPCL has a dedicated and well-structured set-up for handling RTI applications and Public grievances. The revised Citizens'/Clients' charter (CCC) was developed in line with the guidelines of Department of Administrative Reforms and Public Grievances (DARPG). Vulnerability Assessment and Penetration Testing (VAPT) security audit was also conducted successfully for the website.

### M. CORPORATE SOCIAL RESPONSIBILITY

HPCL believes business and society are interdependent and success of one depends on the progress of other. Intervention models which have the potential to sustain its outcomes and create a long-term impact on not only the beneficiary, but also on the root social factors, are given utmost support and encouragement. Initiatives of the corporation are broadly



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classified under Focus Areas: Child-Care and Education, Health Care, Skill Development, Environment and Community Development. Interventions in these areas make a meaningful and long-term impact on the community.

The CSR policy of the Corporation was formulated in line with Companies Act 2013. During 2014-15 ₹ 34.03 crore was spent on various CSR activities with emphasis on Child Care, Education, Healthcare and Skill development. The Corporation provided 100 days skill development programs for 136 youths under project Swavalamban in partnership with CII. In addition to the above, field activities were also carried out by HPCL employees on Community Development and Environment.

Senior Officials in HPCL have been associated with CSR major projects and driven the same in impactful manner. Field Officers of the corporation has taken several CSR activities in the vicinity of HPCL business units with the aim to development of host communities. Employees also participated in voluntary activities for the development of less privileged communities.

### CHILD CARE AND EDUCATION

#### Nanhi Kali

HPCL's initiatives in the field of education have been manifold with a large impact on various sections of society. Project Nanhi Kali encourages girl child education and is building gender equality among communities in remote rural areas. The efforts are made to bring first generation learners from remotely located tribal villages to the fold of mainstream education. The social barriers of education for girls are removed through constant engagement at family and village level and a support network for girl child is created which enables her to start and continue her education. 10052 Girls from Sheopur (Madhya Pradesh), Araku (Andhra Pradesh), and Gavanpada (Mumbai) were supported during the year 2014-15.

#### Akshaya Patra

Through Project Akshaya Patra HPCL is bridging the gap by providing hygienic and nutritious food to students of schools at Visakhapatnam. The intervention through this program has resulted in higher enrolments and negligible drop-outs from schools. 5000 children have been provided Mid-Day Meals in Visakhapatnam, Andhra Pradesh in the vicinity of Visakh Refinery of HPCL.

#### Unnati

In today's scenario where e-literacy has become as important as literacy itself, HPCL too, has partnered with specialized agencies to provide computer awareness and basic education to first generation computer learners of Class VI to Class IX in semi-urban and rural areas under Project Unnati. Beyond just providing classroom-teaching, the sustainability of the project is also ensures by following the "Training the Trainer" Model wherein the school teachers are also trained. Further, a well-equipped computer lab is established at each of these schools where training is imparted, to ensure continued practice for the students. 4100 students in the rural and semi urban schools have been trained in basic computers in the year 2014-15.

#### ADAPT

Self-dependency in all aspects of lives of Children with Special Needs (CwSN) is the objective of ADAPT. The critical importance of inclusion of CwSN through state of art therapies and special education facilities are taken care by HPCL through project ADAPT. 300 Children across the city of Mumbai were provided support in an inclusive environment to bring equality to the lives of Persons with Disability.

### HEALTH CARE

#### HPCL has undertaken following initiatives in the area of Healthcare:

##### Dil without Bill

The costly treatment of heart problems have taken lives of those who could not afford it. Project Dil without Bill supported those who could not afford Heart Surgeries through their means. For them surgeries are performed free of Cost at Sai Heart Hospital supported by HPCL. 375 People have been supported under Dil without Bill in 2014-15.



## Management Discussion & Analysis Report: 2014-15

### Suraksha

Truckers occupation put them at risk on many health issues including HIV/AIDS. The Khushi Clinics apart from providing basic medical facilities which are scanty at the highways, also provide AIDS awareness, STI treatment, social marketing of condoms, counselling, etc. to ensure the health and well-being of the truckers. The interventions through the Khushi Clinics under project Suraksha set up at 7 retail outlets on the highways has been but an obvious and a rational engagement.

### Rural Health

To address the critical situation of health requirements and to provide basic medical facilities to people in need at remote rural areas and far flung villages, HPCL CSR in partnership with ground-level NGOs are running seven Mobile Medical Vans in states of Odisha, Bihar, Rajasthan, Maharashtra, Jammu & Kashmir, Andhra Pradesh and Jharkhand. These vans provided basic medical attention to rural populace in approx. 175 villages.

### Sushrut hospital

To respond to problems of prevailing Health Infrastructure, Sushrut hospital a multispecialty hospital and charity institute at Chembur, Mumbai is being supported by HPCL. The hospital has been providing medical care to the people in the vicinity since long.

### SKILL DEVELOPMENT

A number of students in the country drop out from regular education for various compelling reasons which narrows their livelihood option in later part of their lives and they remain unskilled and earn very little daily wages. At the same time there is a diverse labour demand in the country requiring various skills. It is in line with these demands of employment as well as skills, the diverse training in skills like electrical, welding, hospitality, driving, tailoring, beautician course, etc. are identified and imparted to underprivileged youth in these areas through the Swavalamban program.

### DEVELOPMENT OF SC/ST COMMUNITIES

CSR initiatives at HPCL has taken specific efforts for the development of economically and socially backward communities. A number of initiatives have been taken during the year for the development and empowerment of SCs, and STs and towards women empowerment. The long term projects specifically focus on people from SC/ST Communities and efforts for the benefit to the socially marginalized groups. A large of community development initiatives were undertaken by the field level employees of the corporation for the development of SC, ST, OBC and Minority communities. Approximately 45% of expenditure other than on Swachh Vidyalaya Abhiyan was made on Development of SC/ST Communities pan India.

### WELFARE

HPCL as a responsible corporate citizen undertakes various activities for the welfare of the weaker sections including the Differently abled Persons. During 2014-15, HPCL has spent an amount of approx. ₹ 154.46 lakh towards various projects and activities taken up for upliftment, self – sustenance and education of the differently abled persons. Further, an amount of ₹ 9.32 lakh was disbursed towards scholarships to 199 meritorious differently abled students identified from communities from adjoining business locations of HPCL. In addition, various one time initiatives were undertaken at strategic business locations in the areas of Social / Community development, education, etc. for people with special needs at an approximate expenditure of ₹ 59.95 lakh.

## N. OFFICIAL LANGUAGE IMPLEMENTATION

Office Language Implementation (OLI) has been given the utmost importance in the Corporation. To promote implementation of Official Language with the spirit of persuasion and motivation, various new initiatives like Rajbhasha Aapki vayavsayik sahyogi, Rajbhasha – Aapke dwar, Hindi e-mail Abhiyaan, Gennext Aur Hindi programs like Hindi Pakhwada, Hindi Officers Annual/Review Meets, Hindi workshops, Hindi Coordinators Conferences, Zonal OL Conferences were organised.

HPCL also bagged various prestigious awards in the field of Official Language Implementation during year 2014-15.



## Management Discussion & Analysis Report: 2014-15

### O. AWARDS RECEIVED

1. "16th Fastest Growing Energy Company in Asia" adjudged by PLATTS
2. "100 Most Valuable Brands, 2014" award to HP GAS for the second consecutive year
3. "National Energy Conservation Award (First prize)" in the Refinery Sector for the year 2014
4. "SCOPE" award in Human Resource category for Project Utkarsh – a project for improving operational performance
5. "Global Award on Innovation Management" by Golden Peacock for Online logistics assistance, Electro Mechanical Locking, Online Zero Based Budgeting and other IT initiatives in POL operations and distribution
6. "Petrofed Oil & Gas Pipeline Transportation Company" of the year 2013 for transportation of POL products
7. "12th National Award for Excellence in Cost Management for the year 2013-14" under the category "Public Manufacturing Organization – Large".
8. "Best Public Sector Initiative" for Petro Retailing in Rural Markets and "Best Initiative for Community Awareness" for raising public consciousness towards Oil Conservation through innovative awareness campaigns at Asia Social Innovation Excellence Awards
9. "Greentech Gold Award" for Outstanding Achievement in Best HR Strategy by Greentech Foundation for Innovation in Employee Retention Strategies
10. "Golden Peacock Award 2015" in Innovative Product/ Service category for aesthetic Polyethylene Terephthalate (PET) Lubricant container
11. "Golden Peacock HR Excellence Award" for the year 2014
12. "Indira Gandhi Rajbhasha Puraskar" for the Seventh consecutive year for best official language implementation among Public Sector Enterprises in India for outstanding achievements of the Corporation in the realm of Official Language Implementation in 'B region'
13. OISD Award for (a) Best Safety Practices in POL Marketing and (b) Best Safety Practices in Cross Country Pipeline for the 5th consecutive year.
14. "FICCI Award on Sustainability and Excellence" in Safety for HSE Innovations viz. near Miss Reporting, HSE Index, Management of Change (MOC) and Safety integrity Level (SIL) etc.
15. "Excellence in practice" award by American Society for Training & Development (ASTD) for Project Utkarsh – a project for improving operational performance
16. Silvassa Lube Blending Plant achieved the distinction of becoming the First in Indian Petroleum Industry and also the First Public Sector Unit in India to get the "GreenCo Silver Rating"
17. "Greentech Environment Award 2015" in Silver Category in Petroleum Storage & Transportation Sector awarded to Loni, Usar & Goa POL locations
18. National Safety Council Of India (NSCI) Safety Award 2014 (Bronze) to Mundra Delhi Pipeline (MDPL, RBPL, RBhPL) in recognition of development and implementation of highly effective management systems and procedures in the Manufacturing Sector category.
19. "Golden Peacock Award" for Productivity enhancement initiatives to O&D.
20. "British Safety Council International Safety Award 2014" for Mundra-Delhi Pipeline in Merit Grade.
21. Kolkata Terminal achieved the distinction of becoming the First POL Installation in the country with ISRS Level 8 Certification.





## Management Discussion & Analysis Report: 2014-15

22. "Zero Accident Frequency Award" to Mazagaon Terminal by National Safety Council, Maharashtra.
23. "Golden Peacock Award" for 'Project Sankalp' under Occupational Health & Safety Category
24. "Golden Peacock National Training Award" to Visakh-Vijayawada-Secunderabad Pipeline (VVSP) for best training practices imbibed in Pipeline Operations
25. "Silver Medal" awarded to the CSR initiative – "Nanhi Kali" in the 1st Madan Mohan Malviya Awards for Best CSR Practices in Education during 2014
26. "Bronze Medal" to Silvassa Lube Blending Plant in the Chemical Sector in National Awards for Manufacturing Competitiveness for 2013-14
27. Petroleum Rajbhasha Shield awarded for best Rajbhasha implementation in organization
28. "FICCI Award 2013" for Mundra-Delhi Pipeline for commendable work for changing public perception.
29. "Best Supplier award" by M/s Gabriel India Ltd as a recognition of quality of service and products
30. Greentech Platinum Award at "13th Annual Greentech Safety Awards 2014" to Operations & Distribution SBU for Fire & Safety management
31. "Organization for a Globalized ultra-competitive world" award by All India Management Association (AIMA)
32. "Excellence in developing leaders of tomorrow" award by Society for Human Resource Management (SRHM)

### P. CORPORATE GOVERNANCE

A separate segment on Corporate Governance forms part of the Annual Report. However, it would be relevant to point out here that the Corporation is giving utmost importance to compliance with Corporate Governance requirements including compliance of regulations, transparent management processes, and adherence to both internal and external value norms and has implemented a robust grievance redressal mechanism.

### Q. INTEGRITY PACT

The Corporation has complied with "Integrity Pact" (IP) to enhance ethics/ transparency in the process of awarding contracts. An MOU has been signed with "Transparency International" on July 13th, 2007. HPCL has implemented the Integrity Pact with effect from September 1st 2007. The Integrity Pact has now become an integral part of procurement process for all tenders above ₹ 1.0 crore.

### R. RISK MANAGEMENT

HPCL has put in place a properly defined Risk Management framework. This system is implemented as an integral part of business processes across the entire HPCL's operations and includes recording, monitoring and controlling internal enterprise business risks and addressing them through informed and objective strategies. The Company has engaged the services of independent experts to facilitate the detailed exercise and ensuring the effectiveness by adopting best practices in Risk Management.

As a part of effective implementation of the Risk Management framework, Risk Management Steering Committee (RMSC) continues to provide direction and guidance. The Company has in place mechanism to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risks by means of a properly defined framework.

### S. GLOBAL COMPACT

HPCL is also a member of the Global Compact Society of India which is the India Unit of the UN Global Compact, the largest voluntary corporate initiative in the world. It offers a unique platform to engage companies in responsible business behaviour through the principles of Human Right, Labour Standards Environment norms and Ethical practices. In HPCL, all these areas receive constant attention of the management to ensure continuous compliance.



## Management Discussion & Analysis Report: 2014-15

### T. OUTLOOK

As per the latest World Economic outlook 2015 of IMF, Global growth is projected at 3.3 percent in 2015, marginally lower than in 2014, with a gradual pickup in advanced economies and a slowdown in emerging market and developing economies. In 2016, growth is expected to strengthen to 3.8 percent.

In emerging market economies, the continued growth slowdown reflects several factors, including lower commodity prices and tighter external financial conditions, structural bottlenecks and rebalancing in China.

India's growth outlook has improved since May 2014, helped by lower uncertainty and improved business confidence. These developments have been accompanied by revival in investment and industrial activity. GDP growth appears to have accelerated after the new Initiatives announced by the Govt. of India.

The crude oil prices hovered in USD 60 per Barrel range during year end and showing signs of weakening as there is not much of hindrance in supply accompanied by a weaker demand for oil. Domestically the expectation of pick up in Diesel demand is yet to materialise immediately and the expectation is that it may happen during the course of the coming year. Not much volatility is seen in the Exchange rate of the Rupee. With continued lower oil prices, accompanied by deregulated Petrol and Diesel markets, the prospects for the downstream companies are expected to be positive.

### U. JOINT VENTURES & SUBSIDIARIES

The Joint Venture companies and subsidiaries of HPCL have performed well during the year 2014-15.

#### HPCL-Mittal Energy Ltd. (HMEL)

HMEL is a joint venture of HPCL & Mittal Energy Investments Pte. Ltd. (MEI), Singapore a wholly owned subsidiary of Mittal Investments S.a.r.l.). As of 31st March 2015, HMEL's authorised Share Capital is ₹ 10,000 crore and paid-up share capital is ₹ 7,541.46 crore. Currently, HPCL as well as MEI respectively hold 48.94% equity in HMEL.

HMEL has built a Greenfield refinery of 9 MMTA capacity at Bathinda, in the State of Punjab. The refinery produces two principal categories of products: (i) liquid products such as LPG, naphtha, MS, HSD and ATF etc. and (ii) solid products such as pet coke, polypropylene and sulphur. The various units of the refinery and associated facilities including the 165 MW captive power plant are located at Bathinda.

HMEL has a wholly owned subsidiary company HPCL-Mittal Pipelines Ltd. (HMPL), engaged in receipt, storage and cross country transportation of crude oil to refinery. HMPL has built a 1,017 km cross-country pipeline and associated facilities for transportation of crude oil from Mundra to Bathinda, crude oil receiving facilities including Single Point Mooring (SPM), sub-sea pipelines and Crude Oil Terminal (COT) at Mundra and Receipt Terminal at Bathinda.

During 2014-15, HMEL achieved a crude thruput of 7.32 MMT and reported a total revenue of ₹ 30,121 crore on consolidated basis compared to total revenue of ₹ 43,286 crore last year.

#### South Asia LPG Company Pvt Ltd (SALPG)

South Asia LPG Company Pvt Ltd (SALPG) is a Joint Venture Company for LPG Cavern Storage, between HPCL and Total Gas and Power India (a wholly owned subsidiary of Total, France). As of 31st March 2015, SALPG's authorised Share Capital is ₹ 100 crore and Paid up Share Capital is ₹ 100 crore. HPCL has 50% Equity participation in SALPG.

SALPG has commissioned an underground Cavern Storage of 60 TMT capacity and associated receiving & dispatch facilities at Visakhapatnam in December 2007. SALPG Cavern is the first-of-its-kind in South and South East Asia, and ranks among the deepest Caverns in the World. The commercial operations commenced in January 2008. SALPG has resulted into easing-out the product movement constraints across the east coast and ensured smooth availability of LPG in the surrounding zones. Also, propane-butane blender at the Cavern Terminal has helped Oil Marketing Companies to maximize the propane inputs into Visakhapatnam considering the limited availability of butane and price advantage of propane in the international market.

During 2014-15, SALPG has reported a total revenue of ₹ 160.37 crore as compared to total revenue of ₹ 159.04 crore during last year and also recorded a net profit of ₹ 69.51 crore in FY 2014-15 as compared to a net profit of ₹ 79.38 crore last year.



## Management Discussion & Analysis Report: 2014-15

SALPG has been continuously paying dividend for the last 5 years. During 2014-15, HPCL received ₹ 25 crore (₹ 5 per share) in respect of dividend declared by SALPG for 2013-14. For the year 2014-15, SALPG Board has recommended a dividend of ₹ 5.50 per share.

SALPG has been certified for all three International standards for Health, Safety, and Environmental and Quality Systems viz. ISO 9001-2008 (for Quality Management System), ISO 14001-2004 (for Environmental Management System) and OSHAS 18001-2007 (for Occupational Health and Safety Management System).

### Prize Petroleum Company Ltd. (PPCL)

Prize Petroleum Company Ltd (PPCL) is a wholly owned subsidiary of HPCL. PPCL was incorporated as Joint Venture Company and subsequently became a wholly owned subsidiary of HPCL effective Dec 2011. As on 31st March 2015, PPCL's authorised Share Capital is ₹ 720 crore and Paid up Share Capital is ₹ 120 crore.

PPCL is upstream arm of HPCL and is in business of Exploration and Production (E&P) of Hydrocarbons as well as providing services for management of E&P blocks.

PPCL has signed Service Contract with ONGC for development of Hirapur Marginal Field in Cambay Basin with 50% holding in the consortium. Also, PPCL is operator for Hirapur field. PPCL has also entered into a Production Sharing Contract (PSC) with 50% Participating Interest in Sangapur Block as Joint Operator.

PPCL has a wholly owned subsidiary namely Prize Petroleum International Pte. Ltd. (PPIPL), incorporated in Singapore. PPIPL has acquired 11.25% and 9.75% participating interest in two E&P blocks (Yolla and Trefoil blocks respectively) in Australia.

During 2014-15, PPCL achieved total production of 38,898 barrels of crude oil from the two fields as compared to 40,519 barrels production during last year in which PPCL's share was 50%. PPIPL also got its share of 1, 22,164 Barrels of Oil Equivalent (BOE) production from Australian block during 2014-15. During 2014-15, PPCL has reported almost three times higher total revenue of ₹ 33.45 crore on consolidated basis as compared to total revenue of ₹ 11.56 crore during last year.

### Hindustan Colas Pvt. Ltd. (HINCOL)

Hindustan Colas Pvt. Ltd. (HINCOL) is a Joint Venture Company between HPCL and Colas S.A. of France. HINCOL was incorporated on July 17, 1995. As on 31st March 2015, HINCOL's authorised Share Capital is ₹ 30 crore and Paid up Share Capital is ₹ 9.45 crore. HPCL has 50% Equity participation in HINCOL.

During 2014-15, HINCOL has achieved total sales volume of 182 TMT as compared to a volume of 197 TMT last year. HINCOL has reported a higher net profit of ₹ 48.94 crore in the year 2014-15 as compared to net profit of ₹ 48.60 crore last year and total revenue of ₹ 756.22 crore as compared to total revenue of ₹ 833.61 crore last year.

HINCOL has been continuously paying dividend for last 15 years. During 2014-15, HPCL received ₹ 15.36 crore (₹ 32.50 per share) in respect of dividend declared by HINCOL for 2013-14. For 2014-15, HINCOL Board has recommended a dividend of ₹ 42.50 per share which is highest ever dividend declared by HINCOL.

### HPCL Biofuels Ltd. (HBL)

HPCL Biofuels Ltd (HBL) is a wholly owned subsidiary company of HPCL. HBL was incorporated on 16th October 2009. As on 31st March 2015, HBL's authorised Share Capital is ₹ 700 crore and paid up Share Capital (including preference share capital) is ₹ 625.17 crore.

HBL was promoted by HPCL as a backward integration initiative to foray into manufacture of ethanol for blending in petrol. HBL presently has two integrated sugar-ethanol-cogen plants at Sugauli and Lauriya in East Champaran and West Champaran Districts respectively in the State of Bihar. Each plant has capacity of 3,500 Tonnes of cane crushed per day (TCD), Distillery of 60 Kilolitre per day (KLPD) and co-gen power plant of 20 MW capacity.

During 2014-15, HBL has achieved an increased cane crushing of 588 TMT against 468 TMT last year. HBL achieved sugar production of 46,211 MT, ethanol production of 13,117 KL and power production of 54.042 Million Units during 2014-15 which were significantly higher than corresponding numbers of 33,252 MT, 7,684 KL and 51.812 Million Units last year.



## Management Discussion & Analysis Report: 2014-15

HBL has also achieved 39% higher sales revenue of ₹ 188.37 crore in 2014-15 as compared to total revenue of ₹ 135.77 crore last year.

### **CREDA-HPCL Biofuel Ltd. (CHBL)**

CREDA-HPCL Biofuel Ltd. (CHBL) is a subsidiary company of HPCL. CHBL was incorporated on 14th October 2008. As on 31st March 2015, CHBL's authorised Share Capital is ₹ 200 crore and Paid up Share Capital is ₹ 21.76 crore. HPCL has 74% equity participation in CHBL and balance 26% is held by Chhattisgarh State Renewable Energy Development Agency (CREDA), an agency under Department of Energy, Govt. of Chhattisgarh.

CHBL was promoted to venture into alternate fuels through the process of undertaking cultivation of Jatropha plant (an energy crop used for production of bio-diesel) on leased land from the Government of Chhattisgarh.

During 2014-15 CHBL has achieved a total revenue of ₹ 0.21 crore as compared to total revenue of ₹ 0.24 crore last year.

### **Petronet MHB Ltd. (PMHBL)**

PMHBL was incorporated on 31st July 1998 as a Joint venture company between HPCL and Petronet India Ltd (PIL). Initially, PIL and HPCL contributed 26% each towards equity of the company. In April 2003, ONGC joined as a strategic partner in PMHBL. Post debt restructuring of PMHBL, the equity holding of HPCL and ONGC increased to 28.77% each and PIL's holding decreased to 7.90%. As of 31st March 2015, PMHBL's authorised Share Capital is ₹ 600 crore and paid-up share capital is ₹ 548.71 crore.

PMHBL is operating 362.36 K.M. Petroleum Product Pipeline from Mangalore to Devanagonthi (Bangalore) with Tap off Point (TOP) at Hassan, transporting Petroleum Products for HPCL, IOCL and BPCL & MRPL for their marketing requirement at Hassan & Bangalore.

During 2014-15, PMHBL has achieved a 2.2% higher pipeline Thruput of 3.141 MMT as against 3.073 MMT in 2013-14. PMHBL has also achieved 10.5% higher total revenue of ₹ 145.25 crore during 2014-15 as compared to total revenue of ₹ 131.39 crore last year and net profit of ₹ 34.09 crore in 2014-15 as compared to net profit of ₹ 38.40 crore last year.

PMHBL has been certified for Integrated Management System (IMS) covering Quality Management System-ISO-9001-2008, Environmental Management System-ISO-14001-2004 and OHSAS-18001-2007. The company deploys various technology solutions for its operations.

### **Bhagyanagar Gas Ltd. (BGL)**

Bhagyanagar Gas Limited (BGL) is a Joint Venture Company between HPCL and GAIL (India) Ltd. BGL was incorporated on 22nd August 2003. As on 31st March 2015, BGL's Authorised Share Capital is ₹ 100 crore and Paid up Share Capital is ₹ 45.03 crore. HPCL has 49.97% equity participation in BGL.

BGL has been authorised by MOP&NG and PNGRB to set up City Gas Distribution networks in Hyderabad, Vijayawada and Kakinada for marketing of environmental friendly fuels (green fuels) viz. CNG and Auto LPG for use in the transportation, domestic, commercial and industrial sectors, in the states of Andhra Pradesh and Telangana.

BGL operates 32 CNG stations in the three cities of Hyderabad, Vijayawada and Kakinada put together and 1 Auto LPG station at Tirupati.

During 2014-15, BGL has achieved sales of 25,829 MT of CNG, 722 MT of PNG and 131.40 MT of Auto LPG compared to 24,598 MT, 1,492 MT and 205.16 MT respectively last year.

During 2014-15, BGL has reported 4.3 % higher revenue of ₹ 109.53 crore as compared to total revenue of ₹ 104.99 crore last year and net profit of ₹ 2.08 crore as compared to net profit of ₹ 14.98 crore last year.

### **Aavantika Gas Ltd. (AGL)**

Aavantika Gas Ltd (AGL) is a Joint Venture Company between HPCL and GAIL (India) Ltd. AGL was incorporated on 7th June 2006. As on 31st March 2015, AGL's authorised Share Capital is ₹ 100 crore and Paid up Share Capital is ₹ 45.03 crore. HPCL has 49.97% equity participation in AGL.



## Management Discussion & Analysis Report: 2014-15

AGL has been authorized by MOP&NG and PNGRB to set up City Gas Distribution networks in Indore, Ujjain and Gwalior for marketing of environmental friendly fuels (green fuels) viz. CNG and Auto LPG for use in the transportation, domestic, commercial and industrial sectors, in the state of Madhya Pradesh.

AGL operates 18 CNG stations - 3 mother station, 7 online stations and 8 daughter stations in the cities of Indore, Gwalior and Ujjain.

During 2014-15, AGL has recorded sales of 15,605 MT of CNG and 6,863 MT of PNG compared to 14,435 MT and 7,156 MT respectively last year.

During 2014-15, AGL has achieved almost 21 times higher net profit of ₹ 10.56 crore as compared to net profit of ₹ 0.50 crore last year and a total revenue of ₹ 110.07 crore as compared to total revenue of ₹ 115.26 crore last year.

GSPL India Gasnet Ltd (GIGL) and GSPL India Transco Ltd (GITL)

GSPL India Gasnet Limited (GIGL) and GSPL India Transco Limited (GITL) are Joint Venture Companies between Gujarat State Petronet Ltd (GSPL), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and HPCL. GIGL and GITL both were initially incorporated on 13th October 2011 as subsidiaries of GSPL. Pursuant to signing Joint Venture Agreement with GSPL, IOCL and BPCL on 30th April 2012, HPCL became an equity partner in GIGL and GITL. The authorised Share Capital of GIGL and GITL as on 31st March, 2015 is ₹ 2,000 crore and ₹ 2,200 crore respectively. As on 31st March 2015, Paid up Share Capital of GIGL and GITL is ₹ 187.02 crore and ₹ 140 crore respectively. HPCL has 11% equity participation in both the companies.

GIGL is laying two cross country gas pipelines viz 1,640 KM Mehsana to Bathinda Pipeline (with initial capacity of 43 MMSCMD to final capacity of 77 MMSCMD) and 740 KM Bathinda to Srinagar Pipeline (with initial capacity of 32 MMSCMD to final capacity of 43 MMSCMD). GITL is laying 1,746 KM pipeline Mallavaram to Bhilwara (with initial capacity of 53 MMSCMD to final capacity of 77 MMSCMD).

During 2014-15, GIGL has reported total revenue of ₹ 1.89 crore (interest income) and net profit of ₹ 1.28 crore as compared to total revenue of ₹ 2.34 crore (interest income) and net profit of ₹ 1.58 crore last year. GITL has reported total revenue of ₹ 2.17 crore (interest income) and net profit of ₹ 1.47 crore in 2014-15 as compared to total revenue of ₹ 2.43 crore (interest income) and net profit of ₹ 1.64 crore last year.

The above JV Companies will facilitate HPCL to source gas and market it independently to customers along the pipeline route.

### HPCL Shapoorji Energy Limited (HSEL)

HPCL Shapoorji Energy Pvt. Limited (HSEL) is a Joint Venture Company between HPCL and SP Ports Private Limited [a wholly owned subsidiary of Shapoorji Pallonji Infrastructure Capital Company Ltd.]. HSEL was incorporated on 15th October 2013 as a public company. As on 31st March 2015, HSEL's authorised Share Capital is ₹ 50 crore and Paid up Share Capital is ₹ 10 crore. Subsequent to 31st March 2015, HSEL has allotted shares against application money of ₹ 4 crore which was received from its promoters in March 2015. HPCL has 50% equity participation in HSEL.

HSEL was formed to build and operate 5 MMTPA LNG regasification terminal at Chhara Port in Gir Somnath District of Gujarat. The key LNG terminal facilities include Marine Facilities for LNG carrier berthing, Tanks and Storage Facilities, Re-Gasification Facility based on Shell & Tube Vaporizer (STV) and Utilities such as Boil-Off System and Emergency generator.

HSEL has received Terms of Reference for Environment Impact and Risk Assessment (EIRA) Study from Ministry of Environment & Forest for the project and National Environment Engineering Research Institute (NEERI) and National Institute of Oceanography (NIO) has completed the EIRA Study. Front End Engineering Design and various other technical studies for preparation of EPC package are being carried out along with the Financial Closure of the Project.

During 2014-15, HSEL has reported total revenue of ₹ 0.49 crore (interest income) as compared to Nil revenue last year.



## Management Discussion & Analysis Report: 2014-15

### Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFL)

Mumbai Aviation Fuel Farm Facility Private Limited (MAFFFL) is a new Joint Venture Company between Mumbai International Airport Private Limited (MIAL), Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and HPCL. MAFFFL was initially incorporated on 26th February, 2010 as a wholly owned subsidiary of MIAL. HPCL along-with other Oil Marketing Companies (OMCs) made equity investment during 2014-15 pursuant to Joint Venture Agreement and Share Purchase Agreement dated 6th March, 2014. As on 31st March 2015, MAFFFL's authorised Share Capital is ₹ 300 crore and Paid up Share Capital is ₹ 18.01 crore. HPCL has 25% equity participation in MAFFFL.

MAFFFL would operate and maintain existing Aviation fuel farm facilities and will provide Into-plane services at Chhatrapati Shivaji International Airport, Mumbai. The Company will also construct, maintain and operate the new Integrated Fuel Farm Facility on an open access basis. The integrated facility is proposed to be mechanically completed by October 2017.

During 2014-15, MAFFFL has reported a total revenue of ₹ 19.82 crore as compared to nil revenue last year.

### HPCL Rajasthan Refinery Limited (HRRL)

HPCL Rajasthan Refinery Ltd. (HRRL) is a Joint Venture Company between HPCL and Govt. of Rajasthan to set up a 9 MMTPA refinery cum petrochemical complex in Barmer in the state of Rajasthan. HRRL was incorporated on 18th September 2013 as a public company. As on 31st March 2015, HRRL's authorised Share Capital is ₹ 4,000 Crores and Paid up Share Capital is ₹ 5 Lakhs. At present the project is under review by a committee comprising officials from HPCL and Government of Rajasthan.

### V. MANGALORE REFINERY & PETROCHEMICALS LTD. (MRPL)

HPCL holds an equity of 16.95% in Mangalore Refinery and Petrochemicals Ltd (MRPL). MRPL operates a refinery of 15 MMTPA capacity at Mangalore, in the State of Karnataka. During 2014-15, MRPL, in their consolidated financial statements, has recorded total revenue of ₹ 57,917 crore as compared to ₹ 71,874 crore last year and reported loss of ₹ 1,803 crore in 2014-15 as compared to profit of ₹ 606 crore last year.

### W. CAUTIONARY STATEMENT

Matters covered in the Management Discussion and Analysis Reports describing the Company's Objective, Projections, estimates, expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. The actual performance could vary from those projected or implied, important or unforeseen factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic market in which the company predominantly operates, changes in regulations and other incidental factors.

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## Independent Auditors' Report

### TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HINDUSTAN PETROLEUM CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in which, is incorporated financial statements of Visakh Refinery, audited by the branch auditor, whose report has been considered in preparing this report.

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.



### Emphasis of Matter

- a) We refer to Note No. 58 which indicates that the Company has less than the minimum number of Independent Directors required in terms of the provisions contained in the listing agreement and the Companies Act, 2013. Pending such appointment, these financial statements have been reviewed and recommended to the Board of Directors by the Audit Committee consisting of only one Independent Director; and
- b) We refer to Note No. 50 which describes the basis of calculation of the overall ceiling for investments in joint ventures and subsidiaries in terms of the guidelines issued by the Department of Public Enterprises, Government of India where the Company has approached the Ministry of Petroleum and Natural Gas and necessary approval / clarification is awaited.

Our opinion is not modified in respect of these matters.

### Other Matter

The accompanying standalone financial statements include the Company's proportionate share in jointly controlled assets ₹ 24.15 crores, liabilities ₹ 114.20 crores, Income ₹ Nil, expenditure ₹ 27.13 crores and the elements making up the Cash Flow Statement and related disclosure in respect of 23 nos. of blocks under NELP / joint venture accounts for exploration and production, which are based on unaudited statements from the respective operators and certified by the management. Our observations thereon are solely based on such statements from the operators and certification of the management.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by the section 143(5) of the Act, we give in the Annexure II a statement on the directions / sub-directions issued by the Comptroller and Auditor-General of India.
3. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The reports on the accounts of the branch office of the Company viz. Visakh Refinery audited under section 143(8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report;
  - (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (f) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of section 164(2) of the Act and





## Hindustan Petroleum Corporation Limited

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- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 55 (I) to the financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For CVK & Associates  
**Chartered Accountants**  
Firm Registration No. 101745W

A. K. Pradhan  
**Partner**  
Membership No. 032156

Place: New Delhi  
Date: 28<sup>th</sup> May, 2015

For G. M. Kapadia & Co  
**Chartered Accountants**  
Firm Registration No. : 104767W

Rajen Ashar  
**Partner**  
Membership No.048243



**Annexure I referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” of our report of even date**

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets of the Company, other than LPG cylinders and pressure regulators with customers are physically verified by the Management in a phased program of three to five years cycle. In our opinion, the programme is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and as per the information given by the management, the discrepancies observed were not material and have been appropriately accounted in the books of account.
- (ii) a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals other than inventories lying with third parties. In case of materials lying with third parties, certificates confirming stocks held have been received from them.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the inventory records, the Company has maintained proper records of its inventories. The discrepancies noticed on physical verification, as compared to the book records, were not material and have been properly dealt with in the books of account.
- (iii) Based on the audit procedures applied by us and according to the information and explanations given to us and on the basis of our examination of the records, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 to the Act. Consequently, clauses (a) and (b) of sub-para (iii) of the Order regarding interest and repayment of such loans are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items are of a specialized nature, in respect of which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanation given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) The Company has not accepted any deposits from the public, within the meaning of sections 73 to 76 of the Act and the rules framed there under except old cases under dispute aggregating to ₹ 0.02 crores where the Company has complied with necessary directions.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where the maintenance of cost records has been specified by the Central Government under Section 148 (1) of the Act and the rules framed there under and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of these records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company, has been generally regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value Added tax, Cess and other material statutory dues, as applicable, with the appropriate authorities. There are no undisputed statutory dues, as at March 31, 2015, which were in arrears for a period of more than six months from the date they became payable.



## Hindustan Petroleum Corporation Limited

- b) According to information and explanation given to us and the records of the Company examined by us, the dues of Sales tax, Income Tax, duty of Customs, Wealth tax, Service tax, duty of Excise, Value added tax, Cess, which have not been deposited on account of disputes with the relevant authorities, are as under:

Statute	Forum pending	Amount in Crores	Period to which amount relates
Customs	Commissioner of Central Excise Appeal Tribunal	11.55	Various periods from 1997 to 2012
	Supreme Court	40.78	Period from 2005 to 2007
	<b>Total - A</b>	<b>52.33</b>	
Central Excise	Commissioner of Central Excise Appeal Tribunal	302.24	Various periods from 1994 to 2014
	Revision Authority	1.10	Various period from 1999 to 2012
	Various High Courts	3.30	Various years pertaining to 2007 to 2009
	Asst. Commissioner/Asst. Dy. Comm. / Comm. Appeals	7.68	Various periods from 1994 to 2014
	Supreme Court	4.05	2007-08
	<b>Total - B</b>	<b>318.37</b>	
Sales tax	Board of Revenue	1.82	Various years pertaining to 2003 to 2008
	Commissioner/DCCT/ADC/JCCT/ACCT	4,886.60	Various years pertaining to 1976 to 2013
	Supreme Court	68.61	2002-2004, 2006-2008
	Various High Courts	1,277.43	Various years pertaining to 1979 to 2014
	Sales Tax Appellate Tribunal	5,269.54	Various years pertaining to 1985 to 2011
	<b>Total - C</b>	<b>11,504.00</b>	
Service Tax	Commissioner of Central Excise Appeal	68.56	Various period from 2002 to 2013
	Commissioner of Central Excise Appeal	0.84	Various period from 2004 to 2010
	High Court	3.75	Various period from 2004 to 2008
	<b>Total - D</b>	<b>73.15</b>	
Income Tax	Income Tax Appellate Tribunal	234.47	Various years pertaining to 1996-2013
	<b>Total - E</b>	<b>234.47</b>	
	<b>Grand Total - (A+B+C+D+E)</b>	<b>12,182.32</b>	

- c) According to the information and explanations given to us and as per the records of the Company examined by us, in our opinion, the amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules there under have been transferred to the said fund within time to the extent applicable.



- (viii) The Company neither has accumulated losses as on March 31, 2015, nor it has incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.
- (ix) According to the information and explanations given to us and the records of the Company examined by us, the Company has not defaulted in repayment of dues to bank or debenture holders. There are no outstanding dues in respect of any financial institution.
- (x) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions during the year.
- (xi) In our opinion and according to the information and explanations given to us, the term loans prima facie, have been applied for the purpose for which they were raised.
- (xii) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we neither came across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For CVK & Associates  
**Chartered Accountants Firm**  
Firm Registration No. 101745W

A. K. Pradhan  
**Partner**  
Membership No. 032156

Place: New Delhi  
Date: 28<sup>th</sup> May, 2015

For G. M. Kapadia & Co  
**Chartered Accountants**  
Firm Registration No. : 104767W

Rajen Ashar  
**Partner**  
Membership No.048243



## Hindustan Petroleum Corporation Limited

### Annexure II referred to in paragraph 2 under “Report on Other Legal and Regulatory Requirements” of our report of even date

Based on the verification of records of the Company and based on information and explanation given to us, we give below a report on the directions issued by the Comptroller and Auditor-General of India in terms of Section 143(5) of the Act.

Sr No	Areas to be examined	Observation /Finding														
1	If the Corporation has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including committed and general reserves) maybe examined including the mode and present stage of disinvestment process.	We have been informed that the Government of India has not intimated the Company about any plan of direct disinvestment. Further, on a review of the minutes of the Audit Committee and Board of Directors, we have not come across discussions related to disinvestments being made.														
2	Please report whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.	There are no significant cases of waiver of debts. As per the process of the Company any waiver of debt is accounted, only with the approval of Competent Authority in line with the Delegation of Authority. Interest on delayed payments is waived from Customers on merit of each case by approving authority. The Company has written off ₹ 6,838 during the year.														
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift from Government or other authorities.	a. Proper records are maintained for inventories lying with third parties. b. During the year the Company has not received any assets as gifts from Government or other authorities.														
4	A report on age-wise analysis of pending legal / arbitration cases including the reasons for pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	<p>The age-wise analysis of pending legal / arbitration cases are as under:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>No of pending cases</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>221</td> </tr> <tr> <td>2012- 2014</td> <td>1,913</td> </tr> <tr> <td>2009-2011</td> <td>1,186</td> </tr> <tr> <td>2005-2008</td> <td>684</td> </tr> <tr> <td>Prior to 2005</td> <td>676</td> </tr> <tr> <td><b>Total</b></td> <td><b>4,680</b></td> </tr> </tbody> </table> <p>The above does not include pending legal cases concerning direct and indirect tax matters.</p> <p>Reasons of pendency: The cases are pending due to various reasons like adjournments sought by either of the parties, pre-occupation of courts due to heavy backlog of cases, transfer / retirement of the arbitrators, delay in compliance of arbitrators directions, etc.</p> <p>Monitoring mechanism for expenditure for all legal cases: There exists a monitoring system for expenditure on legal cases. As informed to us there are no legal or arbitration matters pending outside India.</p>	Year	No of pending cases	2015	221	2012- 2014	1,913	2009-2011	1,186	2005-2008	684	Prior to 2005	676	<b>Total</b>	<b>4,680</b>
Year	No of pending cases															
2015	221															
2012- 2014	1,913															
2009-2011	1,186															
2005-2008	684															
Prior to 2005	676															
<b>Total</b>	<b>4,680</b>															

For CVK & Associates  
**Chartered Accountants**  
Firm Registration No. 101745W

A. K. Pradhan  
**Partner**  
Membership No. 032156

Place: New Delhi  
Date: 28<sup>th</sup> May, 2015

For G. M. Kapadia & Co  
**Chartered Accountants**  
Firm Registration No. : 104767W

Rajen Ashar  
**Partner**  
Membership No.048243



**Balance Sheet as at 31<sup>st</sup> March, 2015**

		₹ /Crores	
	Notes	31.03.2015	31.03.2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	339.01	339.01
(b) Reserves and Surplus	4	15,683.08	14,673.15
		<u>16,022.09</u>	<u>15,012.16</u>
<b>(2) Non-Current liabilities</b>			
(a) Long - Term Borrowings	5	14,855.83	15,554.88
(b) Deferred Tax Liabilities (Net)	6	4,103.60	3,908.43
(c) Other Long Term Liabilities	7A	8,292.35	7,207.56
(d) Long - Term Provisions	7B	581.47	587.66
		<u>27,833.25</u>	<u>27,258.53</u>
<b>(3) Current Liabilities</b>			
(a) Short - Term Borrowings	8	2,199.81	16,376.67
(b) Trade Payables	9	8,935.65	10,886.43
(c) Other Current Liabilities	10A	10,162.32	6,532.25
(d) Short - Term Provisions	10B	2,397.52	1,927.13
		<u>23,695.30</u>	<u>35,722.48</u>
<b>TOTAL</b>		<u><u>67,550.64</u></u>	<u><u>77,993.17</u></u>
<b>II. ASSETS</b>			
<b>(1) Non - Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	28,852.05	25,797.19
(ii) Intangible Assets	12	210.76	115.05
(iii) Capital Work - in - Progress	13	3,474.42	4,585.56
(b) Non - Current Investments	14	5,867.52	5,735.83
(c) Long - Term Loans and Advances	15	1,429.86	1,575.55
(d) Other Non - Current Assets	16	116.55	146.26
		<u>39,951.16</u>	<u>37,955.44</u>
<b>(2) Current Assets</b>			
(a) Current Investments	17	5,373.96	5,124.04
(b) Inventories	18	12,972.26	18,768.31
(c) Trade Receivables	19	3,603.05	5,465.95
(d) Cash and Bank Balances	20	17.07	34.71
(e) Short - Term Loans and Advances	21	5,306.52	10,315.95
(f) Other Current Assets	22	326.62	328.77
		<u>27,599.48</u>	<u>40,037.73</u>
<b>TOTAL</b>		<u><u>67,550.64</u></u>	<u><u>77,993.17</u></u>

Significant Accounting Policies

1 & 2

Significant Accounting Policies and Notes Forming Part of Accounts are an integral part of the Financial Statements

**FOR AND ON BEHALF OF THE BOARD**

NISHI VASUDEVA  
Chairman & Managing Director  
DIN - 03016991

K V RAO  
Director-Finance  
DIN - 05340626

FOR CVK & ASSOCIATES  
Chartered Accountants  
FRN - 101745W

FOR G. M. KAPADIA & CO.  
Chartered Accountants  
FRN - 104767W

SHRIKANT M. BHOSEKAR  
Company Secretary

A K PRADHAN  
Partner  
Membership No. 032156

RAJEN ASHAR  
Partner  
Membership No. 048243

Date : 28<sup>th</sup> May, 2015  
Place : New Delhi



Hindustan Petroleum Corporation Limited

**Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2015**

		₹ /Crores	
	Notes	2014 - 15	2013 - 14
<b>Revenue from Operations</b>			
a. Gross Sale of Products	23A	217,061.11	232,275.82
Less : Excise Duty		10,680.74	9,151.68
<b>b. Net Sale of Products</b>		<b>206,380.37</b>	223,124.14
c. Other Operating Revenues	23B	245.81	227.39
d. Other Income	23C	1,168.41	981.71
<b>Total Revenue (b+c+d)</b>		<b>207,794.59</b>	224,333.24
<b>Expenses:</b>			
Cost of Materials Consumed		56,158.44	61,962.49
Purchases of Stock-in-Trade		129,278.36	145,137.95
Packages Consumed		231.40	213.20
Excise Duty on Inventory Differential		1,039.36	26.56
Transportation Expenses		4,998.75	4,639.31
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	24	3,749.44	(574.43)
Employee Benefits Expense	25	2,414.66	2,030.30
Exploration Expenses		27.13	203.97
Finance Costs	26	706.59	1,336.36
Depreciation and Amortization Expense	11 & 12	1,978.76	2,201.94
Other Expenses	27	3,062.05	4,481.71
<b>Total Expenses</b>		<b>203,644.94</b>	221,659.36
<b>Profit Before Prior Period, Exceptional and Extraordinary Items and Tax</b>		<b>4,149.65</b>	2,673.88
Prior Period Expenses / (Incomes)	28	(4.47)	58.37
<b>Profit Before Tax</b>		<b>4,154.12</b>	2,615.51
Tax Expense: (refer note # 38)			
Current tax		1,015.56	744.17
Deferred tax		432.77	117.75
Provision for Tax for Earlier years written back (net)		(27.47)	19.82
Total Tax Expenses		1,420.86	881.74
<b>Profit / (Loss) after Tax for the Period</b>		<b>2,733.26</b>	1,733.77
Earnings per equity share: (Basic and Diluted)		80.72	51.20
(2014 - 15 : EPS = Net Profit ₹ 2,733.26 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(2013 - 14 : EPS = Net Profit ₹ 1,733.77 Crores / Weighted Avg. no of shares - 33.863 Crores)			
<b>Significant Accounting Policies</b>	1 & 2		

**Significant Accounting Policies and Notes Forming Part of Accounts are an integral part of the Financial Statements**

**FOR AND ON BEHALF OF THE BOARD**

NISHI VASUDEVA  
**Chairman & Managing Director**  
DIN - 03016991

K V RAO  
**Director-Finance**  
DIN - 05340626

FOR CVK & ASSOCIATES  
**Chartered Accountants**  
FRN - 101745W

FOR G. M. KAPADIA & CO.  
**Chartered Accountants**  
FRN - 104767W

SHRIKANT M. BHOSEKAR  
**Company Secretary**

A K PRADHAN  
**Partner**  
Membership No. 032156

RAJEN ASHAR  
**Partner**  
Membership No. 048243

Date : 28<sup>th</sup> May, 2015  
Place : New Delhi



**Cash Flow Statement For The Year Ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	2014 - 15	2013 - 14
<b>A. Cash Flow From Operating Activities</b>		
Net Profit/(Loss) before Tax & Extraordinary Items	4,154.12	2,615.50
Adjustments for :		
Depreciation / Amortisation	1,971.15	2,188.43
Loss/(Profit) on Sale/write off of Fixed Assets/ CWIP	(67.30)	17.54
Amortisation of Foreign Currency Monetary Item Translation Difference	36.13	(9.47)
Amortisation of Capital Grant	(0.55)	(0.16)
Spares Written off	1.06	0.18
Provision for Diminution in Value of Current Investments	(605.04)	736.83
(Profit)/Loss on Sale of Current Investment	34.08	-
Finance Costs	706.58	1,336.36
Exchange Rate Difference on Loans (unrealised)	376.70	661.91
Provision for Doubtful Debts & Receivables	13.30	13.09
Interest Income	(409.86)	(416.59)
Share of Profit from PII	(0.59)	(0.56)
Dividend Received	(55.09)	(74.02)
<b>Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}</b>	<b>6,154.69</b>	<b>7,069.04</b>
<b>(Increase) / Decrease in Assets and Liabilities :</b>		
Trade Receivables	1,849.01	(544.27)
Loans and Advances and Other Assets	5,110.20	3,840.55
Inventories	5,794.99	(2,329.80)
Liabilities and Other Payables	(305.65)	1,114.99
<b>Sub Total - (ii)</b>	<b>12,448.55</b>	<b>2,081.47</b>
<b>Cash Generated from Operations (i) + (ii)</b>	<b>18,603.24</b>	<b>9,150.51</b>
Less : Direct Taxes / FBT refund / (paid) - Net	762.15	342.95
<b>Net Cash from Operating Activities (A)</b>	<b>17,841.09</b>	<b>8,807.56</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets (incl. Capital Work in Progress / excluding interest capitalised)	(4,176.23)	(4,162.65)
Sale of Fixed Assets	109.81	28.47
Purchase of Investments (Including share application money pending allotment/ Advance towards Equity)	(14.75)	(65.84)
Investment in Subsidiary	-	(70.00)
Sale Proceeds of Oil bonds	321.04	-
Interest received	413.71	416.59
Dividend Received	55.09	74.02
<b>Net Cash Flow generated from / (used in) Investing Activities (B)</b>	<b>(3,291.33)</b>	<b>(3,779.41)</b>





**Cash Flow Statement For The Year Ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	2014 - 15	2013 - 14
<b>C. Cash Flow From Financing Activities</b>		
Long term Loans raised	4,478.58	6,309.85
Long term Loans repaid	(2,741.43)	(1,330.75)
Short term Loans raised / (repaid)	(14,117.89)	(9,182.66)
Finance Cost paid	(764.69)	(1,140.51)
Dividend paid (including dividend distribution tax)	(613.58)	(336.67)
<b>Net Cash Flow generated from / (used in) Financing Activities (C)</b>	<b>(13,759.01)</b>	<b>(5,680.74)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>790.75</b>	<b>(652.59)</b>
<b>Opening Balance of Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents</b>		
Cash on hand	12.58	11.58
Cheques Awaiting Deposit	0.15	0.26
With Scheduled Banks:		
- On Current Accounts	14.92	128.60
- On Non-operative Current Accounts	0.01	0.01
	<b>27.66</b>	<b>140.45</b>
Overdraft from Bank	(1,919.07)	(1,379.27)
	<b>(1,891.41)</b>	<b>(1,238.82)</b>
<b>Closing Balance of Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents</b>		
Cash on hand	7.81	12.58
Cheques Awaiting Deposit	1.06	0.15
With Scheduled Banks:		
- On Current Accounts	0.27	14.92
- On Non-operative Current Accounts	0.01	0.01
	<b>9.15</b>	<b>27.66</b>
Overdraft from Bank	(1,109.81)	(1,919.07)
	<b>(1,100.66)</b>	<b>(1,891.41)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>790.75</b>	<b>(652.59)</b>

**FOR AND ON BEHALF OF THE BOARD**

NISHI VASUDEVA  
**Chairman & Managing Director**  
DIN - 03016991

K V RAO  
**Director-Finance**  
DIN - 05340626

FOR CVK & ASSOCIATES  
**Chartered Accountants**  
FRN - 101745W

FOR G. M. KAPADIA & CO.  
**Chartered Accountants**  
FRN - 104767W

SHRIKANT M. BHOSEKAR  
**Company Secretary**

A K PRADHAN  
**Partner**  
Membership No. 032156

RAJEN ASHAR  
**Partner**  
Membership No. 048243

Date : 28<sup>th</sup> May, 2015  
Place : New Delhi



## Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF PREPARATION

The financial statements are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), Accounting Standards notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. In accordance with first proviso to Section 129 (1) of the Act and Schedule III to the Act, the terms contained in the enclosed financial statements are in accordance with the Accounting Standards.

#### Use of Estimates

Necessary estimates and assumptions of income and expenditure are made during the reporting period and difference between the actual and the estimates are recognised in the period in which the results materialise.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 TANGIBLE ASSETS

- Tangible assets are stated at cost net of accumulated depreciation / amortization.
- Land acquired on lease for 99 years or more is treated as freehold land.
- Technical know-how /licence fee relating to plants/ facilities are capitalized as part of cost of the underlying asset.

##### 2.2 INTANGIBLE ASSETS

- Cost of Right of Way for laying pipelines is capitalised as Intangible Asset and is amortised over a period of 99 years.
- Technical know-how /licence fee relating to production process and process design are recognized as Intangible Assets.
- Cost of Software directly identified with hardware is capitalised along with the cost of hardware. Application software is capitalised as Intangible Asset.

##### 2.3 CONSTRUCTION PERIOD EXPENSES ON PROJECTS

- Related expenditure (including temporary facilities and crop compensation expenses) incurred during construction period in respect of plan projects and major non-plan projects are capitalised.
- Financing cost incurred during the construction period on loans specifically borrowed and utilised for projects is capitalised. Financing cost includes exchange rate variation to the extent regarded as an adjustment to interest cost.
- Financing cost, if any, incurred on general borrowings used for projects during the construction period is capitalised at the weighted average cost.

##### 2.4 DEPRECIATION / AMORTIZATION

- Depreciation on Fixed Assets is provided on straight line method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, the Company has assessed the estimated useful lives of its fixed assets and has adopted the useful lives as prescribed in Schedule II except for, plant and machinery relating to Retail Outlets (other than storage tanks and related equipment) and LPG cylinders & regulators, the useful life of which are considered as 15 years based on its internal technical assessment.
- All assets costing up to ₹ 5000/-, other than LPG cylinders and pressure regulators, are fully depreciated in the year of capitalisation.
- Premium on leasehold land is amortised over the period of lease.
- Machinery Spares, which can be used only in connection with an item of fixed asset and the use of which is expected to be irregular, are depreciated over a period not exceeding the useful life of the principal item of fixed asset.
- Intangible Assets other than application software and cost of right of way are amortized on a straight line basis over a period of ten years or life of the underlying plant/facility, whichever is earlier.
- Application software are normally amortised over a period of four years, or over its useful life, whichever is earlier.

##### 2.5 IMPAIRMENT OF ASSETS

At each balance sheet date, an assessment is made of whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount.

##### 2.6 FOREIGN CURRENCY TRANSACTIONS

- Foreign Currency transactions during the year are recorded at the exchange rates prevailing on the date of transactions.



## Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

- b. All foreign currency assets, liabilities and forward contracts are restated at the rates prevailing at the year end.
- c. All exchange differences are dealt with in the Statement of Profit and Loss including those covered by forward contracts, where the premium / discount arising from such contracts are recognised over the period of contracts.  
However, foreign exchange differences on long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of loan.
- d. The realised gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year, are recognised in the Statement of Profit and Loss along with the underlying transaction. However, in respect of contracts, the pricing period of which extends beyond the Balance Sheet date, suitable provision is made for likely loss, if any.

### 2.7 INVESTMENTS

- a. Long-Term Investments are valued at cost and provision for diminution in value thereof is made, wherever such diminution is other than temporary.
- b. Current Investments are valued at the lower of cost and fair value.

### 2.8 INVENTORIES

- a. Crude oil is valued at cost on First In First Out (FIFO) basis or at net realisable value, whichever is lower.
- b. Raw materials for lubricants and finished lubricants are valued at weighted average cost or at net realisable value, whichever is lower.
- c. Stock-in process is valued at raw material cost plus cost of conversion or at net realisable value, whichever is lower.
- d. Finished products other than Lubricants are valued at cost (on FIFO basis month-wise) or at net realisable value, whichever is lower.
- e. Empty packages are valued at weighted average cost.
- f. Stores and spares are valued at weighted average cost. Stores and Spares in transit are valued at cost.
- g. Value of surplus, obsolete and slow moving stores and spares, if any, is reduced to net realisable value. Surplus items, when transferred from completed projects are valued at cost / estimated value, pending periodic assessment / ascertainment of condition.

### 2.9 DUTIES ON BONDED STOCKS

Excise / Customs duty is provided on stocks stored in Bonded Warehouses (excluding goods exempted from duty / exports or where liability to pay duty is transferred to consignee).

### 2.10 GRANTS

- a. In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Capital Grants, which is recognised in the Statement of Profit & Loss over the period and in the proportion in which depreciation is charged.
- b. Grants received against revenue items are recognised as income.

### 2.11 EXPLORATION & PRODUCTION EXPENDITURE

"Successful Efforts Method" of accounting is followed for Oil & Gas exploration and production activities as stated below:

- a. Cost of surveys, studies, carrying and retaining undeveloped properties are expensed out in the year of incurrence.
- b. Cost of acquisition, drilling and development are treated as Capital Work-in-Progress when incurred and are capitalised when the well is ready to commence commercial production.
- c. Accumulated costs on exploratory wells in progress are expensed out in the year in which they are determined to be dry.
- d. The proportionate share in the assets, liabilities, income and expenditure of joint operations are accounted as per the participating interest in such joint operations.

### 2.12 EMPLOYEE BENEFITS

Liability towards long term defined employee benefits - leave encashment, gratuity, pension, post – retirement medical benefits, long service awards, ex-gratia, death benefits and resettlement allowance are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is funded in the case of leave encashment and gratuity, and provided for in other cases.



## Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss.

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit & Loss of the year in which the related services are rendered.

### 2.13 REVENUE RECOGNITION

- a. Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer.
- b. Sales are net of discount, include applicable excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT/sales tax.
- c. Claims, including subsidy on LPG, HSD and SKO, from Government of India are booked on in principle acceptance thereof on the basis of available instructions / clarifications.
- d. Dividend income is recognised when the Company's right to receive the dividend is established.
- e. Income from sale of scrap is accounted for on realisation.
- f. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

### 2.14 TAXES ON INCOME

- a. Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.
- b. Deferred tax liability/asset on account of timing difference between taxable and accounting income is recognised using tax rates and tax laws enacted or substantively enacted as at the Balance Sheet date. In the event of unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized, if there is virtual certainty that sufficient future taxable income will be available to realize such assets.
- c. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is considered as an asset when it is probable that the future economic benefits associated with it, will flow to the Corporation.

### 2.15 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND PROVISIONS

- a. Contingent Liabilities are disclosed in respect of:
  - i. A possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or
  - ii. A present obligation where it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or a reliable estimate of the amount of obligation cannot be made.
- b. Contingent Liabilities are considered only for items exceeding ₹ 5 lakhs in each case. Contingent Liabilities in respect of show cause notices are considered only when converted into demands. Capital Commitments are considered only for items exceeding ₹ 1 lakh in each case.
- c. A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

### 2.16 ACCOUNTING/CLASSIFICATION OF EXPENDITURE AND INCOME

- a. Insurance claims are accounted on acceptance basis.
- b. All other claims/entitlements are accounted on the merits of each case/realisation.
- c. Raw materials consumed are net of discount towards sharing of under-recoveries.
- d. Income and expenditure of previous years, individually amounting to ₹ 5 lakhs and below are not considered as prior period items.

### 2.17 EARNINGS PER SHARE

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.
- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.



Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>3. SHARE CAPITAL</b>		
<b>A. Authorised:</b>		
75,000 (2013 - 14 : 75,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	0.75	0.75
34,92,50,000 (2013-14: 34,92,50,000) Equity Shares of ₹ 10/- each	349.25	349.25
	<u>350.00</u>	<u>350.00</u>
<b>B. Issued, Subscribed &amp; Paid up :</b>		
33,93,30,000 (2013 - 14 : 33,93,30,000) Equity Shares of ₹ 10 each	339.33	339.33
Less: 7,02,750 (2013 - 14: 7,02,750) Shares Forfeited	0.70	0.70
33,86,27,250 (2013 - 14 : 33,86,27,250) Equity Shares of ₹ 10 each fully paid up	338.63	338.63
Add: Shares Forfeited (money received)	0.39	0.39
	<u>339.01</u>	<u>339.01</u>

(a) Reconciliation of number of Equity Shares

	31.03.2015	31.03.2014
<b>Opening Balance</b>	338,627,250	338,627,250
Shares Issued \ Shares bought back	-	-
<b>Closing Balance</b>	<u>338,627,250</u>	<u>338,627,250</u>

(b) Details of shares held by each shareholder holding more than 5% shares in the Company

Name of shareholder	31.03.2015		31.03.2014	
	% Holding	No. of Shares	% Holding	No. of Shares
President of India	51.11	173,076,750	51.11	173,076,750
Life Insurance Corporation of India	5.18	17,531,442	9.85	33,359,022

(c) Right and Restrictions on Equity Shares

The Company has only one class of Equity Shares having a face value of ₹ 10/- per share which are issued and subscribed. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of the winding up of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held by the shareholders and the amount paid up thereon. The Company also has 75,000 6% cummulative Redeemable Non-convertible Preference Shares of ₹ 100 /- each as a part of the Authorised Capital, which were issued earlier by the erstwhile ESRC. Presently the said Preference Shares stand redeemed.

	₹ /Crores	
	31.03.2015	31.03.2014
<b>4. RESERVES AND SURPLUS</b>		
<b>Share Premium Account</b>		
As per last Balance Sheet	1,153.77	1,153.77
<b>Debenture Redemption Reserve</b>		
As per last Balance Sheet	275.54	407.02
Add: Transfer from Surplus in the Statement of Profit and Loss	137.77	137.77
Less: Transfer to Surplus in the Statement of Profit and Loss	-	269.25
	<u>413.31</u>	<u>275.54</u>



Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>Capital Grant</b>		
As per last Balance Sheet	3.50	3.66
Less: Amortised during the year	0.56	0.16
	<u>2.94</u>	<u>3.50</u>
<b>Foreign Currency Monetary Item Translation Difference Account</b>		
As per last Balance Sheet	161.56	(4.66)
Add : Additions during the year	(260.86)	175.69
Less : Amortised during the year	(36.14)	9.47
	<u>(63.16)</u>	<u>161.56</u>
<b>General Reserve</b>		
As per last Balance Sheet	1,809.08	1,635.70
Add : Transfer from The Statement of Profit and Loss	-	173.38
	<u>1,809.08</u>	<u>1,809.08</u>
<b>Surplus</b>		
As per last Balance Sheet	11,269.70	10,191.90
Less : Depreciation on Assets where revised useful life as per Schedule II of The Companies Act, 2013 has completed (Net of Deferred Tax of ₹ 264.36 crores)	499.52	-
Add : Profit for the year	2,733.26	1,733.77
Less : Profit appropriated to General Reserve	-	173.38
Add : Transfer from Debenture Redemption Reserve	-	269.25
Less : Profit appropriated to Debenture Redemption Reserve	137.77	137.77
Less : Profit appropriated to Proposed Dividend (Dividend Per Share ₹ 24.50 (2013 - 14 ₹ 15.50 per share))	829.64	524.87
Less : Profit appropriated to Tax on Distributed Profits	168.89	89.20
	<u>12,367.14</u>	<u>11,269.70</u>
	<u>15,683.08</u>	<u>14,673.15</u>
<b>5. LONG-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
8.77% Non-Convertible Debentures (refer note 5.1)	975.00	975.00
8.75% Non-Convertible Debentures (refer note 5.1)	545.00	545.00
Term Loan from Oil Industry Development Board (refer note 5.2 & 5.3)	258.00	-
	<u>1,778.00</u>	<u>1,520.00</u>
Less : Current Maturities of Long Term Borrowings (Refer note 10A)	579.50	-
	<u>1,198.50</u>	<u>1,520.00</u>
<b>Unsecured Loans</b>		
Term Loan from Oil Industry Development Board (refer note 5.3)	325.00	697.50
Syndicated Loans from Foreign Banks (repayable in foreign currency) (refer note 5.4)	9,782.03	7,579.88
Syndicated Working Capital Loans from Foreign Banks (repayable in foreign currency) (refer note 5.4)	6,250.50	5,992.00
	<u>16,357.53</u>	<u>14,269.38</u>
Less : Current Maturities of Long Term Borrowings (Refer note 10A)	2,700.20	234.50
	<u>13,657.33</u>	<u>14,034.88</u>
	<u>14,855.83</u>	<u>15,554.88</u>



## Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

### 5.1 Debentures

The Company has issued the following Secured Redeemable Non-convertible Debentures:

- 8.77% Non-Convertible Debentures were issued on 13<sup>th</sup> March, 2013 with the maturity date of 13<sup>th</sup> of March, 2018. These are secured by mortgage, on first pari passu charge basis, by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Visakh Refinery.
- 8.75% Non-Convertible Debentures were issued on 9<sup>th</sup> November, 2012 with the maturity date of 9<sup>th</sup> of November, 2015. These are secured by mortgage, on first pari passu charge basis, by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Mumbai Refinery.

During the year ended March, 2015 an amount of ₹ 545.00 crores (March, 2014 ₹ Nil) of 8.75% Non-Convertible Debentures is repayable within one year and shown in note # 10 A.

### 5.2 Term Loan from Oil Industry Development Board

During the year 2014 - 15 security has been created with first charge on the facilities of Awa Salawas Pipeline, Manglore Hasan Mysore LPG Pipeline, Uran - Chakan / Shikarpur LPG Pipeline & Rewari Project Pipeline. ₹ 34.50 Crores (2013 - 14 : Nil) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

### 5.3 Term Loan from Oil Industry Development Board

Repayable during	As on 31 <sup>st</sup> Mar 2015		As on 31 <sup>st</sup> Mar 2014	
	Repayable Amount ( ₹ /Crores)	Range of Interest Rate	Repayable Amount ( ₹ /Crores)	Range of Interest Rate
2014-15*	-	-	234.50	7.10%-8.39%
2015-16*	234.50	7.20%-9.27%	234.50	7.20%-9.27%
2016-17	189.50	8.07%-9.27%	159.50	8.07%-9.27%
2017-18	64.50	8.78%-9.27%	34.50	8.94%-9.27%
2018-19	64.50	8.78%-9.27%	34.50	8.94%-9.27%
2019-20	30.00	8.78%-9.11%	-	-
<b>Total</b>	<b>583.00</b>		<b>697.50</b>	

\*: ₹ 200.00 Crores (2013 - 14 : ₹ 234.50 Crores) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

### 5.4 Syndicated Loans from Foreign Banks (repayable in foreign currency)

The Company has availed Long Term Foreign Currency Syndicated Loans from banks on floating LIBOR. These loans are taken for the period of 3 - 5 years. ₹ 2,500.20 Crores (2013 - 14 : ₹ Nil) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

	₹ /Crores	
	31.03.2015	31.03.2014
<b>6. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Assets</b>		
Provision for Employee Benefits	272.62	224.36
Provision for diminution in value of current investments	172.57	375.14
Others	174.38	129.60
<b>Total (A)</b>	<b>619.57</b>	<b>729.10</b>
<b>Deferred Tax Liabilities</b>		
Depreciation	4,707.53	4,217.78
Others	15.64	419.75
<b>Total (B)</b>	<b>4,723.17</b>	<b>4,637.53</b>
<b>Total Deferred Tax Liability (Net) (B) - (A)</b>	<b>4,103.60</b>	<b>3,908.43</b>



**Notes to the Financial Statements as at 31<sup>st</sup> March, 2015**

	₹ /Crores	
	31.03.2015	31.03.2014
<b>7A. OTHER LONG TERM LIABILITIES</b>		
Deposits from Dealers /Consumers/Suppliers	8,259.59	7,172.49
Other Deposits	3.12	2.92
Retention Money	29.64	32.15
	<u>8,292.35</u>	<u>7,207.56</u>
<b>7B. LONG-TERM PROVISIONS</b>		
Provision for Long Term Employee Benefits (refer note # 57)	581.47	587.66
	<u>581.47</u>	<u>587.66</u>
<b>8. SHORT-TERM BORROWINGS</b>		
<b>Loans repayable on demand from Banks</b>		
<b>Secured Loans</b>		
Collateral Borrowing and Lending Obligation (CBLO) (Secured by Pledge of 6.90 % Oil Marketing Companies' GOI Special Bonds, 2026 )	1,090.00	825.00
Overdrafts from Banks (Secured by hypothecation of Inventories in favour of Banks on pari pasu basis)	1,109.81	1,919.07
	<u>2,199.81</u>	<u>2,744.07</u>
<b>Unsecured Loans</b>		
Short Term Loans from Banks (repayable in foreign currency)	-	13,032.60
Commercial Papers	-	600.00
	<u>-</u>	<u>13,632.60</u>
	<u>2,199.81</u>	<u>16,376.67</u>
<b>9. TRADE PAYABLES</b>		
Trade Payables	8,935.65	10,886.43
	<u>8,935.65</u>	<u>10,886.43</u>
<b>10A. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long Term Borrowings (refer note 10A.1)	3,279.70	234.50
Outstanding dues of Micro, Small and Medium Enterprises (refer note 10A.2)	15.19	12.14
Other Deposits	155.05	136.19
Interest accrued but not due on loans	47.73	58.58
Unpaid Dividend (refer note 10A.3)	3.02	2.53
Unpaid matured Fixed Deposits	0.02	0.02
Preference Share Capital redeemed remaining unclaimed / unencashed	0.01	0.01
Other Liabilities (refer note 10A.4)	6,661.60	6,088.28
	<u>10,162.32</u>	<u>6,532.25</u>

**10A.1 :** This includes loans repayable within one year: Syndicated Loans from Foreign Banks (repayable in foreign currency) ₹ 2,500.20 Crores (2013 - 14: ₹ Nil), 8.75% Non - Convertible Debenture ₹ 545.00 Crores (2013 - 14: ₹ Nil), and Loan from Oil Industry and Development Board ₹ 234.50 Crores (2013 - 14: ₹ 234.50 Crores). In line with Section 71 of Companies Act 2013 read with rules, the Company has earmarked 8.20% Oil Marketing Companies GOI Special Bonds 2024 of Market value of ₹ 81.75 crores being 15% of the total value of ₹ 545 crores maturing in the next financial year.

**10A.2 :** To the extent Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at Balance Sheet date is disclosed on which Auditors have relied upon. (Refer note # 39).

**10A.3 :** No amount is due as at the end of the year for credit to Investors' Education and Protection Fund.





## Hindustan Petroleum Corporation Limited

### Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

**10A.4 :** Includes Statutory Liabilities of ₹ 2,635.81 Crores (2013 - 14: ₹ 2,518.81 Crores), Liabilities towards Forward Exchange Contracts of ₹ Nil (2013 - 14: ₹ 386.40 Crores), Liabilities relating to retention money payable to Suppliers within one year, Supplies / Project related payables, etc. ₹ 3,743.03 Crores (2013 - 14: ₹ 2,821.93 Crores).

	₹ /Crores	
	31.03.2015	31.03.2014
<b>10B. SHORT-TERM PROVISIONS</b>		
Employee Benefits	1,037.72	894.22
Provision for Tax (Net of Advance Tax)	361.27	418.68
Proposed Dividend	829.64	524.87
Fringe Benefit Tax	-	0.16
Tax on Distributed Profits	168.89	89.20
	<b>2,397.52</b>	<b>1,927.13</b>

### 11. TANGIBLE ASSETS

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation					Net Block	
		As at 1 <sup>st</sup> Apr, 2014	Additions / Reclassifications	Deductions / Reclassifications	As at 31 <sup>st</sup> Mar, 2015	As at 1 <sup>st</sup> Apr 2014	For the Year	Depreciation Impact as per Schedule II	Deductions / Reclassifications	As at 31 <sup>st</sup> Mar, 2015	As at 31 <sup>st</sup> Mar, 2015	As at 31 <sup>st</sup> Mar, 2014
1	Land -Freehold	722.91	63.03	0.02	785.92	-	-	-	-	-	785.92	722.91
2	Buildings	3,761.28	467.19	10.62	4,217.85	455.92	105.53	18.44	6.67	573.22	3,644.63	3,305.36
3	Plant & Equipment	33,402.77	4,581.24	150.89	37,833.12	14,928.02	991.23	68.40	100.62	15,887.03	21,946.09	18,474.75
4	Furniture & Fixtures	166.38	25.87	5.11	187.14	75.01	21.08	7.06	8.52	94.63	92.51	91.37
5	Transport Equipment	173.57	10.66	14.35	169.88	112.87	14.77	1.41	9.25	119.80	50.08	60.70
6	Office Equipment	631.54	329.03	27.00	933.57	254.75	404.91	308.97	51.26	917.37	16.20	376.79
7	Roads and Culverts	2,458.26	278.36	3.90	2,732.72	234.99	376.61	321.76	1.12	932.24	1,800.48	2,223.27
8	Leasehold Property - Land	413.01	3.50	8.03	408.48	91.53	2.08	-	(0.20)	93.81	314.67	321.48
9	Railway Siding & Rolling Stock	442.22	49.43	-	491.65	221.66	30.68	37.84	-	290.18	201.47	220.56
10	Unallocated Capital Expenditure on Land Development	0.20	(0.20)	-	-	0.20	-	-	0.20	-	-	-
	<b>Grand Total</b>	<b>42,172.14</b>	<b>5,808.11</b>	<b>219.92</b>	<b>47,760.33</b>	<b>16,374.95</b>	<b>1,946.89</b>	<b>763.88</b>	<b>177.44</b>	<b>18,908.28</b>	<b>28,852.05</b>	<b>25,797.19</b>
	Previous Year 2013-14	36,742.48	5,567.07	137.42	42,172.14	14,300.82	2,165.53	-	91.41	16,374.95	25,797.19	22,441.66

#### Notes:-

- Includes assets costing ₹ 0.007 crores (2013-2014 : ₹ 0.007 crores) of erstwhile Kosan Gas Company not handed over to the Corporation. In case of these assets, Kosan Gas Company was to give up their claim. However, in view of the tenancy right sought by third party, the matter is under litigation.
- Includes ₹ 153.60 Crores (2013-2014: ₹ 73.30 Crores) towards Building, Other Machinery, Pipelines, Railway Sidings, Right of Way etc. being the Corporation's Share of Cost of Land & Other Assets jointly owned with other Oil Companies.
- Includes ₹ 35.99 Crores (2013-2014 : ₹ 35.32 Crores) towards Roads & Culverts, Transformers & Transmission lines, Railway Sidings & Rolling Stock, ownership of which does not vest with the Corporation . The Corporation is having operational control over such assets. These assets are amortised at the rate of depreciation specified in Schedule II of the Companies Act, 2013.
- Includes following assets which are used for distribution of PDS Kerosene under Jana Kalyan Pariyojana against which financial assistance is being provided by OADB.



**Notes to the Financial Statements as at 31<sup>st</sup> March, 2015**

₹ /Crores

Description	Original Cost (31.03.2015)	Original Cost (31.03.2014)
Roads & culverts	0.13	0.13
Buildings	1.62	1.62
Plant & Equipment	2.79	2.81
<b>Total</b>	<b>4.54</b>	<b>4.56</b>

- 5.) Includes Assets retired from active use and held for disposal - Gross Block: ₹ 34.69 Crores / Net Block: ₹ 2.98 Crores (2013-2014: Gross Block: ₹ 22.38 Crores / Net Block: ₹ 3.61 Crores). These Assets are valued at their Net Book Value or Net Realisable Value whichever is lower: ₹ 2.56 Crores (2013-2014: ₹ 2.25 Crores).
- 6.) Leasehold Land includes ₹ 25.25 Crores (2013-14: ₹ 22.35 Crores) for land acquired on lease-cum-sale basis from Karnataka Industrial Area Development Board (KIADB) which is capitalized without being amortised over the period of lease. Lease shall be converted into Sale on fulfillment of certain terms and conditions as per allotment letter.

**12. INTANGIBLE ASSETS**

₹ /Crores

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation					Net Block	
		As at 1 <sup>st</sup> Apr, 2014	Additions / Reclassifications	Deductions / Reclassifications	As at 31 <sup>st</sup> Mar, 2015	As at 1 <sup>st</sup> Apr 2014	For the Year	Depreciation Impact as per Schedule II	Deductions / Reclassifications	As at 31 <sup>st</sup> Mar, 2015	As at 31 <sup>st</sup> Mar, 2015	As at 31 <sup>st</sup> Mar, 2014
1	Right of Way	52.47	97.84	-	150.32	2.24	0.97	-	-	3.21	147.11	50.24
2	Technical / Process Licenses	82.71	7.84	-	90.55	37.03	11.10	-	-	48.13	42.43	45.68
3	Software	159.44	14.30	0.01	173.72	140.30	12.20	-	0.01	152.49	21.23	19.13
	<b>Grand Total</b>	<b>294.62</b>	<b>119.98</b>	<b>0.01</b>	<b>414.59</b>	<b>179.57</b>	<b>24.27</b>	<b>-</b>	<b>0.01</b>	<b>203.83</b>	<b>210.76</b>	<b>115.05</b>
	Previous Year 2013-14	263.73	30.91	0.01	294.62	156.69	22.90	-	0.01	179.57	115.05	107.04

₹ /Crores

	31.03.2015	31.03.2014
<b>13. CAPITAL WORK-IN-PROGRESS</b>		
Unallocated Capital Expenditure and Materials at Site	2,694.85	3,699.61
Capital Stores lying with Contractors	304.92	150.39
Capital goods in transit	1.22	25.46
	<b>3,000.99</b>	<b>3,875.46</b>
<b>Construction period expenses pending apportionment (Net of recovery):</b>		
Establishment charges	115.86	123.99
Borrowing Costs	357.57	586.11
	473.43	710.10
	<b>3,474.42</b>	<b>4,585.56</b>



Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>14. NON-CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
<b>Quoted</b>		
<b>Investments in Equity</b>		
<b>Investments in Joint Venture</b>		
Mangalore Refinery and Petrochemicals Ltd.	471.68	471.68
29,71,53,518 Equity Shares of ₹ 10 each fully paid up		
<b>Investments in Others</b>		
Oil India Ltd.	561.76	561.76
1,33,75,275 Equity Shares of ₹ 10 each fully paid up		
Scooters India Ltd.	0.01	0.01
10,000 Equity Shares of ₹ 10 each fully paid up		
<b>Unquoted</b>		
<b>Investment in Equity</b>		
<b>Investments in Subsidiaries</b>		
CREDA HPCL Biofuel Ltd.	16.10	16.10
1,60,99,803 Equity Shares of ₹ 10 each fully paid up		
HPCL - Biofuels Ltd.	205.52	205.52
20,55,20,000 Equity Shares of ₹ 10 each fully paid up		
Prize Petroleum Co. Ltd	120.00	120.00
11,99,99,600 ₹ 10 each fully paid up		
HPCL Rajasthan Refinery Ltd (refer note 14.1)	74.00	0.04
37,000 Equity Shares of ₹ 10 each fully paid-up		
<b>Investments in Joint Venture</b>		
HPCL-Mittal Energy Ltd.	3,690.74	3,690.74
3,69,07,35,200 Equity Shares of ₹ 10 each fully paid up		
Hindustan Colas Ltd.	4.73	4.73
47,25,000 Equity Shares of ₹ 10 each fully paid-up		
Petronet India Ltd.	16.00	16.00
1,59,99,999 Equity Shares of ₹ 10 each fully paid up		
Less : Provision for Diminution	16.00	16.00
Petronet MHB Ltd.	157.84	157.84
15,78,41,000 Equity Shares of ₹ 10 each fully paid up		
South Asia LPG Co. Pvt. Ltd.	50.00	50.00
5,00,00,000 Equity Shares of ₹ 10 each fully paid up		
Bhagyanagar Gas Ltd.	22.50	0.01
2,24,99,997 (2013 - 14 : 12,497) Equity Shares of ₹ 10 each fully paid up		
Aavantika Gas Ltd	22.50	0.01
2,24,99,998 (2013 - 14 : 12,498) Equity Shares of ₹ 10 each fully paid up		
GSPL India Transco Ltd	15.40	12.65
1,54,00,000 (2013 - 14 : 1,26,50,000) Equity Shares of ₹ 10 each fully paid up		
GSPL India Gasnet Ltd	20.57	15.07
2,05,72,128 (2013 - 14 : 1,50,72,128) Equity Shares of ₹ 10 each fully paid up		
HPCL Shapoorji Energy Limited	5.00	5.00
50,00,000 Equity Shares of ₹ 10 each fully paid up		
Mumbai Aviation Fuel Farm Facility	4.50	-
45,02,500 Equity Shares of ₹ 10 each fully paid up		



Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>Investment in Preference Shares</b>		
<b>Investments in Subsidiary</b>		
5% HPCL - Biofuels Ltd. Non-Cumulative Pref Shares 41,96,51,511 (2013 - 14 : 41,96,51,511) Preference Shares of ₹ 10 each fully paid up	419.65	419.65
<b>Investment in Other Non - Current Investments</b>		
Petroleum India International (Association of Persons) Contribution towards Seed Capital (refer note 14.2)	5.00	5.00
<b>Total Trade Investments - A</b>	<b>5,867.50</b>	<b>5,735.81</b>
<b>14.1 :</b> Includes amount of ₹ 73.96 Crores towards unsubscribed shares of HPCL Rajasthan Refinery Limited being part of MOA / AOA for which liability is created under Section 10 (2) of the Companies Act, 2013.		
<b>14.2 :</b> Members in Petroleum India International (AOP) : Hindustan Petroleum Corporation Ltd., Bharat Petroleum Corporation Ltd., Engineers India Ltd., Indian Oil Corporation Ltd., Indian Petrochemicals Corporation Ltd., Chennai Petroleum Corporation Ltd. and Oil India Ltd. Each one is holding 10% share except Indian Oil Corporation which is holding 30% and Bharat Petroleum Corporation Ltd. which is holding 20%.		
<b>14.3 :</b> Refer note # 50		
<b>Other Investments</b>		
<b>Unquoted</b>		
<b>Investment in Government securities</b>		
Government Securities of the face value of ₹ 0.02 Crores		
- Deposited with Others	0.02	0.02
- On hand - ₹ 0.25 lakhs	0.00	0.00
Government Securities of the face value of ₹ 0.24 lakhs		
- Deposited with Others - ₹ 0.10 lakhs	-	-
- On hand - ₹ 0.14 lakhs (refer note 14.4)	0.00	0.00
Less: Provision for diminution on Investments	(0.00)	(0.00)
<b>Investment in Debentures or bonds</b>		
East India Clinic Ltd.		
- 1/2% Debenture of face value of - ₹ 0.15 lakhs	0.00	0.00
- 5% Debenture of face value of - ₹ 0.07 lakhs	0.00	0.00
<b>Investment in Equity</b>		
Shushrusha Citizen Co-operative Hospital Limited 100 Equity Shares of ₹ 100/- each fully paid	0.00	0.00
<b>Total Other Investments - B</b>	<b>0.02</b>	<b>0.02</b>
<b>Total Non - Current Investments ( A + B )</b>	<b>5,867.52</b>	<b>5,735.83</b>

14.4 : Includes ₹ 0.14 lakhs (2013-14 : ₹ 0.14 lakhs) not in the possession of the Company

₹ /Crores

Disclosure towards Cost / Market Value	31.03.2015		31.03.2014	
	Market Value	Cost	Market Value	Cost
a Aggregate amount of Quoted Investments	2,602.18	1,033.45	2,064.87	1,033.45
b Aggregate amount of Unquoted Investments		4,850.07		4,718.38
c Aggregate amount of provision for diminution		(16.00)		(16.00)
		5,867.52		5,735.83



Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>15. LONG-TERM LOANS AND ADVANCES</b>		
<b>Secured, considered good :</b>		
Employee Loans and Advances	224.27	231.04
Interest Accrued thereon	186.35	173.88
<b>Unsecured, considered good :</b>		
Capital Advances	159.62	170.30
MAT Credit Entitlements	344.33	568.44
Balances with Excise, Customs, Port Trust etc.	1.97	1.87
Other Deposits	84.44	70.11
Prepaid Expenses	6.14	6.31
Advance tax (net of provisions)	192.00	136.44
Share application money pending allotment (to Related Parties)	2.00	4.98
Advance towards equity (to Related Parties)	-	40.00
Advances given to others	12.00	12.00
Other Receivables (refer note 15.1)	216.74	160.18
	<u>1,429.86</u>	<u>1,575.55</u>
<b>15.1:</b> Includes Working Capital Loans to customers ₹ 37.03 Crores (2013 - 2014 : ₹ 45.04 Crores) and Statutory Receivables of ₹ 89.39 Crores (2013 - 2014 : ₹ 89.39 Crores)		
<b>16. OTHER NON - CURRENT ASSETS</b>		
Unamortized Expenses (including ancillary cost, refer note # 37)	116.55	146.26
	<u>116.55</u>	<u>146.26</u>
<b>17. CURRENT INVESTMENTS</b>		
<b>TRADE INVESTMENTS (Quoted)</b>		
7.61% Oil Marketing Companies' GOI Special Bonds, Nil (2013 - 14 : 5,12,000) ₹ 100 each face value	-	5.07
6.90% Oil Marketing Companies' GOI Special Bonds 31,76,36,000 (2013 - 14 : 35,26,36,000) ₹ 100 each face value (refer note 17.1)	2,949.25	2,938.79
8.00% Oil Marketing Companies' GOI Special Bonds, 24,41,000 (2013 - 14: 24,41,000) ₹ 100 each face value	24.41	22.26
8.20% Oil Marketing Companies' GOI Special Bonds, 1,23,49,000 (2013 - 14 : 1,23,49,000) ₹ 100 each face value. (refer note 17.2)	123.49	115.25
6.35% Oil Marketing Companies' GOI Special Bonds, 25,32,33,000 (2013 - 14 : 25,32,33,000) ₹ 100 each face value	2,276.81	2,042.67
	<u>5,373.96</u>	<u>5,124.04</u>

₹ /Crores

Disclosure towards Cost / Market Value	31.03.2015		31.03.2014	
	Market Value	Cost	Market Value	Cost
Aggregate of Quoted Investments	5,373.96	5,856.59	5,124.04	6,211.71
Aggregate provision made for diminution in value of current Investments	482.63		1087.67	

**17.1:** ₹ 2,750 Crores bonds pledged with Clearing Corporation of India Limited against CBLO Loan.

**17.2:** In line with Section 71 of Companies Act 2013 read with rules, the Company has earmarked 8.20% Oil Marketing Companies GOI Special Bonds 2024 of Carrying value of ₹ 81.75 crores being 15% of the total value of ₹ 545 crores maturing in the next financial year.



Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>18. INVENTORIES</b>		
<b>(As per Inventory taken, valued and certified by the Management)</b>		
Raw Materials (Including in transit ₹ 1,083.53 Crores; 2013 - 14 : ₹ 1,563.45 Crores)	2,320.39	4,625.48
Work - in - Progress	449.58	1,491.69
Finished Goods	5,458.94	7,381.12
Stock - in - Trade (Including in transit ₹ 145.03 Crores; 2013 - 14 : ₹ 158.06 Crores)	4,173.90	4,959.05
Stores and Spares (Including in transit ₹ 15.32 Crores; 2013 - 14 : ₹ 41.51 Crores)	552.11	299.33
Packages	17.34	11.64
	<u>12,972.26</u>	<u>18,768.31</u>
<b>19. TRADE RECEIVABLES</b>		
<b>Over six months (from the due date) :</b>		
Unsecured Considered good	101.35	35.38
Considered Doubtful	147.45	134.15
Less: Provision for Doubtful Debts	147.45	134.15
	<u>101.35</u>	<u>35.38</u>
<b>Others :</b>		
Unsecured Considered good	3,501.70	5,430.57
	<u>3,501.70</u>	<u>5,430.57</u>
	<u>3,603.05</u>	<u>5,465.95</u>
<b>20. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	7.81	12.58
Cheques Awaiting Deposit	1.07	0.15
Balances With Scheduled Banks:		
- On Current Accounts	0.27	14.92
- On Non-operative Current Accounts	0.01	0.01
<b>Fixed Deposit Accounts with Scheduled Bank</b>	4.89	4.52
<b>Earmarked for Unpaid dividend</b>	3.02	2.53
<b>Current Account with Municipal Co-operative Bank Ltd.</b>	0.00	0.00
	<u>17.07</u>	<u>34.71</u>



Notes to the Financial Statements as at 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>21. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Secured, considered good :</b>		
Employee Loans and Advances	41.98	113.21
Interest Accrued thereon	6.64	11.10
<b>Unsecured, considered good :</b>		
Advances recoverable in cash or in kind or for value to be received	56.68	66.08
Balances with Excise, Customs, Port Trust etc.	449.56	392.67
Other Deposits	0.28	1.85
Prepaid Expenses	28.49	25.64
Amounts recoverable under Subsidy Schemes	737.03	7,084.92
Loans to Related Parties (Refer Note # 46)	75.00	75.00
Other Receivables (refer note 21.1)	3,910.86	2,545.48
<b>Total A</b>	<b>5,306.52</b>	<b>10,315.95</b>
<b>Unsecured, considered doubtful :</b>		
Accounts Receivable & Deposits	3.97	3.97
Less : Provision for Doubtful Receivables	3.97	3.97
<b>Total B</b>	<b>-</b>	<b>-</b>
<b>Total (A+B)</b>	<b>5,306.52</b>	<b>10,315.95</b>
<b>21.1:</b> Includes : ₹ 697.84 Crores (2013 - 14 ₹ 637.19 Crores) deposits made with LIC for liability towards Leave Encashment, ₹ 2,835.27 crores (2013 - 14 ₹ 1,411.75) recoverable from Government of India towards Direct Benefit Transfer for LPG consumers (DBTL).		
<b>22. OTHER CURRENT ASSETS</b>		
Interest Accrued on Investments	78.97	82.82
Unamortized Expenses (refer note # 37)	89.39	78.02
Gold Coins in Hand (at Cost)	5.01	-
Delayed Payment Charges Receivable from Customers	219.97	234.65
Less : Provision for doubtful receivables	66.72	66.72
	<b>326.62</b>	<b>328.77</b>



**Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015**

	₹ /Crores	
	2014 - 15	2013 - 14
<b>23A. GROSS SALES OF PRODUCTS</b>		
Sale of Products (Net of Discount of ₹ 1,499.46 Crores, 2013-14 : ₹ 1,404.58 Crores)	<b>211,318.38</b>	216,316.29
Recovery under Subsidy Schemes	<b>5,742.73</b>	15,959.53
	<b>217,061.11</b>	232,275.82
<b>23B. OTHER OPERATING REVENUES</b>		
Rent Recoveries	<b>103.69</b>	99.19
Net Recovery for LPG Filling Charges	<b>4.38</b>	1.27
Miscellaneous Income	<b>137.74</b>	126.93
	<b>245.81</b>	227.39
<b>23C. OTHER INCOME</b>		
Interest On :		
Deposits	<b>0.65</b>	0.56
Staff Loans	<b>22.40</b>	23.66
Customers' Accounts	<b>145.09</b>	109.84
Current Investments	<b>409.86</b>	416.59
Others	<b>162.79</b>	139.47
	<b>740.79</b>	690.12
Dividend income (refer note 23C.1)	<b>55.09</b>	74.02
Profit on sale of fixed assets (Net)	<b>67.30</b>	-
Share of Profit from Petroleum India International (AOP)	<b>0.60</b>	0.57
Miscellaneous Income	<b>304.63</b>	217.00
	<b>1,168.41</b>	981.71
<b>23C.1:</b> Includes Dividend from Long - Term Investments ₹ 54.40 Crores (2013 - 14: ₹ 73.31 Crores).		
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE : (INCREASE) / DECREASE</b>		
<b>Closing Stock:</b>		
Work - in - Progress	<b>449.58</b>	1,491.69
Finished Goods	<b>5,458.94</b>	7,381.12
Stock - in - Trade (In respect of goods acquired for trading)	<b>4,173.90</b>	4,959.05
	<b>10,082.42</b>	13,831.86
<b>Less: Opening Stock:</b>		
Work - in - Progress	<b>1,491.69</b>	1,208.43
Finished Goods	<b>7,381.12</b>	7,414.36
Stock - in - Trade (In respect of goods acquired for trading)	<b>4,959.05</b>	4,634.64
	<b>13,831.86</b>	13,257.43
	<b>3,749.44</b>	(574.43)
<b>25. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages, Bonus, etc.	<b>1,732.66</b>	1,533.00
Contribution to Provident Fund	<b>115.28</b>	111.33
Pension, Gratuity and Other Employee Benefits	<b>333.95</b>	150.22
Employee Welfare Expenses	<b>232.77</b>	235.75
	<b>2,414.66</b>	2,030.30





Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

	₹ /Crores	
	2014 - 15	2013 - 14
<b>26. FINANCE COSTS</b>		
Interest Expense (refer note 26.1)	403.97	613.53
Other Borrowing Costs	101.83	28.92
Applicable Net (Gain)/Loss on Foreign Currency Transactions and Translation	200.79	693.91
	<u>706.59</u>	<u>1,336.36</u>
<b>26.1:</b> Includes interest u/s 234B/ 234C of Income Tax Act, 1961 for an amount ₹ 16.24 Crores (2013 - 14 : ₹ 25.06 Crores)		
<b>27. OTHER EXPENSES</b>		
Consumption of Stores, Spares and Chemicals	244.20	167.81
Power and Fuel	1,513.55	2,136.51
Less : Fuel of own production consumed	<u>1,344.63</u>	<u>2,027.01</u>
	168.92	109.50
Repairs and Maintenance - Buildings	42.43	36.43
Repairs and Maintenance - Plant and Machinery	764.23	650.68
Repairs and Maintenance - Other Assets	236.06	193.58
Insurance	46.08	36.66
Rates and Taxes	155.21	161.41
Irrecoverable Taxes and Other Levies	247.52	427.15
Equipment Hire Charges	6.41	1.97
Rent	310.28	206.74
Travelling and Conveyance	179.39	182.45
Printing and Stationery	15.92	15.70
Electricity and Water	679.49	532.74
Corporate Social Responsibility (CSR) Expenses	34.07	23.74
Stores and Spares written off	1.06	0.18
Loss on Sale of Current Investments	34.08	-
Provision / (Reversal) for Diminution in value of Current Investments	(605.04)	736.83
Provision for Doubtful Debts	13.30	13.09
(After adjusting provision no longer required written back ₹ 2.67 crores, 2013-14 : ₹ 0.99 crores)		
Loss on Sale/ write off of Fixed Assets/ CWIP (Net)	-	17.54
Security Charges	125.30	111.37
Advertisement and Publicity	109.91	130.30
Sundry Expenses and Charges (Not otherwise classified)	521.73	479.46
Consultancy and Technical Services	46.57	31.09
Exchange Rate Variations (Net)	<u>(315.07)</u>	<u>215.29</u>
	<u>3,062.05</u>	<u>4,481.71</u>
<b>28. PRIOR PERIOD EXPENSES / (INCOMES)</b>		
Expenditure on Enabling Assets	-	5.02
Transportation Expenses	-	(6.49)
Interest on Delayed Payment charges	-	7.93
Depreciation	(7.61)	(13.50)
Insurance	3.14	-
Exchange Rate Variation	-	65.16
Loss on sale of Assets	-	0.25
	<u>(4.47)</u>	<u>58.37</u>

**Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015**

29. During the current financial year 2014-15, ONGC and GAIL offered discount on prices of crude, PDS SKO and Domestic LPG purchased from them. Accordingly, the Corporation has accounted the discount as under:
- ₹ 1,035.37 Crores (2013-14: ₹ 1,815.55 crores) discount received on purchase of PDS SKO and Domestic LPG from ONGC and GAIL has been adjusted against Purchases of Stock-in-Trade.
  - ₹ 9,826.84 crores (2013-14: ₹ 14,955.22 crores) discount received on Crude Oil purchased from ONGC has been adjusted against purchase cost of Crude Oil.
30. During the current financial year 2014-15, Subsidy on PDS Kerosene and Domestic Subsidized LPG from central and state governments amounting to ₹ 684.79 crores (2013 - 14: ₹ 744.08 crores) has been accounted.
31. Approval of Government of India for Budgetary Support amounting to ₹ 5,057.94 crores (2013-14: ₹ 15,215.45 crores), has been received and the same have been accounted under 'Recovery under Subsidy Schemes'.
32. (a) Inter-Oil company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/reconciliation which is not likely to have a material impact.
- (b) Customers' accounts are reconciled on an ongoing basis and such reconciliation is not likely to have a material impact on the outstanding or classification of the accounts.
33. The Corporation has NIL (2013-14 : USD 1,388.50 Million i.e. an equivalent of ₹ 8,320 crores) foreign exchange hedging contracts, as at the Balance Sheet date, to hedge its foreign currency exposure towards loans/export earnings. The Corporation normally does not hedge the foreign currency exposure in respect of crude/product payments and export earning which is due for payment generally within 30 to 90 days. Exposures not hedged as of Balance Sheet date amounted to USD 460.16 Million i.e. an equivalent of ₹ 2,876.22 crores (2013-14: USD 1,062.68 Million i.e. an equivalent of ₹ 6,367.59 crores) towards purchase of Crude & Products, USD 23.32 Million i.e. an equivalent of ₹ 145.77 crores (2013-14: USD 35.16 Million i.e. an equivalent of ₹ 210.69 crores ) towards export earnings and USD 2,565 Million i.e. an equivalent of ₹ 16,032.53 crores (2013-14: USD 3,051.50 Million i.e. an equivalent of ₹ 18,284.59 crores) in respect of loans taken. As at Balance Sheet date, Corporation has interest rate swap contracts for a value of USD 200 Million i.e. an equivalent of ₹ 1,250 crores (2013-14: USD 200 Million i.e. an equivalent of ₹ 1,198 crores) to cover its floating interest rate exposure to fixed interest rate.
34. In accordance with the option as per AS – 11 (notified under the Company's Accounting Standards Rules, 2006) exercised in the year 2008 – 09, the Corporation has adjusted the exchange differences arising on long term foreign currency monetary items to the cost of assets and depreciated over the balance life of the assets. The Corporation has continued to exercise the option during the year 2014-15 as per Ministry of Corporate Affairs' Notification.
35. In accordance with the option exercised by the Company as referred in note # 34, an amount loss of ₹ 63.16 crores (2013 - 14: Gain of ₹ 161.58 Crores) related to non-depreciable assets is remaining to be amortized over the balance period of loan in "Foreign Currency Monetary Item Translation Difference Account" as at March 31, 2015.
36. During the financial year 2013-14, Reserve Bank of India had introduced forex swap window for meeting the daily US dollar requirement of public sector oil marketing companies. Under the special window, total RBI swap window transactions entered during financial year 2013-14 were USD 1,444 Million (i.e. an equivalent of ₹ 9,443.54 crores), out of which USD 491 Million (i.e. an equivalent of ₹ 3,287.41 crores) were settled during financial year 2013-14 and balance USD 953 Million (i.e. an equivalent of ₹ 6,156.13 crores) got settled during financial year 2014-15. Corporation had fully hedged entire swap transactions in the Financial Year 2013-14 itself.
- The net gain of ₹ 360.71 crore have been recognized and accounted for in the books on RBI swap transactions during the financial year 2014-15, out of which ₹ 192.38 crore was realized on account of RBI swap transactions settled during the financial year 2014-15 and ₹ 168.33 Crore on account of reversal of mark to market losses provision provided as on 31.03.2014 on forward contracts taken to hedge the un-matured RBI swap transactions outstanding as on 31.03.2014.
37. Ancillary costs incurred towards raising of Syndicated Loans from Foreign Banks (repayable in foreign currency) is being amortized over the tenure of the loan. Total amount of such ancillary costs remaining unamortized as on the balance sheet date is ₹ 205.94 Crores (2013-14: ₹ 224.43 crores).



**Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015**

38. (a) Current Tax includes MAT Credit utilisation of ₹ 243.15 Crore (2013-14: ₹ 10.68 Crore).
- (b) The recognition of MAT Credit Entitlements of ₹ 344.33 Crore as at March 31, 2015 ( ₹ 568.44 Crore as at March 31, 2014) is on the basis of convincing evidence that the Corporation will be able to avail the credit during the period specified in section 115JAA of the Act.
- (c) Provision for tax for earlier years written back (net) of ₹ 27.47 Crore (2013-14: Provided ₹ 19.82 Crore) represents reversal of excess provision towards current tax of ₹ 24.71 Crore (2013-14: ₹ 2.53 Crore), additional provision towards deferred Tax of ₹ 26.76 Crore (2013-14: ₹ 192.33 Crore) and recognition of MAT credit Entitlements of ₹ 29.53 Crore (2013-14: ₹ 169.99 Crore)
39. To the extent Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at balance sheet date is disclosed on which Auditors have relied upon :

₹ /Crores

Sr. No.	Particulars	2014-15	2013-14
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/15 :- - Principal - Interest	15.19 -	12.14 -
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2014 – 15 (irrespective of whether it pertains to current year or earlier years) - Principal - Interest	-	-
3.	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	-	-
4.	Amount accrued and remaining unpaid at the end of Accounting Year	-	-
5.	Amount of interest which is due and payable, which is carried forward from last year	-	-

**40. RELATED PARTY DISCLOSURE:**

**A. Names of and Relationship with Related Parties**

**1. Jointly controlled entities**

- i. HPCL-Mittal Energy Ltd.
- ii. Hindustan Colas Ltd.
- iii. South Asia LPG Company Pvt. Ltd.
- iv. Petronet India Ltd.
- v. HPCL Shapoorji Energy Ltd.

**2. Key Management Personnel**

- i. Smt. Nishi Vasudeva, Chairman and Managing Director.
- ii. Shri K. V. Rao, Director - Finance.
- iii. Shri B. K. Namdeo, Director – Refineries
- iv. Shri Y. K. Gawali, Director - Marketing (w.e.f. 10-10-2014).
- v. Shri Pushp Kumar Joshi, Director - Human Resources
- vi. Shri Shrikant Madhukar Bhosekar, Company Secretary



## Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

### 3. The Company has not included disclosure in respect of following State-Controlled Enterprises as per AS – 18.

#### i. Subsidiaries

1. CREDA-HPCL Biofuels Ltd.
2. HPCL Biofuels Ltd.
3. Prize Petroleum Company Ltd.
4. HPCL Rajasthan Refinery Ltd.

#### ii. Jointly controlled entities

1. Mangalore Refinery and Petrochemicals Ltd.
2. Aavantika Gas Ltd.
3. Bhagyanagar Gas Ltd.
4. Petronet MHB Ltd.
5. GSPL India Gasnet Ltd.
6. GSPL India Transco Ltd.
7. Mumbai Aviation Fuel Farm facility Ltd. (w.e.f. 20-10-2014)

### B. Details of transactions with related parties

#### 1. Transaction with Jointly controlled entities

No. Nature of Transactions	₹ /Crores	
	2014-15	2013-14
<b>(i) Sale of goods</b>		
HPCL-Mittal Energy Ltd.	24.27	1.97
Hindustan Colas Ltd.	414.61	482.06
Others	0.43	0.23
	<u>439.31</u>	<u>484.26</u>
<b>(ii) Purchase of goods</b>		
HPCL-Mittal Energy Ltd.	24,047.51	39,697.49
Hindustan Colas Ltd.	220.88	228.99
Others	-	41.79
	<u>24,268.39</u>	<u>39,968.27</u>
<b>(iii) Dividend income received</b>		
Hindustan Colas Ltd.	15.36	5.86
South Asia LPG Company Pvt. Ltd.	25.00	30.00
	<u>40.36</u>	<u>35.86</u>
<b>(iv) Services given (Manpower Supply Service)</b>	3.56	4.59
<b>(v) Lease rental received</b>	1.94	2.26
<b>(vi) Others - provided / (availed) (net)</b>		
HPCL-Mittal Energy Ltd.	15.40	10.26
Hindustan Colas Ltd.	(5.47)	(5.87)
South Asia LPG Company Pvt. Ltd.	(81.14)	(86.12)
	<u>(71.21)</u>	<u>(81.73)</u>
<b>(vii) Investment in equity shares / Converted to Equity Shares</b>		
HPCL-Mittal Energy Ltd.	-	472.18
HPCL Shapoorji Energy Limited	-	5.00
	<u>-</u>	<u>477.18</u>



Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

No. Nature of Transactions	₹ /Crores	
	2014-15	2013-14
<b>(viii) Advance against equity given / Share Application Money Pending Allotment given</b>		
HPCL-Mittal Energy Ltd.	-	66.18
HPCL Shapoorji Energy Limited	2.00	-
	<b>2.00</b>	<b>66.18</b>
	<b>31.03.2015</b>	<b>31.03.2014</b>
<b>(ix) Receivables as on</b>		
HPCL-Mittal Energy Ltd.	12.39	0.24
Hindustan Colas Ltd.	32.97	52.70
Others	0.96	23.72
	<b>46.32</b>	<b>76.66</b>
<b>(x) Payables as on</b>		
HPCL-Mittal Energy Ltd.	1,448.47	1,573.13
Hindustan Colas Ltd.	21.37	46.33
Others	8.89	10.31
	<b>1,478.73</b>	<b>1,629.77</b>

2. Remuneration paid to Key Management Personnel

No.	Description	₹ /Crores			
		2014-15		2013-14	
		Remuneration	O/s Dues	Remuneration	O/s Dues
(i)	Smt. Nishi Vasudeva	0.72	0.02	0.54	0.03
(ii)	Shri S. Roy Choudhary	-	-	0.80	0.00
(iii)	Shri K. V. Rao	0.60	0.00	0.54	0.01
(iv)	Shri B. Mukherjee	-	-	0.50	0.00
(v)	Shri B. K. Namdeo	0.68	-	0.38	0.00
(vi)	Shri K. Murali	-	-	0.51	0.00
(vii)	Shri Y. K. Gawali	0.35	-	-	-
(viii)	Shri Pushp Kumar Joshi	0.51	0.07	0.49	0.07
(ix)	Shri Shrikant Madhukar Bhosekar	0.40	0.05	-	0.00
		<b>3.26</b>	<b>0.14</b>	<b>3.76</b>	<b>0.11</b>

Remuneration to KMP has been considered from / to the date from which they became KMP.

41. The Corporation has entered into production sharing oil & gas exploration contracts in India and overseas in consortium with other body corporate. These consortia are:

Name of the Block	Participating Interest of HPCL in %	
	31/03/2015	31/03/2014
<b>In India</b>		
<b>Under NELP IV</b>		
KK- DWN-2002/2	20	20
KK- DWN-2002/3	20	20
CB- ONN-2002/3	15	15



**Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015**

Name of the Block	Participating Interest of HPCL in %	
	31/03/2015	31/03/2014
<b>Under NELP V</b>		
AA-ONN-2003/3	15	15
<b>Under NELP VI</b>		
CY-DWN-2004/1	10	10
CY-DWN-2004/2	10	10
CY-DWN-2004/3	10	10
CY-DWN-2004/4	10	10
CY-PR-DWN-2004/1	10	10
CY-PR-DWN-2004/2	10	10
KG-DWN-2004/1	10	10
KG-DWN-2004/2	10	10
KG-DWN-2004/3	10	10
KG-DWN-2004/5	10	10
KG-DWN-2004/6	10	10
MB-OSN-2004/1	20	20
MB-OSN-2004/2	20	20
RJ-ONN-2004/1	22.22	22.22
RJ-ONN-2004/3	15	15
<b>Under NELP IX</b>		
MB-OSN-2010/2	30	30
<b>Outside India</b>		
SOUTH SENAI, EGYPT	NIL	25
SOUTH QUSEIR, EGYPT	NIL	25

- a) The Blocks KK-DWN-2002/2&3, CY-DWN-2004/1,2,3,4, CY-PR-DWN-2004/1&2, KG-DWN-2004/1,2,3,5,6, AA-ONN-2003/3, MB-OSN-2004/1, MB-OSN-2004/2 & RJ-ONN-2004/1 & 3 are in the process of relinquishment.
- b) The block CB-ONN-2002/3 was awarded under NELP IV bidding round and the production sharing contract was signed on 06.02.2004. The exploration Minimum Work Program has been completed. The block is divided into two areas i.e. Miroli and Sanand. For the Moroli area, as advised by MoP&NG production performance is under review for a year due to marginal nature of discovery. In Sanand area field development program is approved.
- c) The exploration block MB-OSN-2010/2 has been awarded under NELP IX Bidding Round, Production Sharing Contract (PSC) of the same has been signed on 30/08/2012. The seismic data acquisition has been completed and interpretation of data is in progress.
- d) In Egypt Blocks, consortium of GSPC-HPCL-OIL has unanimously decided not to sign the concession agreement for the blocks in view of non-viability of the project in changed scenario in Egypt. The decision not to sign concession agreement has conveyed to MoP&NG and Egypt authorities.



## Hindustan Petroleum Corporation Limited

### Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

42. In compliance of AS-27 'Financial Reporting of Interest in Joint Ventures', the required information is as under:

a) Jointly Controlled Entities

	Country of Incorporation	Percentage of ownership interest as on 31 <sup>st</sup> March, 2015	Percentage of ownership interest as on 31 <sup>st</sup> March, 2014
HPCL-Mittal Energy Ltd.	India	48.94	48.94
Hindustan Colas Ltd.*	India	50.00	50.00
South Asia LPG Company Pvt. Ltd.	India	50.00	50.00
Mangalore Refinery and Petrochemicals Ltd.	India	16.95	16.95
Petronet India Ltd.	India	16.00	16.00
Petronet MHB Ltd.	India	28.77	28.77
Bhagyanagar Gas Ltd.**	India	25.00	25.00
Aavantika Gas Ltd.	India	49.97	25.00
GSPL India Transco Ltd	India	11.00	11.00
GSPL India Gasnet Ltd	India	11.00	11.00
HPCL Shapoorji Energy Ltd.***	India	50.00	50.00
Mumbai Aviation Fuel Farm Facility Pvt Ltd.****	India	25.00	-

\* The name of the company changed from Hindustan Colas Limited to Hindustan Colas Private Limited w.e.f.13/04/2015

\*\* As of 31<sup>st</sup> March, 2014, paid up equity capital of BGL was ₹ 5 lacs, in which HPCL and GAIL were holding 25% each. Balance 50% of shares were held by Kakinada Seaports Ltd (KSPL) on warehousing basis. In addition, each one of HPCL and GAIL had paid ₹ 22.49 crores as Advance against Equity / Share application money (totaling to ₹ 44.98 crores) in earlier years. On 20<sup>th</sup> August, 2014, BGL allotted 2,24,87,500 shares on preferential basis to each of HPCL and GAIL towards the money paid earlier. Meanwhile there are certain issues pending adjudication with another shareholder. Accordingly, keeping in view financial prudence, HPCL's share has been considered at 25%..

\*\*\* The name of the company changed from HPCL Shapoorji Energy Limited to HPCL Shapoorji Energy Private Limited w.e.f. 23/04/2015

\*\*\*\* Incorporated initially as a wholly owned subsidiary of Mumbai International Airport Private Limited (MIAL). HPCL along with other Oil Marketing Companies (OMCs) made equity investment during 2014-15 pursuant to Joint Venture Agreement and Share Purchase Agreement.

b) In respect of jointly controlled entities, the Corporation's share of assets, liabilities, income, expenses, contingent liabilities and capital commitments as furnished below on the basis of audited / unaudited financial statements received from these joint venture companies:

	₹ /Crores	
	2014-15	2013-14
<b>(I) SHARE OF ASSETS &amp; LIABILITIES :</b>		
<b>I. LIABILITIES</b>		
(1) Share application money pending allotment	2.00	2.49
(2) Non-current liabilities	13,158.69	10,500.71
(3) Deferred tax liabilities (Net)	(12,97.12)	(564.99)
(4) Current liabilities	8,176.76	10,652.77



**Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015**

	₹ /Crores	
	2014-15	2013-14
<b>II. ASSETS</b>		
(1) Non-current assets	15,925.48	14,099.23
(2) Current assets	7,033.24	10,126.64
<b>(II) SHARE OF INCOME &amp; EXPENSES :</b>		
(a) Income	25,144.16	33,959.91
(b) Expenses	26,216.35	34,423.65
<b>(III) SHARE OF CONTINGENT LIABILITIES &amp; CAPITAL COMMITMENTS :</b>		
(a) Contingent Liabilities	554.52	377.43
(b) Capital Commitments	419.99	293.49

c) Corporation's Share in aggregate of Contingent Liabilities and Capital Commitments of Jointly Controlled Operations:

	₹ /Crores	
	2014 – 15	2013 – 14
<b>Jointly Controlled Operations</b>		
Contingent Liabilities	231.19	224.29
Capital Commitment	94.93	195.34

43. Operating Leases - Assets taken on lease primarily consist of leased land taken for the purpose of setting up retail outlets, depot operations and properties for use by the Corporation. These lease arrangements are normally renewed on expiry of the term. Amount of lease rental expenses recognized in the Statement of Profit & Loss is given under Note 27 - 'Other expenses'.
44. Considering the Government policies and modalities of compensating the oil marketing companies towards under-recoveries, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. Since there is no indication of impairment of assets as at Balance Sheet date as per the assessment carried out, no impairment has been considered. In view of assumptions being technical, peculiar to the industry and Government policy, the auditors have relied on the same.
45. During the year 2014-15, an amount of ₹ 29.45 Crores (2013-14: ₹ 12.82 Crores) has been charged to revenue towards Enabling Assets on which the Corporation does not have a control.
46. Disclosure as required by Clause 32 of Listing Agreement

Particulars		₹ /Crores			
		Balance as on		Maximum amount outstanding during the year	
		31/03/2015	31/03/2014	2014 – 15	2013 – 14
a)	Loans and advances in the nature of loans to subsidiary Companies (by name and amount)				
	8% Inter Corporate Loan to HPCL – Biofuels Ltd.	-	-	-	107.46
	12.5% Inter Corporate Loan to HPCL – Biofuels Ltd.	-	-	-	100.00
	10.17% Inter Corporate Loan to HPCL – Biofuels Ltd.	-	-	-	198.00
b)	Loans and advances in the nature of loans to joint ventures (by name and amount)				
	10% Inter Corporate Loan to Bhagyanagar Gas Ltd.	45.00	45.00	45.00	45.00
	13% Inter Corporate Loan to Bhagyanagar Gas Ltd.	30.00	30.00	30.00	30.00





Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

₹ /Crores

Particulars	Balance as on		Maximum amount outstanding during the year	
	31/03/2015	31/03/2014	2014 – 15	2013 – 14
c) Loans and advances in the nature of loans where there is	-	-	-	-
i) No repayment schedule or repayment beyond seven years				
ii) No interest or interest below section 372A of Companies Act				
d) Loans and advances in the nature of loans to firms/companies in which directors are interested	-	-	-	-
e) Investment by the loanee in the shares of HPCL and its subsidiary company, when the Company has made a loan or advance in the nature of loan	-	-	-	-

47. The net worth of HPCL Biofuel Limited, a 100% subsidiary, which is in nascent stage of operation, is partially eroded. Government of India has recently announced measures to improve the price sentiments relating to sugar. These include increase in the import duty on sugar and removal of excise duty on Ethanol produced from molasses generated during the next sugar session and supplied for ethanol blending. Based on these announcements and also considering the fact that these mills, have now stabilized, the Corporation expects improvement in the operation of this subsidiary. Having regard to the said facts, being the long term and strategic nature of the investment and continuous support of the Corporation, the diminution in value is considered temporary. Hence no provision has been made.
48. The net worth of M/s Prize Petroleum Company Limited (PPCL), a 100% subsidiary, is partially eroded. Though, PPCL on a standalone basis has reported a net profit of ₹ 2.08 crores during the financial year 2014-15, its wholly owned subsidiary M/s Prize Petroleum International Pte. Limited Singapore (PPIPL), has reported a loss. M/s PPIPL was incorporated in January 2014 and has acquired minority stake in two E&P assets in Australia (Yolla producing field and Trefoil discovered field), the deal for which was completed in November, 2014. The profitability of M/s PPIPL was adversely affected due to fall in crude prices in the international market. Further, as per the planned development program, two additional development wells are being drilled necessitating shut down of the current facility for some time, which has also affected the profitability of M/s PPIPL. Having regard to the above facts, the diminution in value is considered temporary in nature and hence not provided.
49. M/s HPCL Mittal Energy Limited (HMEL), a Joint Venture entity, started its refining operation in the year 2012 and had incurred losses in the initial years of operation resulting in partial erosion of net worth. The investment is long term and strategic in nature and has long gestation period. During June, 2014 there was a fire incident at one of the unit in the refinery and the refinery was shut down for about three months. Post re-commencement of the refinery, the operations have stabilized and the yield of high value products has improved. Having regard to the above facts, the diminution in value is considered temporary in nature and hence not provided.
50. As per the guidelines issued by Department of Public Enterprises (DPE) in August, 2005, the Board of Directors of Navratna Public Sector Enterprises (PSEs) can invest in joint ventures and wholly owned subsidiaries subject to an overall ceiling of 30% of the net worth of the PSE. The company has requested Ministry of Petroleum & Natural Gas (MOP&NG) to confirm its understanding that for calculating this ceiling limit, the amount of investments specifically approved by Government of India (i.e. investment in HMEL and HPCL Rajasthan Refinery Limited) are to be excluded. The reply from MOP&NG is awaited. Pending such clarification, the Company has calculated the limit of 30% by excluding the investments specifically approved by Govt. of India. During the year investments / commitments in Joint Ventures and Subsidiaries as per note 14 have increased by ₹ 131.69 crores, during the current year (2013 – 14: ₹ 969.76 Crores).
51. Due to the revised useful lives, the depreciation expense for the year ended March 31, 2015 is reduced by ₹ 499.16 crores. As per the transitional provisions of Schedule II of the Companies Act, 2013, the Company has transferred ₹ 499.52 crores (net of Tax of ₹ 264.36 crores) to retained earnings as at April 1, 2014.



## Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

52. In line with the Notification dated August 29, 2014 issued by Ministry of Corporate Affairs (MCA), the Company will comply with the requirements of paragraph 4(a) of Notes to Schedule II of Companies Act, 2013, relating to componentization, from financial year 2015-16.
53. The Company has considered the ISBL (Inside boundary Limited) pipeline directly associated as an integral part of Plant and Machinery / Tanks and has depreciated such pipelines based on the useful life of respective plants, which is considered as 25 years in line with The Schedule II of the Companies Act, 2013.
54. During the year 2014 – 15, Corporation has spent ₹ 34.07 Crores in towards Corporate Social Responsibility (CSR) as against the budget of ₹ 34.03 crores.

Head wise break up of CSR expenses are given below:

S. No.	Head of Expenses	₹ / Crores
1	Promoting Education	19.69
2	Promoting Preventive Health Care	9.00
3	Empowerment of Socially and Economically Backward groups	1.44
4	Promotion of Nationally recognized and Para-Olympic Sports	0.85
5	Imparting Employment by Enhancing Vocation Skills	3.09
	<b>Total</b>	<b>34.07</b>

Amount spent during the year on:-

Details	₹ / Crores		
	In Cash	Yet to be paid in Cash	Total
(i) Construction / Acquisition of an assets	-	-	-
(ii) On purpose other than (i) above	34.07	-	34.07

		₹ /Crores	
		2014-15	2013-14
<b>55</b>	<b>Contingent Liabilities and Commitments</b>		
	<b>I. Contingent Liabilities</b>		
	A. No provision has been made in the accounts in respect of the following disputed demands/claims since they are subject to appeals/representations filed by the Corporation		
	i. Income Tax	75.74	75.80
	ii. Sales Tax/Octroi	2,483.43	4,419.81
	iii. Excise/Customs	324.84	424.57
	iv. Land Rentals & Licence Fees	181.83	224.45
	v. Others	111.28	134.16
		<b>3,177.11</b>	<b>5,278.80</b>
	B. Contingent Liabilities not provided for in respect of appeals filed against the Corporation		
	i. Sales Tax/Octroi	-	7.33
	ii. Excise/Customs	-	34.11
	iii. Employee Benefits/Demands (to the extent quantifiable)	362.71	367.34
	iv. Claims against the Corporation not acknowledged as Debts (refer note 55.1)	400.62	375.49
	v. Others	300.38	286.84
		<b>1,063.71</b>	<b>1,071.09</b>
	C. Guarantees given	158.28	79.27
		<b>158.28</b>	<b>79.27</b>



**Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015**

**55.1:** A claim of ₹ 228.23 crores, claim by M3nergy on termination of service contract of Cluster - 7 field, which was awarded by ONGC to the consortium of M3nergy (Malaysia) BHD (30%), Prize Petroleum Company Limited (10%) and HPCL (60%). HPCL and Prize Petroleum has also initiated arbitration proceedings against M3nergy. The share of the claim of the company is ₹ 441 crores with interest towards loss of profit and other expenses etc. Arbitration was bifurcated into two aspects one is liability and the other is quantification. Liability aspects have been held in favour of Corporation and by an interim award by Hon'ble Arbitral Tribunal, which has been challenged by M3nergy in Bombay High Court. Quantification aspect is being looked into by Arbitral Tribunal. The above amount is not included above.

	₹ /Crores	
	2014-15	2013-14
<b>II. Commitments</b>		
Estimated amount of contracts remaining to be executed on Capital Account not provided for	<b>2,173.01</b>	2,258.63

**55.2:** Company has entered into a long term product off take agreement with M/s HPCL- Mittal Energy Limited (HMEL), its joint venture company, for purchase of petroleum products produced by the refinery. This agreement has a take or pay clause and the Company is committed to purchase the said petroleum products over the tenure of the agreement.

**55.3:** The Company and Mittal Energy Investment Pte. Ltd. (its joint venture partner in HPCL-Mittal Energy Limited) have committed that they would jointly hold at least 51 % of share capital of HPCL-Mittal Energy Limited till the repayment of certain bank loans / bonds.

	₹ /Crores	
	2014-15	2013-14
<b>56 Other Notes</b>		
A. Payment to auditors		
- Audit fees	<b>0.25</b>	0.21
- Other Services	<b>0.24</b>	0.20
- Reimbursement of expenses	<b>0.01</b>	0.12
	<b>0.50</b>	0.53
B. C.I.F. value of imports during the year(excludes canalised imports):		
- Raw materials	<b>46,138.58</b>	57,859.94
- Stores, Spares and Chemicals	<b>297.17</b>	85.03
- Capital Goods, Components and Spares	<b>32.60</b>	68.91
C. (i) Expenditure in foreign currency on account of : Engineering, Technical and other services, demurrage charges, royalties, interest and other matters	<b>648.30</b>	485.41
(ii) Foreign Currency payments for crude	<b>42,803.65</b>	60,075.57
D. Earnings in foreign exchange :		
Export of goods calculated on FOB basis	<b>5,313.98</b>	4,231.03
Includes ₹ 137.79 crores (2013 - 14 ₹ 177.15 crores) received in Indian currency out of repatriable funds of foreign customers		
E. Value of Raw Materials, Spare Parts and Components consumed		
(i) Raw Materials		
- Imported (in %)	<b>79.76</b>	90.17
- Imported (in Value)	<b>46,213.02</b>	57,479.67
- Indigenous (in %)	<b>20.24</b>	9.83
- Indigenous (in Value)	<b>11,725.40</b>	6,268.18



Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

		₹ /Crores	
		2014-15	2013-14
(ii)	Spare Parts & Components:		
-	Imported (in %)	24.79	29.26
-	Imported (in Value)	75.61	61.49
-	Indigenous (in %)	75.21	70.74
-	Indigenous (in Value)	229.45	148.64
F.	Production in Metric Tonnes:		
(a)	Petroleum fuel and lube products		
i.	Bulk Petroluem Products	14,874,621	13,865,111
ii.	Lubricating Oil Base Stocks (including Transformer Oil Base Stocks)	296,091	385,753
iii.	Axle Oil	-	-
iv.	Rubber Processing oil	101,124	146,226
(b)	Lubricating Oils	316,255	334,398
(c)	Textile Auxiliaries	6,801	6,933
(d)	Insecticides	56	117
(e)	Greases	5,058	7,123
G.	Raw Materials consumed :		
(a)	Crude Oil Processed:	55,803.22	62,003.13
(b)	Other Petroleum Products *	1,806.43	2,283.86
(c)	Additives, Inhibitors and Chemicals	410.64	402.24
	* Includes Base Oil Consumption		
H.	Expenditure incurred on Research and Development		
-	Capital	102.17	78.33
-	Revenue	27.70	22.29
I.	Interest on Project borrowings capitalised	231.04	300.25
J.	Exchange Differences / Forward Premiums		
i)	Exchange Differences adjusted in the carrying amount of Assets during the accounting period.	326.49	603.61
ii)	Premium in respect of Forward Exchange contracts to be recognised in Statement of Profit and Loss for one or more subsequent accounting periods	-	237.71



## Hindustan Petroleum Corporation Limited

### Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

K. Information for each class of good purchased, sold and stocks during the year ended 31<sup>st</sup> March, 2015

₹ /Crores

			Opening Stock		Purchases		Sales*		Closing Stock	
			2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
a.	Bulk Petroleum Products	MT	2144960	2252110	23455669	23392237	38332177	37447727	2121962	2144960
		Value	11,816	11,555	129,273	145,137	206,674	211,005	9,306	11,816
b.	Lubricating Oil Base Stocks(Incl. Transformer oil Base stock)	MT	15994	29015			135531	233627	12141	15994
		Value	115	178	0	0	788	1,452	51	115
c.	Carbon Black Feed Stock	MT	6	0			0	0	4	6
		Value	0	0			0	0	0	0
d.	Axle Oil	MT	34732	7			0	2	28631	34732
		Value	379	0	0	0	0	0	257	379
e.	Lubricating Oils	MT	41	29851			328742	329988	38	41
		Value	0	302	0	0	3,724	3,736	0	0
f.	Textile Auxillaries	MT	189	27			7456	6924	162	189
		Value	2	0	0	0	39	49	1	2
g.	Insecticides	MT	2553	171	0	0	71	107	1846	2553
		Value	28	1	0	0	1	2	19	28
h.	Greases	MT	0	1492	502	89	6105	6090	0	0
		Value	0	13	6	1	92	93	0	0
i.	Automotive Accessories	MT	0	0			0	0	0	0
		Value	0	0			0	0	0	0
	<b>Total</b>	MT	2,198,475	2,312,673	23,456,171	23,392,326	38,810,082	38,024,465	2,164,784	2,198,475
		Value	12,340	12,049	129,278	145,138	211,318	216,337	9,633	12,340

\* Sales include sales to Other Oil Companies

No adjustment for Transit/Operation/Temperature Variations/Consumption for Own Use have been made in the above information. Previous year's figures have been regrouped and rearranged wherever necessary for comparison and adjustment.

L. Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2015 is as under:

₹ /Crores

	2014-15			2013-14		
	Downstream Petroleum	Others	Total	Downstream Petroleum	Others	Total
<b>Revenue</b>						
External Revenue	206,930.81	-	206,930.81	223,568.53	-	223,568.53
Inter-segment Revenue	-	-	-	-	-	-
<b>Total Revenue</b>	206,930.81	-	206,930.81	223,568.53	-	223,568.53
<b>Result</b>						
Segment Results	3,520.40	(27.13)	3,493.27	4,127.96	(203.97)	3,923.99
Less: Unallocated Expenses						
Net of unallocated Income	-	-	-	-	-	-
<b>Operating Profit</b>	3,520.40	(27.13)	3,493.27	4,127.96	(203.97)	3,923.99



**Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015**

₹ /Crores

	2014-15			2013-14		
	Downstream Petroleum	Others	Total	Downstream Petroleum	Others	Total
<b>Less:</b>						
Borrowing Cost			706.59			1,336.36
Provision for dimunition in investments			(605.04)			736.83
Loss on Sale of Investments			34.08			-
<b>Add:</b>						
Interest/Dividend (Incl Share of profit from PII)			796.48			764.71
<b>Profit before Tax</b>			4,154.12			2,615.51
Less: Taxes (including Deferred tax / FBT)			1,420.86			881.74
<b>Profit after Tax</b>			2,733.26			1,733.77
<b>Other Information</b>						
Segment Assets	55,688.10	24.16	55,712.26	66,369.80	40.38	66,410.18
Corporate Assets			11,838.38			11,582.98
<b>Total Assets</b>			67,550.64			77,993.16
Segment Liabilities	21,403.73	881.01	22,284.74	33,758.51	870.10	34,628.61
Corporate Liabilities			5,514.16			5,002.30
<b>Total Liabilities</b>			27,798.90			39,630.91
Capital Expenditure	4,803.45	0.08	4,803.53	4,377.54	6.71	4,384.25
Depreciation and Amortization	1,971.15		1,971.15	2,188.44		2,188.44

**Notes:**

1. The Company is engaged in the following business segments:
  - a) Downstream i.e. Refining and Marketing of Petroleum Products
  - b) Exploration and Production of Hydrocarbons

Segments have been identified taking into account the nature of activities and the nature of risks and returns.
2. Segment Revenue comprises the following:
  - a) Turnover (Net of Excise Duties)
  - b) Subsidy from Government of India
  - c) Other income (excluding interest income, dividend income and investment income)
3. There are no geographical segments.

**57. EMPLOYEE BENEFITS**

**(A) Provident Fund**

The Company has Provident Fund maintained by PF Trust. During the year, Company has conducted Actuarial Valuation of PF Trust. As per Actuarial Valuation, PF Trust does not have any deficit as on 31<sup>st</sup> March, 2015. Accordingly, other related disclosures in respect of Provident Fund have not been made.

During the year, the company has recognised ₹ 114.68 crore (2013-14 : ₹ 107.66 crore) as Employer's contribution to Provident Fund in the Statement of Profit and Loss.



Hindustan Petroleum Corporation Limited

Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015

(B) Defined Benefit Plans - As per actuarial valuation

₹ /Crores

Particulars	Leave Encashment	Gratuity	Pension	Post Retirement Medical Benefit	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance
	Funded	Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded
Refer foot-notes :	1	2	3	4	5	6	7	8
<b>1 Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2015.</b>								
Defined Benefit Obligation at the beginning of the year	577.36	463.64	66.73	416.84	-	37.57	21.69	2.24
	529.09	489.55	55.50	369.81	69.74	21.57	25.72	2.45
Interest Cost	57.49	41.63	5.83	41.11	-	3.24	1.81	0.24
	45.30	38.18	4.09	31.69	6.05	1.48	1.86	0.22
Current Service Cost	36.83	2.77	-	34.32	-	-	-	0.42
	37.16	4.10	0.06	35.96	11.06	-	-	0.40
Past Service Cost (Vested Benefits)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Benefit Paid	-	(43.22)	(8.79)	(23.84)	-	(5.98)	(4.76)	(0.22)
	-	(32.73)	(8.85)	(19.16)	(10.36)	(6.09)	(5.01)	(0.24)
Actuarial (gain)/loss on Obligation	(73.22)	36.49	(5.93)	35.72	-	(1.12)	3.39	(0.19)
	(34.19)	(35.46)	15.93	(1.46)	(9.54)	20.61	(0.88)	(0.59)
Defined Benefit Obligation at the end of the year	598.46	501.31	57.84	504.15	-	33.71	22.13	2.49
	577.36	463.64	66.73	416.84	66.95	37.57	21.69	2.24
<b>2 Change in Fair Value of Assets during the year ended March 31, 2015.</b>								
Fair Value of Plan Asset at the beginning of the year	637.19	507.72	N/A	N/A	-	N/A	N/A	N/A
	535.87	468.62	N/A	N/A	N/A	N/A	N/A	N/A
Expected return on Plan Assets	55.44	42.29	N/A	N/A	-	N/A	N/A	N/A
	50.83	41.76	N/A	N/A	N/A	N/A	N/A	N/A
Actuarial gain/(loss) on Plan Assets	5.22	4.16	N/A	N/A	-	N/A	N/A	N/A
	2.10	2.31	N/A	N/A	N/A	N/A	N/A	N/A
Contribution by employer	-	0.01	8.79	23.84	-	5.98	4.76	0.22
	48.39	27.76	8.85	19.16	10.36	6.09	5.01	0.24
Benefit Paid	-	(43.22)	(8.79)	(23.84)	-	(5.98)	(4.76)	(0.22)
	-	(32.73)	(8.85)	(19.16)	(10.36)	(6.09)	(5.01)	(0.24)
Fair Value of Plan Asset at the end of the year	697.85	510.96	N/A	N/A	-	N/A	N/A	N/A
	637.19	507.72	N/A	N/A	N/A	N/A	N/A	N/A
<b>3 Net asset/(liability) recognized in balance sheet as at March 31, 2015.</b>								
Defined Benefit Obligation at the end of the year	598.46	501.31	57.84	504.15	-	33.71	22.13	2.49
	577.36	463.64	66.73	416.84	66.95	37.57	21.69	2.24
Fair Value of Plan Asset at the end of the year	697.85	510.96	-	-	-	-	-	-
	637.19	507.72	-	-	-	-	-	-
Amount recognised in the Balance Sheet	99.39	9.65	(57.84)	(504.15)	-	(33.71)	(22.13)	(2.49)
	59.83	44.08	(66.73)	(416.84)	(66.95)	(37.57)	(21.69)	(2.24)
<b>4 Components of employer expenses</b>								
Current Service Cost	36.83	2.77	-	34.32	-	-	-	0.42
	37.16	4.10	0.06	35.96	11.06	-	-	0.40
Interest Cost	57.49	41.63	5.83	41.11	-	3.24	1.81	0.24
	45.30	38.18	4.09	31.69	6.05	1.48	1.86	0.22
Past Service Cost (Vested Benefits)	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Expected Return on Plan Asset	(55.44)	(42.29)	-	-	-	-	-	-
	(50.83)	(41.76)	-	-	-	-	-	-
Actuarial (gain)/loss	(78.44)	32.33	(5.93)	35.72	-	(1.12)	3.39	(0.19)
	(36.29)	(37.77)	15.93	(1.46)	(9.54)	20.61	(0.88)	(0.59)
Total expenses recognized during the year	(39.56)	34.44	(0.10)	111.15	-	2.12	5.20	0.47
	(4.66)	(37.25)	20.08	66.19	7.57	22.09	0.98	0.03
<b>5 Actuarial Assumptions</b>								
Discount Rate	7.90%	7.90%	7.95%	7.95%	-	7.95%	7.95%	7.90%
Expected return on plan assets	8.70%	8.70%	-	-	-	-	-	-
Salary escalation	7.00%	7.00%	-	-	-	-	-	-
Inflation	-	-	-	5.00%	-	-	-	-
Mortality rate	IAML (2006-08) Mortality Table							



**Notes to the Financial Statements for the year ending 31<sup>st</sup> March, 2015**

₹ /Crores

Particulars	Leave Encashment	Gratuity	Pension	Post Retirement Medical Benefit	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance
	Funded	Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded
<b>Refer foot-notes :</b>	1	2	3	4	5	6	7	8
<b>6 The major categories of plan assets as a percentage to total plan assets</b>								
Central & State Govt. Securities	51.25%	51.25%	N/A	N/A	N/A	N/A	N/A	N/A
Bonds / Debentures	29.92%	29.92%	N/A	N/A	N/A	N/A	N/A	N/A
Equity Shares	5.50%	5.50%	N/A	N/A	N/A	N/A	N/A	N/A
Others	13.33%	13.33%	N/A	N/A	N/A	N/A	N/A	N/A
<b>7 Effect of one percentage point change in assumed medical inflation rate for Post Retirement Medical Benefit</b>	<b>One percentage point increase in medical inflation rate</b>		<b>One percentage point decrease in medical inflation rate</b>					
Revised DBO as at March 31, 2015	578.56		444.31					
Revised service cost for 2014-15	33.44		36.29					
Revised interest cost for 2014-15	46.25		35.97					

**Foot Notes :**

- 1 **Leave Encashment** : All employees are entitled to avail earned leave and sick leave during the service period and the same can be encashed on superannuation, resignation, termination or by nominee on death. Further, the accumulated earned leave can also be encashed during the service period. The contribution for increase in actuarial liability as of March 31, 2015 over March 31, 2014 towards leave encashment is funded to LIC. As per the practice followed, the payment made to employees during the year to the extent of ₹ 151.44 crores is not claimed from LIC, hence, benefit paid during the year is shown as "NIL" in the above table. Total expenses recognised in Profit & Loss Account of this benefit is ₹ (39.56) crores (i.e. provision of ₹ 21.10 crores towards increase in liability and interest earned from LIC is 60.66 crores).
- 2 **Gratuity** : All employees are entitled to receive gratuity as per the provisions of Payment of Gratuity Act, 1972.
- 3 **Pension** : The employees covered by the Pension Plan of the Corporation are entitled to receive monthly pension for life.
- 4 **Post Retirement Medical Benefit** : The serving and superannuated employees are covered under medical insurance policy taken by Corporation. It provides reimbursement of medical expenses for self and dependents as per the terms of the policy.
- 5 **Ex-gratia** : The ex-employees of Corporation covered under the Scheme are entitled to get ex-gratia based on the grade at the time of their retirement. The benefit will be paid to eligible employees till their survival, and after that, till the survival of their spouse.
- 6 **Death Benefits** : The families of deceased employees are paid at a specified percentage of last drawn salary till the notional date of retirement age under the provisions of Superannuation Benefit Fund Scheme.
- 7 **Resettlement Allowance** : At the time of retirement, the employees are allowed to permanently settle down at a place other than the location of the last posting.
- 8 As per the practice followed by the company, as a long service award, gold coins are presented to the employees on superannuation / voluntary retirement / completion of 15/20/25/35 years of service. In line with the directive dated 25/02/2015 from Ministry of Petroleum and Natural Gas, the Company has discontinued the scheme. Accordingly no provision has been made during the year. The provision created in earlier years of ₹ 66.95 crores has been reversed. Gold coins on hand amounting to ₹ 5.01 crores are accounted in Current Assets (refer note # 22).
- 9 The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.
- 10 The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- 11 Figures in italics represent last year figures
58. Subsequent to the date of the Balance Sheet, due to completion of tenure of some of the Independent Directors, the number of Independent Directors in the Board is reduced to one, which is less than the minimum number of Independent Directors required in terms of the provisions of the Listing Agreement and the Companies Act, 2013. The Company has approached the administrative ministry for appointment of requisite number of Directors for compliance of the provisions of the Listing Agreement and the Companies Act, 2013 and the same is awaited. Pending such appointment, the financial results have been reviewed and recommended to the Board by the reconstituted Audit Committee consisting of one Independent Director.
59. Previous year's figures are reclassified / regrouped wherever necessary.





**C & AG's Comments**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 May 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

For and on the behalf of the  
Comptroller & Auditor General of India

Parama Sen  
Principal Director of Commercial Audit  
& ex-officio Member Audit Board-II, Mumbai

Place: Mumbai  
Date: 17.07.2015



## Independent Auditors' Report

### TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HINDUSTAN PETROLEUM CORPORATION LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities, (as defined in the Companies (Accounting Standards) Rules, 2006) comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies / governing bodies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31<sup>st</sup> March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.



## Hindustan Petroleum Corporation Limited

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### Emphasis of Matter

- a) We refer to note no. 54 which indicates that the Company has less than the minimum number of Independent Directors required in terms of the provisions contained in the listing agreement and the Companies Act, 2013. Pending such appointment, these financial statements have been reviewed and recommended to the Board of Directors by the Audit Committee consisting of only one Independent Director; and
- b) We draw attention to note no. 1.3 to the consolidated financial statements which describes the reasons for not consolidating a joint venture known as Petronet India Ltd and the reasons for considering joint venture interest lower than the percentage of shareholding in a joint venture known as Bhagyanagar Gas Limited.

Our opinion is not modified in respect of these matters.

### Other Matters

- (a) We did not audit the financial statements of 4 subsidiaries (and its step-down subsidiaries and jointly controlled entities), and 11 jointly controlled entities (and its step-down subsidiaries and jointly controlled entities), whose financial statements reflect total assets of ₹ 24,449.62 crores as at 31<sup>st</sup> March, 2015, total revenues of ₹ 25,366.17 crores and net cash flows amounting to ₹ 74.57 crores for the year ended on that date, as considered in the preparation of the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, and jointly controlled entities, is based solely on the reports of the other auditors.
- (b) We did not audit the financial statement of 1 subsidiary whose financial statement reflect total assets of ₹ 590.42 crores as at 31<sup>st</sup> March, 2015, total revenues of ₹ 21.76 crores and net cash flows amounting to ₹ 88.87. crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
- (c) The accompanying consolidated financial statements include the Company's proportionate share in jointly controlled assets ₹ 12.00 crores, liabilities ₹ 0.11 crores, Income ₹ 0.98 crores, expenditure ₹ 2.02 crores and the elements making up the Cash Flow Statement and related disclosure in respect of 2 nos. of blocks under NELP / joint venture accounts for exploration and production. These financial statements have been audited by other auditors whose reports have been furnished to the individual entities auditors' and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid jointly controlled entities, is based solely on the reports of the other auditors.
- (d) The accompanying standalone financial statements include the Company's proportionate share in jointly controlled assets ₹ 29.74 crores, liabilities ₹ 114.74 crores, Income ₹ 0.13 crores, expenditure ₹ 27.89 crores and the elements making up the Cash Flow Statement and related disclosure in respect of 26 nos. of blocks under NELP / joint venture accounts for exploration and production, which are based on unaudited statements from the respective operators and certified by the Individual Entities management. Our observations thereon are solely based on such statements from the operators and certification of the management.

Our opinion is not modified in respect of the above matters.



**Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors**

As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, and jointly controlled companies incorporated in India to whom the Order is applicable we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

1. As required by sub-section (3) of Section 143 of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and workings maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the subsidiary and jointly controlled companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities– Refer Note 49(I) to the consolidated financial statements.
    - ii. The Holding Company and the Individual Entities have made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, and jointly controlled companies incorporated in India.

For CVK & Associates  
**Chartered Accountants**  
Firm Registration No. 101745W

A. K. Pradhan  
**Partner**  
Membership No. 032156

Place: New Delhi  
Date: 28<sup>th</sup> May, 2015

For G. M. Kapadia & Co  
**Chartered Accountants**  
Firm Registration No. : 104767W

Rajen Ashar  
**Partner**  
Membership No.048243



**Annexure referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” of our report of even date**

- (i) (a) Each of the entities of the Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Fixed Assets of the group, other than LPG cylinders and pressure regulators with customers, are physically verified by the Management of each entity in a phased program of verification which in our opinion and as reported by the auditors of the individual entities is reasonable having regard to the size of the individual entities of the Group and the nature of its assets. The discrepancies observed by each entity were not material and have been appropriately accounted in the respective books of account.
- (ii) (a) The inventories have been physically verified by the management of the individual entities of the Group during the year other than inventories lying with third parties. In case of materials lying with third parties, certificates confirming stocks held have been received from them.
- (b) The procedures of physical verification of inventory followed by the management of respective entities are reasonable and adequate in relation to the size of the individual entities of the Group and the nature of the business.
- (c) The individual entities of the Group are maintaining proper records of inventory. The discrepancies noticed on physical verification, as compared to the book records, were not material and have been properly dealt with in the books of account except in respect of HPCL Biofuels limited, where the discrepancies have not been dealt with in the said entities books. In view of the management, the amount would not be material for the group.
- (iii) According to the information and explanations given to us, none of the entities of the Group have granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a) and (b) of the Order are not applicable to any of the entities of the Group and is hence not been commented upon.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items are of a specialized nature, in respect of which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the individual entities of the Group and the nature of their business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the individual entities of the Group in respect of these areas.
- (v) As per the information and explanations given to us by the Holding company and based on our verification and based on the Audit reports of the Individual Entities the Group and its jointly controlled entities have complied with the provisions of section 73 to 76 and the rules framed there under with regard to filing of statutory Returns as required under these provisions and the relevant rules, wherever applicable, except
- a) Delay in filing of returns in respect of a certain entity
- b) In respect of the Holding Company there are old cases under dispute aggregating to Rs, 0.02 crores where the Company has complied with necessary directions
- (vi) The auditors of respective entities have broadly reviewed the books of account maintained by the individual entities of the Group to the extent applicable and relevant, pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013. They are of the opinion that prima facie the prescribed accounts and records have been maintained. However they have not made a detailed examination of these records with a view to determine whether they are accurate or complete.
- (vii) (a) Undisputed statutory dues including Provident fund, Employees state Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, Value Added tax, Cess and any other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by all the entities of the Group. There are no undisputed Statutory dues, as at March 31, 2015, which were in arrears for a period of more than six months from the date they became payable.

- (b) According to information and explanation from the holding company and as reported by auditors of Individual Entities, the dues of Sales tax, Income Tax, duty of Customs, Wealth tax, Service tax, duty of Excise, Value added tax, Cess, which have not been deposited on account of disputes with the relevant authorities, are as under:

Statute	Forum pending	Amount in Crores	Period to which amount relates
Customs	Commissioner of Central Excise Appeal Tribunal	11.55	Various periods from 1997 to 2012
	Supreme Court	42.50	Various Period from 1996 to 2007
	CESTAT – Bangalore	10.96	Various periods from 1997 to 2008
	<b>Total - A</b>	<b>65.01</b>	
Central Excise	Commissioner of Central Excise Appeal Tribunal	302.24	Various periods from 1994 to 2014
	Revision Authority	1.10	Various period from 1999 to 2012
	Various High Courts	3.30	Various years pertaining to 2007 to 2009
	Asst. Commissioner/Asst.Dy.Comm/Comm Appeals	7.68	Various periods from 1994 to 2014
	Supreme Court	4.05	2007-08
	Commissioner (Appeals) - Mangalore	0.18	2011-12 to 2013-14
	Commissioner - Mangalore	0.93	1999-2000 to 2012-13
	CESTAT - Bangalore	4.08	Various period from 1996-97 to 2012-13
	The Commissioner of Central Excise, Vishakhapatnam	0.65	2010-11
	CESTAT Mumbai	0.03	August 2008 - March 13
	The Commissioner of Central Excise, Mumbai	0.92	2007-08 to 2011-12
	CESTAT	64.86	Various period from 2007 - 08 to 2012-13
	Joint Secretary - MOF	0.01	2002-03 to 2012-13
	<b>Total - B</b>	<b>390.02</b>	
Sales tax	Board of Revenue	1.82	Various years pertaining to 2003 to 2008
	Commissioner/DCCT/ADC/JCCT/ACCT	4,890.26	Various years pertaining to 1976 to 2013
	Supreme Court	68.61	2002-2004, 2006-2008
	Various High Courts	1,277.43	Various years pertaining to 1979 to 2014
	Various Sales Tax Appellate Tribunal	5,269.54	Various years pertaining to 1985 to 2011
	Sales Tax Tribunal, Bihar	7.67	2010-11
	<b>Total - C</b>	<b>11,515.33</b>	
Service Tax	Commissioner of Central Excise Appeal	68.56	Various period from 2002 to 2013
	Commissioner of Central Excise Appeal	0.84	Various period from 2004 to 2010
	High Court	3.75	Various period from 2004 to 2008
Penalty on Service tax	CESTAT	6.70	2007-08 & 2008-09
	<b>Total - D</b>	<b>79.85</b>	
Income Tax	Income Tax Appellate Tribunal	243.30	Various years pertaining to 1996-2013
	Commissioner of Income tax (Appeals)	8.32	2008-09 to 2011-12
	High Court	0.41	2009-10 & 2010-11
	<b>Total - E</b>	<b>252.03</b>	
	<b>Grand Total - (A+B+C+D+E)</b>	<b>12,302.25</b>	

- (c) According to the information and explanations given to us and as reported by the auditors of the Individual Entities, the amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules there under have been transferred to the said fund within time to the extent applicable.

- (viii) The Holding Company neither has any accumulated losses as on March 31, 2015, nor it has incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.



## Hindustan Petroleum Corporation Limited

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- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that none of the entities of the Group have defaulted in repayment of dues to a bank or debenture holders. None of the entities of the Group had any outstanding dues in respect of any financial institution
- (x) According to the information and explanations given to us, none of the entities of the Group have given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management and the reports of the auditors of individual entities, the term loans obtained by the holding Company and individual entities were applied for the purpose for which the loans were obtained except in case of one entity where ₹ 198.51 crores were invested in deposits with banks.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements of the individual entities of the Group and as per the information and explanations given by the management, we report that no material fraud on or by any of the entities of the Group has been noticed or reported during the year.

For CVK & Associates  
**Chartered Accountants**  
Firm Registration No. 101745W

A. K. Pradhan  
**Partner**  
Membership No. 032156

Place: New Delhi  
Date: 28<sup>th</sup> May, 2015

For G. M. Kapadia & Co  
**Chartered Accountants**  
Firm Registration No. : 104767W

Rajen Ashar  
**Partner**  
Membership No.048243



**Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015**

		₹ /Crores		
		Notes	31.03.2015	31.03.2014
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' Funds</b>				
(a)	Share Capital	3	339.01	339.01
(b)	Reserves and Surplus	4	13,585.40	13,659.71
(c)	Minority Interest		114.33	3.65
			<u>14,038.74</u>	<u>14,002.37</u>
<b>(2) Non-Current liabilities</b>				
(a)	Long - Term Borrowings	5	28,535.92	26,143.43
(b)	Deferred Tax Liabilities (Net)	6	2,804.45	3,342.13
(c)	Other Long Term Liabilities	7A	8,553.39	7,333.69
(d)	Long - Term Provisions	7B	646.05	597.17
			<u>40,539.81</u>	<u>37,416.42</u>
<b>(3) Current Liabilities</b>				
(a)	Short - Term Borrowings	8	4,603.11	21,163.90
(b)	Trade Payables	9	12,638.33	14,984.46
(c)	Other Current Liabilities	10A	11,432.58	7,604.91
(d)	Short - Term Provisions	10B	2,491.72	1,823.93
			<u>31,165.74</u>	<u>45,577.20</u>
<b>TOTAL</b>			<u><u>85,744.29</u></u>	<u><u>96,995.99</u></u>
<b>II. ASSETS</b>				
<b>(1) Non - Current Assets</b>				
(a)	Fixed Assets			
(i)	Tangible Assets	11	44,638.47	38,752.78
(ii)	Intangible Assets	12	668.08	196.06
(iii)	Capital Work - in - Progress	13	3,863.35	6,155.29
(iv)	Intangible Under Development	13A	86.48	1.39
(b)	Goodwill on Consolidation		118.56	16.66
(c)	Non-Current Investments	14	578.12	566.79
(d)	Long-Term Loans and Advances	15	1,629.65	1,660.51
(e)	Other Non-Current Assets	16	204.94	229.23
			<u>51,787.65</u>	<u>47,578.71</u>
<b>(2) Current Assets</b>				
(a)	Current Investments	17	5,529.68	5,124.04
(b)	Inventories	18	16,044.75	24,888.38
(c)	Trade Receivables	19	4,068.27	6,302.17
(d)	Cash and Bank Balances	20	2,235.83	2,178.90
(e)	Short-Term Loans and Advances	21	5,374.80	10,559.97
(f)	Other Current Assets	22	703.31	363.82
			<u>33,956.64</u>	<u>49,417.28</u>
<b>TOTAL</b>			<u><u>85,744.29</u></u>	<u><u>96,995.99</u></u>

**Significant Accounting Policies**

1 & 2

**Significant Accounting Policies and Notes Forming Part of Accounts are an integral part of the Consolidated Financial Statements**

**FOR AND ON BEHALF OF THE BOARD**

NISHI VASUDEVA  
**Chairman & Managing Director**  
 DIN - 03016991

K V RAO  
**Director-Finance**  
 DIN - 05340626

FOR CVK & ASSOCIATES  
**Chartered Accountants**  
 FRN - 101745W

FOR G.M. KAPADIA & CO.  
**Chartered Accountants**  
 FRN - 104767W

SHRIKANT M. BHOSEKAR  
**Company Secretary**

A K PRADHAN  
**Partner**  
 Membership No. 032156

RAJEN ASHAR  
**Partner**  
 Membership No. 048243

Date : 28<sup>th</sup> May, 2015  
 Place : New Delhi





Hindustan Petroleum Corporation Limited

**Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2015**

		₹ /Crores	
	Notes	2014 - 15	2013 - 14
<b>Revenue from Operations</b>			
a. Gross Sale of Products	23A	230,119.38	245,583.17
Less : Excise Duty		13,836.01	11,633.80
<b>b. Net Sale of Products</b>		<b>216,283.37</b>	<b>233,949.37</b>
c. Sale of services		57.84	56.92
d. Other Operating Revenues	23B	252.92	231.11
e. Other Income	23C	1,860.71	1,432.96
<b>Total Revenue (b+c+d+e)</b>		<b>218,454.84</b>	<b>235,670.36</b>
<b>Expenses:</b>			
Cost of Materials Consumed		78,928.14	94,495.32
Purchases of Stock-in-Trade		114,969.93	122,728.54
Packages Consumed		255.58	235.47
Excise Duty on Inventory Differential		1,076.55	104.14
Transportation Expenses		4,996.86	4,701.93
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	24	5,078.44	(1,279.47)
Employee Benefits Expense	25	2,592.78	2,197.13
Exploration Expenses		28.30	210.67
Finance Costs	26	1,835.17	2,392.94
Depreciation and Amortization Expense	11&12	2,496.68	3,010.69
Other Expenses	27	3,970.13	5,498.64
<b>Total Expenses</b>		<b>216,228.56</b>	<b>234,296.00</b>
<b>Profit Before Prior Period, Exceptional and Extraordinary Items and Tax</b>		<b>2,226.28</b>	1,374.36
Prior Period Expenses / (Incomes)	28	(4.21)	72.73
<b>Profit Before Exceptional and Extraordinary Items and Tax</b>		<b>2,230.49</b>	1,301.63
Exceptional Expenses / (Incomes)		(4.09)	(23.40)
<b>Profit Before Extraordinary Items and Tax</b>		<b>2,234.58</b>	1,325.03
Extraordinary Expenses / (Incomes)		3.89	-
<b>Profit Before Tax</b>		<b>2,230.69</b>	1,325.03
<b>Tax Expense: (refer note # 38)</b>			
Current tax		1,057.36	793.05
MAT Credit Entitlements		(7.78)	(3.26)
Deferred tax		(738.34)	(563.94)
Provision for Tax for Earlier years written back (net)		430.58	19.56
<b>Total Tax Expenses</b>		<b>741.82</b>	245.41
<b>Profit / (Loss) after Tax but before Share of Results of Minority Interest</b>		<b>1,488.87</b>	1,079.62
Share of Minority in Profit / (Loss)		(9.71)	(0.75)
<b>Profit / (Loss) after Tax for the Group</b>		<b>1,498.58</b>	<b>1,080.37</b>
<b>Earnings per equity share: (Basic and Diluted) excluding extraordinary items</b>		<b>44.37</b>	31.90
(2014-15 : EPS = Net Profit ₹ 1,502.46 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(2013-14 : EPS = Net Profit ₹ 1,080.37 Crores / Weighted Avg. no of shares - 33.863 Crores)			
<b>Earnings per equity share: (Basic and Diluted)</b>		<b>44.25</b>	31.90
(2014-15 : EPS = Net Profit ₹ 1,498.58 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(2013-14 : EPS = Net Profit ₹ 1,080.37 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(Total revenue includes ₹ 10,806.43 Crores (2012-13 : ₹ 11,723.96 Crores) towards share of jointly controlled entities)			
(Total expense includes ₹ 26,656.53 Crores (2012-13 : ₹ 34,846.35 Crores) towards share of jointly controlled entities)			
<b>Significant Accounting Policies</b>	1&2		

Significant Accounting Policies and Notes Forming Part of Accounts are an integral part of the Consolidated Financial Statements

**FOR AND ON BEHALF OF THE BOARD**

NISHI VASUDEVA  
Chairman & Managing Director  
DIN - 03016991

K V RAO  
Director-Finance  
DIN - 05340626

FOR CVK & ASSOCIATES  
Chartered Accountants  
FRN - 101745W

FOR G.M. KAPADIA & CO.  
Chartered Accountants  
FRN - 104767W

SHRIKANT M. BHOSEKAR  
Company Secretary

A K PRADHAN  
Partner  
Membership No. 032156

RAJEN ASHAR  
Partner  
Membership No. 048243

Date : 28<sup>th</sup> May, 2015  
Place : New Delhi



**Consolidated Cash Flow Statement for the year Ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	2014 - 15	2013 - 14
<b>A. Cash Flow From Operating Activities</b>		
Net Profit/(Loss) before Tax & Extraordinary Items	2,230.69	1,325.03
Adjustments for :		
Depreciation / amortisation	2,489.40	3,010.48
Profit/ (Loss) on sale/write off of fixed assets/ CWIP (including prior period)	50.55	17.57
Amortisation of foreign currency monetary item translation difference account	36.13	(9.47)
Utilised of securities premium towards amortisation of premium on redemption on debentures and discount on issue of debentures	(25.45)	(30.72)
Amortisation of capital grant	(0.55)	(0.16)
Spares written off	1.06	0.18
Provision for Diminution in Value of Current Investments	(605.04)	736.83
(Profit)/Loss on Sale of Current Investment	29.24	(5.74)
Finance Costs	1,835.18	2,392.94
Exchange Rate Difference (unrealised)	472.93	500.92
Gain on settlement of deferred sales tax loan	(256.91)	(394.56)
Provision for Doubtful Debts & Receivables	22.48	15.88
Interest Income	(574.92)	(559.85)
Share of Profit from PII	(0.59)	(0.56)
Dividend Received	(38.77)	(52.18)
<b>Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}</b>	<b>5,665.43</b>	<b>6,946.59</b>
<b>(Increase) / Decrease in Assets and Liabilities :</b>		
Trade Receivables	2,211.41	(703.96)
Loans and Advances and Other Assets	3,674.62	3,649.73
Inventories	8,849.66	(4,162.24)
Liabilities and Other Payables	(188.25)	1,695.74
<b>Sub Total - (ii)</b>	<b>14,547.44</b>	<b>479.27</b>
<b>Cash Generated from Operations (i) + (ii)</b>	<b>20,212.87</b>	<b>7,425.86</b>
Less : Direct Taxes / FBT refund / (paid) - Net	(810.77)	(418.70)
Cash flow before Operating Activities before extraordinary items	19,402.10	7,007.16
Less : Extraordinary items - (gains) / losses	3.89	-
<b>Net Cash from Operating Activities (A)</b>	<b>19,398.21</b>	<b>7,007.16</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of fixed assets (including CWIP / excluding interest capitalised)	(6,437.96)	(5,982.47)
Sale of fixed assets	125.51	38.28
Purchase of investment (including share application money pending allotment/ advance towards equity)	(46.93)	185.54
Proceeds from Sale of Investments	170.08	5.74
Interest received	488.34	548.44
Dividend received	38.77	52.18
Share of profit from PII	0.59	0.56
<b>Net Cash Flow generated from / (used in) investing activities (B)</b>	<b>(5,661.60)</b>	<b>(5,151.73)</b>



Hindustan Petroleum Corporation Limited

## Consolidated Cash Flow Statement For the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	2014 - 15	2013 - 14
<b>C. Cash Flow From Financing Activities</b>		
Share application money received / (paid)	(1.24)	(232.89)
Long term Loans raised/(repaid)	4,310.64	6,736.22
Short term Loans raised / (repaid)	(15,751.48)	(4,946.63)
Finance Cost paid	(1,824.73)	(2,474.61)
Dividend paid (including dividend distribution tax)	(616.52)	(337.93)
<b>Net Cash Flow generated from / (used in) Financing Activities (C)</b>	<b>(13,883.33)</b>	<b>(1,255.84)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(146.72)</b>	<b>599.59</b>
<b>Opening Balance of Cash and Cash Equivalents</b>		
Cash / cheques on hand	13.16	12.11
Balances with scheduled banks		
On current accounts	69.92	161.05
Others	1,781.78	553.75
Balances with other banks	-	0.06
	<b>1,864.86</b>	<b>726.97</b>
Overdrafts from banks	(1,919.48)	(1,381.18)
	<b>(54.62)</b>	<b>(654.21)</b>
<b>Closing Balance of Cash and Cash Equivalents</b>		
Cash / cheques on hand	8.98	13.16
Balances with scheduled banks		
On current accounts	126.93	69.92
Others	772.56	1,781.78
	<b>908.47</b>	<b>1,864.86</b>
Overdrafts from banks	(1,109.81)	(1,919.48)
	<b>(201.34)</b>	<b>(54.62)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(146.72)</b>	<b>599.59</b>

Note: Previous year's figures have been regrouped / reclassified wherever necessary.

### FOR AND ON BEHALF OF THE BOARD

NISHI VASUDEVA  
**Chairman & Managing Director**  
 DIN - 03016991

K V RAO  
**Director-Finance**  
 DIN - 05340626

FOR CVK & ASSOCIATES  
**Chartered Accountants**  
 FRN - 101745W

FOR G.M. KAPADIA & CO.  
**Chartered Accountants**  
 FRN - 104767W

SHRIKANT M. BHOSEKAR  
**Company Secretary**

A K PRADHAN  
**Partner**  
 Membership No. 032156

RAJEN ASHAR  
**Partner**  
 Membership No. 048243

Date : 28<sup>th</sup> May, 2015  
 Place : New Delhi



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

### 1. BASIS OF PREPARATION

1.1 The Consolidated Financial Statements (CFS) relates to parent company, Hindustan Petroleum Corporation Limited (HPCL), its subsidiary companies and its interest in Joint Ventures, in the form of jointly controlled entities (collectively referred to as the "Group").

The financial statements are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), Accounting Standards notified under section 133 of the Companies Act, 2013 read with rule of the Companies (Accounting Standards) Rules, 2014 and the relevant provisions of the Companies Act, 2013. All income and expenditure having material bearing are recognised on accrual basis.

#### Use of Estimates

Necessary estimates and assumptions of income and expenditure are made during the reporting period and difference between the actual and the estimates are recognised in the period in which the results materialise.

In particular these CFS are prepared in accordance with Accounting Standard on "Consolidated Financial Statements" (AS-21), and "Financial Reporting of Interests in Joint Ventures" (AS-27) notified under Companies (Accounting Standards) Rules, 2014.

### 1.2 Principles of Consolidation

The CFS are prepared, as far as possible, using uniform significant accounting policies for the like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as HPCL's separate financial statements.

The Financial Statements of HPCL and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, the intra group balance and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated. The share of Minority Interest in the Subsidiaries has been disclosed separately in CFS.

The financial statements of Joint Ventures have been consolidated by applying proportionate consolidation method on a line-by-line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of intra group balance intra group transactions and unrealized profits or losses.

Figures pertaining to the Subsidiary Companies/Joint Ventures have been reclassified, wherever necessary, to conform to the parent company, HPCL's Financial Statements.

For certain items, HPCL, its subsidiaries and Joint ventures have followed different accounting policies. However impact of the same is not material.

### 1.3 Companies included in Consolidation

The CFS comprise the Audited Financial Statements (except as mentioned otherwise) of HPCL, its Subsidiaries and its interest in Joint Ventures for the year ended 31<sup>st</sup> March, 2015, which are as under;

Name of the Company	Country of Incorporation	HPCL's Ownership Interest	
		31.03.2015	31.03.2014
<b>(i) Subsidiaries</b>			
CREDA - HPCL Biofuels Ltd. (CHBL)	India	74.00%	74.00%
HPCL Biofuels Ltd. (HBL)	India	100.00%	100.00%
Prize Petroleum Company Ltd. (PPCL)***	India	100.00%	100.00%
HPCL Rajasthan Refinery Ltd. (HRRL)	India	74.00%	74.00%
<b>(ii) Joint Ventures</b>			
HPCL - Mittal Energy Ltd. (HMEL)***	India	48.94%	48.94%
Hindustan Colas Ltd. (HINCOL)	India	50.00%	50.00%
South Asia LPG Co. Pvt. Ltd. (SALPG)	India	50.00%	50.00%



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

Name of the Company	Country of Incorporation	HPCL's Ownership Interest	
		31.03.2015	31.03.2014
Mangalore Refinery and Petrochemicals Ltd. (MRPL)***	India	16.95%	16.95%
Bhagyanagar Gas Ltd. (BGL)	India	25.00%	25.00%
Petronet India Ltd. (PIL)**	India	16.00%	16.00%
Petronet MHB Ltd. (PMHBL)	India	28.77%	28.77%
Aavantika Gas Ltd. (AGL)	India	49.97%	25.00%
GSPL India Gasnet Ltd. (GIGL)	India	11.00%	11.00%
GSPL India Transco Ltd. (GITL)	India	11.00%	11.00%
HPCL Shapoorji Energy Ltd. (HSEL)	India	50.00%	50.00%
Mumbai Aviation Fuel Farm facility Ltd. (w.e.f. 20 <sup>th</sup> Oct, 2014)	India	25.00%	-

\*\* Proportionate consolidation in respect of Investments in Petronet India Limited has not been considered in the preparation of CFS as the Company is in the process of winding up.

\*\*\* Consolidated Financial Statements are considered.

HPCL – Mittal Energy Limited has a 100% subsidiary namely HPCL – Mittal Pipelines Limited.

Mangalore Refinery and Petrochemical limited has one subsidiary namely ONGC Mangalore Petrochemicals limited (MRPL is holding 51%) and two joint ventures namely Shell MRPL Aviation Fuels and Services Limited (MRPL is holding 50%) and Mangalam Retail Services Limited (MRPL is holding 49.98%). Prize Petroleum Company limited has wholly owned subsidiary namely Prize Petroleum PTE Limited. Consolidated Financial Statements of both these entities are considered for the purpose of consolidation.

As of 31<sup>st</sup> March, 2014, paid up equity capital of BGL was ₹ 5 lacs, in which HPCL and GAIL were holding 25% each. Balance 50% of shares were held by Kakinada Seaports Ltd (KSPL) on warehousing basis. In addition, each one of HPCL and GAIL had paid ₹ 22.49 crores as Advance against Equity / Share application money (totaling to ₹ 44.98 crores) in earlier years. On 20<sup>th</sup> August, 2014, BGL allotted 2,24,87,500 shares on preferential basis to each of HPCL and GAIL towards the money paid earlier. Aggrieved by this decision of BGL, KSPL has challenged the issue of allotment of shares and the matter is pending in the High Court. Since the matter is subjudice, HPCL's share has been considered at 25%.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Tangible Assets**

- Tangible assets are stated at cost net of accumulated depreciation / amortization
- Land acquired on lease for 99 years or more is treated as freehold land.
- Technical know-how /licence fee relating to plants/ facilities are capitalized as part of cost of the underlying asset.

**2.2 Intangible Assets**

- Cost of Right of Way for laying pipelines is capitalised as Intangible Asset and is amortised over a period of 99 years.
- Technical know-how /licence fee relating to production process and process design are recognized as Intangible Assets.
- Cost of Software directly identified with hardware is capitalised along with the cost of hardware. Application software is capitalised as Intangible Asset.

**2.3 Construction Period Expenses on Projects**

- Related expenditure (including temporary facilities and crop compensation expenses) incurred during construction period in respect of plan projects and major non-plan projects are capitalised.
- Financing cost incurred during the construction period on loans specifically borrowed and utilised for projects is capitalised. Financing cost includes exchange rate variation to the extent regarded as an adjustment to interest cost.

**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

- c. Financing cost, if any, incurred on general borrowings used for projects during the construction period is capitalised at the weighted average cost.

**2.4 Depreciation / Amortization**

- a. Depreciation on Fixed Assets is provided on straight line method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, Group has assessed the estimated useful lives of its fixed assets and has adopted the useful lives as prescribed in Schedule II except for, plant and machinery relating to Retail Outlets (other than storage tanks and related equipment) and LPG cylinders & regulators, the useful life of which are considered as 15 years based on its internal technical assessment.
- b. All assets costing up to ₹ 5000/-, other than LPG cylinders and pressure regulators, are fully depreciated in the year of capitalisation.
- c. Premium on leasehold land is amortised over the period of lease.
- d. Machinery Spares, which can be used only in connection with an item of fixed asset and the use of which is expected to be irregular, are depreciated over a period not exceeding the useful life of the principal item of fixed asset.
- e. Intangible Assets other than application software and cost of right of way are amortized on a straight line basis over a period of ten years or life of the underlying plant/facility, whichever is earlier.
- f. Application software are normally amortised over a period of four years, or over its useful life, whichever is earlier.

**HMEL**

- (i) Depreciation on fixed assets is calculated using the straight-line method (SLM) as per the useful life of the assets stated below.

The same have been determined by the management based on technical estimates.

Particulars	Useful Life in Years
Building *	30
Building (culverts)	30
Building (roads)	5
Plant and equipment (refinery assets)	25
Plant and equipment (captive power plant)	40
Plant and equipment (crude oil pipeline)	30
Plant and equipment (pumps)	25
Plant and equipment (hoses) **	8
Plant and equipment (lab equipment)	10
Plant and equipment (others)	15
Railway Sidings	15
Furniture & Fixtures	10
Vehicles	8
Office Equipment	5
Computer & peripherals – end user devices	3
Computer & peripherals – server	6

\* Buildings include both factory and non-factory buildings. The useful lives of the non-factory buildings as mentioned in Schedule II of Companies Act 2013 is higher than what has been assessed by the management.

\*\* The useful lives of hoses as mentioned in Schedule II of Companies Act 2013 is higher than what has been assessed by the management.



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

- (ii) Leasehold land (other than land on perpetual lease) is amortized over the lease period of 28 years and 4 months starting from 31<sup>st</sup> May, 2002.
- (iii) Assets constructed on leasehold properties are depreciated over the remaining period of the lease (refer (ii) above) or the useful life mentioned in (i) above, whichever is lower.
- (iv) Leasehold improvements are depreciated over the primary period of 9 years or over the useful lives mentioned in (i) above whichever is lower.
- (v) Fixed-bed catalyst (included in Plant and Machinery - refinery assets) are depreciated on SLM basis over their useful life.

Determined based on individual chemical reports (ranging from 1 to 8 years) or the useful life mentioned above whichever is lower.

### GIGL & GITL

Depreciation on tangible fixed assets is provided on written down value method (WDV) as per useful life prescribed in Schedule II to the Companies Act, 2013 except on Mobile instruments, which are depreciated over useful life of two years on WDV basis based on technical assessment.

In case of Intangible Assets, software is amortised at 40% on written down value method, whereas the cost incurred on 'Right of Use and Right of way on land' is not amortised but is tested for impairment on periodic basis.

### MAFFFL

The Company has adopted the useful life of the following assets different from what is specified in Part-C of Schedule II of the Companies Act, 2013 on the basis of the technical advice obtained.

Sr.	Assets Purchased from	Description of assets	Balance useful Life
i.	BPCL	All assets being Building, Roads, Plant and Machinery, Furniture, Vehicles, Off. Equipment's, Computers, Lab. Equipment's, Electric Installation.	NIL
ii.	HPCL	Building	21 Years
iii.	IOCL-Sahar	Building, Plant & Machinery, Furniture, Vehicles, Lab. Equipments, Electric Installation.	5.77 Years
iv.	IOCL-Santacruz	All assets being Building, Roads, Plant & Machinery, Furniture, Vehicles, Off. Equipments, Computers, Lab. Equipments, Electric Installation.	NIL

Depreciation on dead stock forming part of the plant and machinery is provided on the basis of diminution in the value of the dead stock calculated on realization price method.

### HINCOL

Depreciation is provided pro-rata to the period of use, on Straight Line Method, over the period of estimated useful lives of the assets or those stipulated In Schedule II to the Companies Act 2013, whichever is lower. The useful lives which are different from Schedule II are as follows:-

Asset	Useful Life (Years)
<b>Buildings</b>	
Residential Buildings (RCC Frame Structure)	30
Factory Buildings	25
Drains	10
Buildings (other than RCC frame structure)	25
Culverts	10
Land Development	25

**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

Asset	Useful Life (Years)
<b>Plant &amp; Machinery</b>	
COLAS Plant	10
Storage Tanks (Emulsion/ Acid Tanks)	12
Storage Tanks (Other Tanks)	15
Pipelines (Emulsion/ Acid pipelines)	12
Pipelines (other pipelines)	15
Fire Fighting Equipment/Forklift/High Shear Mill	10
Road Making Equipment	8
Others	15
<b>Motor Vehicles</b>	
Cars	4
Trucks	5
<b>Computers &amp; Data Processing Units</b>	
Servers & Networks	3
<b>Intangible Assets</b>	
Software	4

Leasehold land is amortized over the period of lease. In case of lease of land in premises from an unrelated party, if the period of lease is less than the useful life of the leasehold assets constructed or leasehold improvements, the depreciation is provided for such assets over the useful life of assets or period of lease, whichever is shorter.

Individual assets acquired for less than ₹ 5,000 are entirely depreciated in the year of acquisition.

**2.5 Impairment of Assets**

At each balance sheet date, an assessment is made of whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount.

**2.6 Foreign Currency Transactions**

- Foreign Currency transactions during the year are recorded at the exchange rates prevailing on the date of transactions.
- All foreign currency assets, liabilities and forward contracts are restated at the rates prevailing at the year end.
- All exchange differences are dealt with in the Statement of Profit and Loss including those covered by forward contracts, where the premium / discount arising from such contracts are recognised over the period of contracts.

However, foreign exchange differences on long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of loan.

- The realised gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year, are recognised in the Statement of Profit and Loss along with the underlying transaction. However, in respect of contracts, the pricing period of which extends beyond the Balance Sheet date, suitable provision is made for likely loss, if any.
- Derivative instruments

In accordance with the Institute of Chartered Accountants of India (ICAI) announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

- The financial statements of subsidiary of non-integral foreign operations are translated into Indian rupees as follows:
  - The all assets and liabilities, both monetary and non-monetary, are translated using the closing rate.
  - Items of income and expenditures are translated at the average rate prevailing during the period.
  - The resulting net exchange difference is credited or debited to a foreign currency translation reserve.





## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

### 2.7 Investments

- a. Long-Term Investments are valued at cost and provision for diminution in value thereof is made, wherever such diminution is other than temporary.
- b. Current Investments are valued at the lower of cost and fair value.

### 2.8 Inventories

- a. Crude oil is valued at cost on First in First Out (FIFO) basis or at net realisable value, whichever is lower.
- b. Raw materials for lubricants and finished lubricants are valued at weighted average cost or at net realisable value, whichever is lower.
- c. Stock-in process is valued at raw material cost plus cost of conversion or at net realisable value, whichever is lower.
- d. Finished products other than Lubricants are valued at cost (on FIFO basis month-wise) or at net realisable value, whichever is lower.
- e. Empty packages are valued at weighted average cost.
- f. Stores and spares are valued at weighted average cost. Stores and Spares in transit are valued at cost.
- g. Value of surplus, obsolete and slow moving stores and spares, if any, is reduced to net realisable value. Surplus items, when transferred from completed projects are valued at cost / estimated value, pending periodic assessment / ascertainment of condition.

### 2.9 Duties on Bonded Stocks

Excise / Customs duty is provided on stocks stored in Bonded Warehouses (excluding goods exempted from duty / exports or where liability to pay duty is transferred to consignee).

### 2.10 Grants

- a. In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Capital Grants, which is recognised in the Statement of Profit & Loss over the period and in the proportion in which depreciation is charged.
- b. Grants received against revenue items are recognised as income.

### 2.11 Exploration & Production Expenditure

“Successful Efforts Method” of accounting is followed for Oil & Gas exploration and production activities as stated below:

- a. Cost of surveys, studies, carrying and retaining undeveloped properties are expensed out in the year of incurrence.
- b. Cost of acquisition, drilling and development are treated as Capital Work-in-Progress when incurred and are capitalised when the well is ready to commence commercial production.
- c. Accumulated costs on exploratory wells in progress are expensed out in the year in which they are determined to be dry.
- d. The proportionate share in the assets, liabilities, income and expenditure of joint operations are accounted as per the participating interest in such joint operations.

### 2.12 Employee Benefits

Liability towards long term defined employee benefits - leave encashment, gratuity, pension, post – retirement medical benefits, long service awards, ex-gratia, death benefits and resettlement allowance are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method. Liability so determined is funded in the case of leave encashment and gratuity, and provided for in other cases.

The Company’s contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee’s salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and Loss.

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit & Loss of the year in which the related services are rendered.



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

In some Group Companies, Retirement benefits are in the form of defined contribution scheme. Contributions paid/payable under defined contributions plans are recognised in the Statement of Profit & Loss each year.

### 2.13 Revenue Recognition

- a. Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer.
- b. Sales are net of discount, include applicable excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT/sales tax.
- c. Claims, including subsidy on LPG, HSD and SKO, from Government of India are booked on in principle acceptance thereof on the basis of available instructions / clarifications.
- d. Dividend income is recognised when the Company's right to receive the dividend is established.
- e. Income from sale of scrap is accounted for on realisation.
- f. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

### 2.14 Taxes on Income

- a. Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.
- b. Deferred tax liability/asset on account of timing difference between taxable and accounting income is recognised using tax rates and tax laws enacted or substantively enacted as at the Balance Sheet date. In the event of unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized, if there is virtual certainty that sufficient future taxable income will be available to realize such assets.
- c. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is considered as an asset when it is probable that the future economic benefits associated with it, will flow to the Corporation.

### 2.15 Contingent Liabilities, Capital Commitments and Provisions

- a. Contingent Liabilities are disclosed in respect of:
  - i. A possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or
  - ii. A present obligation where it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or a reliable estimate of the amount of obligation cannot be made.
- b. Contingent Liabilities are considered only for items exceeding ₹ 5 lakhs in each case. Contingent Liabilities in respect of show cause notices are considered only when converted into demands. Capital Commitments are considered only for items exceeding ₹ 1 lakh in each case.
- c. A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

### 2.16 Accounting/Classification of Expenditure and Income

- a. Insurance claims are accounted on acceptance basis.
- b. All other claims/entitlements are accounted on the merits of each case/realisation.
- c. Raw materials consumed are net of discount towards sharing of under-recoveries.
- d. Income and expenditure of previous years, individually amounting to ₹ 5 lakhs and below are not considered as prior period items.

### 2.17 Earnings Per Share

- a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.
- b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>3. SHARE CAPITAL</b>		
<b>A. Authorised:</b>		
75,000 Cumulative Redeemable Preference Shares of ₹ 100/- each	0.75	0.75
34,92,50,000 Equity Shares of ₹ 10/- each	349.25	349.25
	<u>350.00</u>	<u>350.00</u>
<b>B. Issued, Subscribed &amp; Paid up :</b>		
33,93,30,000 Equity Shares of ₹ 10/- each	339.33	339.33
Less: 7,02,750 Shares Forfeited	0.70	0.70
33,86,27,250 Equity Shares of ₹ 10/- each fully paid up	338.63	338.63
Add: Shares Forfeited (money received)	0.39	0.39
	<u>339.01</u>	<u>339.01</u>

(a) Reconciliation of number of Equity Shares

	31.03.2015	31.03.2014
<b>Opening Balance</b>	338,627,250	338,627,250
Shares Issued \ Shares bought back	-	-
<b>Closing Balance</b>	<u>338,627,250</u>	<u>338,627,250</u>

(b) Details of shares held by each shareholder holding more than 5% shares in the Company

Name of shareholder	31.03.2015		31.03.2014	
	% Holding	No. of Shares	% Holding	No. of Shares
President of India	51.11	173,076,750	51.11	173,076,750
Life Insurance Corporation of India	5.18	17,531,442	9.85	33,359,022

(c) Right and Restrictions on Equity Shares

The Company has only one class of Equity Shares having a face value of ₹ 10/- per share which are issued and subscribed. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of the winding up of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held by the shareholders and the amount paid up thereon. The Company also has 75,000 6% cummulative Redeemable Non-convertible Preference Shares of ₹ 100 /- each as a part of the Authorised Capital, which were issued earlier by the erstwhile ESRC. Presently the said Preference Shares stand redeemed.

	₹ /Crores	
	31.03.2015	31.03.2014
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital Reserve :</b>		
As per last Balance Sheet	0.08	0.08
	<u>0.08</u>	<u>0.08</u>
(Includes ₹ 0.08 Crores (2013-14 : ₹ 0.08 Crores) towards share of jointly controlled entities)		
<b>Capital Redemption Reserve :</b>		
As per last Balance Sheet	1.56	1.56
	<u>1.56</u>	<u>1.56</u>
(Includes ₹ 1.56 Crores (2013-14 : ₹ 1.56 Crores) towards share of jointly controlled entities)		



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	31.03.2015	31.03.2014
<b>Share Premium Account :</b>		
As per last Balance Sheet	1,052.21	1,082.93
Difference between audited and unaudited financial statements for previous years	11.28	-
Less: Utilisation during the year*	25.45	30.72
	<b>1,038.04</b>	<b>1,052.21</b>
(Includes ₹ 138.28 Crores (2013-14 : ₹ 40.12 Crores) towards share of jointly controlled entities)		
* Premium on redemption / discount on issue of debentures, net of tax impact, which is not eligible for capitalization, is first adjusted against the securities premium account to the extent it is available and the balance is charged to the statement of profit and loss.		
<b>Debenture Redemption Reserve :</b>		
As per last Balance Sheet	275.55	407.03
Add: Transfer from Surplus in the Statement of Profit and Loss	137.77	137.77
Less: Transfer to Surplus in the Statement of Profit and Loss	-	269.25
	<b>413.32</b>	<b>275.55</b>
(Includes ₹ Nil Crores (2013-14 : ₹ Nil Crores) towards share of jointly controlled entities)		
<b>Hedging Reserve :</b>		
As per last Balance Sheet	0.26	0.26
Add: Additions during the year	(0.27)	-
	<b>(0.01)</b>	<b>0.26</b>
(Includes ₹ (0.01) Crores (2013-14 : ₹ 0.26 Crores) towards share of jointly controlled entities)		
<b>Capital Grant :</b>		
As per last Balance Sheet	3.50	3.66
Less: Amortised during the year	0.55	0.16
	<b>2.95</b>	<b>3.50</b>
(Includes ₹ Nil Crores (2013-14 : ₹ Nil Crores) towards share of jointly controlled entities)		
<b>Foreign Currency Monetary Item Translation Difference Account :</b>		
As per last Balance Sheet	161.52	(4.66)
Add: Additions during the year	(260.94)	175.65
Less: Amortised during the year	(36.13)	9.47
	<b>(63.29)</b>	<b>161.52</b>
(Includes ₹ Nil Crores (2013-14 : ₹ Nil Crores) towards share of jointly controlled entities)		
<b>Market development reserve :</b>		
As per last Balance Sheet	1.40	1.40
	<b>1.40</b>	<b>1.40</b>
(Includes ₹ 1.40 Crores (2013-14 : ₹ 1.40 Crores) towards share of jointly controlled entities)		



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>Revaluation reserve :</b>		
As per last Balance Sheet	-	-
Add: Additions during the year	<b>312.58</b>	-
	<b>312.58</b>	-
(Includes ₹ 312.58 Crores (2013-14 : ₹ Nil Crores) towards share of jointly controlled entities)		
<b>General Reserve :</b>		
As per last Balance Sheet	<b>1,937.88</b>	1,762.07
Difference between audited and unaudited financial statements for previous years	<b>(78.69)</b>	-
Add: Transfer from The Statement of Profit and Loss	-	175.81
	<b>1,859.19</b>	<b>1,937.88</b>
(Includes ₹ 50.10 Crores (2013-14 : ₹ 58.40 Crores) towards share of jointly controlled entities)		
<b>Surplus :</b>		
As per last Balance Sheet	<b>10,225.75</b>	9,765.49
Less : Depreciation on Assets where revised useful life as per Schedule II of the Companies Act, 2013 has completed (Net of Deferred Tax of ₹ 272.80 crores)	<b>515.82</b>	-
Difference between audited and unaudited financial statements for previous years	<b>(58.34)</b>	-
Add : Profit for the year	<b>1,498.58</b>	1,080.37
Less : Profit appropriated to General Reserve	-	175.81
Add : Transfer from Debenture Redemption Reserve	-	269.25
Less : Profit appropriated to Debenture Redemption Reserve	<b>137.77</b>	137.77
Less : Profit appropriated to Proposed Dividend (Dividend Per Share ₹ 24.50 per share (2013 - 14 : ₹ 15.50 per share)	<b>829.64</b>	524.87
Less : Profit appropriated to Tax on Distributed Profits	<b>178.54</b>	86.76
Add : Other Adjustment for dividend	<b>15.36</b>	35.85
	<b>10,019.58</b>	10,225.75
	<b>13,585.40</b>	13,659.71
<b>5. LONG-TERM BORROWINGS</b>		
<b>Secured Loans</b>		
<b>Debentures / Bonds :</b>		
8.75% Non-Convertible Debentures (a)(i)	-	545.00
8.77% Non-Convertible Debentures (a)(ii)	<b>975.00</b>	975.00
4% Non-Convertible Debentures of ₹ 0.10 Crores each fully paid (Series-I) (a)(iii)	<b>97.88</b>	97.88
4% Non-Convertible Debentures of ₹ 0.30 Crores each fully paid (a)(iv)	<b>499.18</b>	499.18
4% Non-Convertible Debentures of ₹ 0.30 Crores each fully paid (Series-II) (a)(iii)	<b>623.98</b>	623.98
Zero Coupon Bonds issued to Bankers under Corporate Debt Restructuring Scheme (b)	-	0.36
Term Loan from Oil Industry Development Board (c)	<b>223.50</b>	-



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	31.03.2015	31.03.2014
<b>Term loans</b>		
From banks :		
Foreign Currency Loan (d)	4,875.07	4,252.84
Other Banks (e)	4,620.87	3,594.95
	<u>11,915.48</u>	<u>10,589.19</u>
(Includes ₹ 10,408.17 Crores (2013-14 : ₹ 8,806.49 Crores) towards share of jointly controlled entities)		
<b>Unsecured Loans</b>		
<b>Debentures / Bonds :</b>		
0% Non Convertible Debentures of ₹ 0.10 Crores each fully paid (f)	219.40	200.19
<b>Term loans</b>		
From banks :		
Syndicated Loans from Foreign Banks (repayable in foreign currency) (g)	8,064.44	7,796.38
Syndicated Working Capital Loans from Foreign Banks (repayable in foreign currency) (g)	6,250.50	5,992.00
Rupee loan from banks (h)	1,125.60	244.70
From others :		
Term Loan from Oil Industry Development Board (i)	214.01	598.64
Rupee loan from Others (j)	159.18	4.89
<b>Deferred payment liabilities (k)</b>	35.06	48.93
<b>Other Loans and advances (l)</b>	552.25	668.51
	<u>16,620.44</u>	<u>15,554.24</u>
(Includes ₹ 2,425.57 Crores (2013-14 : ₹ 1,519.36 Crores) towards share of jointly controlled entities)		
	<u>28,535.92</u>	<u>26,143.43</u>

**(a) The Group has issued the following Secured Redeemable Non-convertible Debentures:**

**With respect to debentures issued by Hindustan Petroleum Corporation Ltd. (HPCL)**

- i. 8.75% Non-Convertible Debentures were issued on 9<sup>th</sup> November, 2012 with the maturity date of 9<sup>th</sup> of November, 2015. These are secured by mortgage, on first pari passu charge basis, by way of a Registered Debenture Trust Deed over immovable property of HPCL being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Mumbai Refinery. During the year ended 31<sup>st</sup> March, 2015 an amount of ₹ 545.00 crores (March, 2014 ₹ Nil) of 8.75% Non-Convertible Debentures is repayable within one year and shown in note # 10 A.
- ii. 8.77% Non-Convertible Debentures were issued on 13<sup>th</sup> March, 2013 with the maturity date of 13<sup>th</sup> of March, 2018. These are secured by mortgage, on first pari passu charge basis, by way of a Registered Debenture Trust Deed over immovable property of HPCL being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Visakh Refinery.

**With respect to debentures issued by HPCL-Mittal Pipelines Limited (HMPL)**

- iii. Secured redeemable Non Convertible Debentures (NCDs) Series I and Series II were issued at par on 04<sup>th</sup> October, 2012 and 21<sup>st</sup> August, 2012 respectively. These are secured by a first pari passu charge on fixed asset of HPCL Mittal Pipelines Limited to the extent of 1.25 times the issue size. Series II consists of 3 detachable and separately transferrable principal parts (STRPP) A,B and C. STRPP A, B, C and Series I debentures are redeemable at a premium of ₹ 0.04 crores, ₹ 0.05 crores, ₹ 0.06 crores and ₹ 0.06 crores per STRPP/debenture respectively on 21<sup>st</sup> August, 2020, 21<sup>st</sup> August, 2021, 21<sup>st</sup> August, 2022 and 05<sup>th</sup> October, 2022 respectively, being the 8<sup>th</sup>, 9<sup>th</sup>, 10<sup>th</sup> and 10<sup>th</sup> year respectively from the date of allotment.



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

### With respect to debentures issued by HPCL-Mittal Energy Limited (HMEL)

- iv. Redeemable 4 % Non Convertible Debentures (NCDs) were issued at par on 3<sup>rd</sup> September, 2012. These are secured by a first pari passu charge on fixed asset of HPCL Mittal Energy Limited to the extent of 1.25 times of the issue size. The series consists of three detachable and separately transferable principal parts (STRPP) A, B and C. STRPP A, B and C debentures are redeemable at a premium of ₹ 0.04 crores, ₹ 0.05 Crores and ₹ 0.06 crores per debenture respectively on 3<sup>rd</sup> September, 2020, 3<sup>rd</sup> September, 2021 and 3<sup>rd</sup> September, 2022 respectively, being the 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> year respectively from the date of allotment.

### (b) Zero Coupon Bonds

PMHBL issued Zero Coupon Bonds issued to Bankers under Corporate Debt Restructuring Scheme repayable in 36 quarterly instalments commencing from Sept, 2006 and ending on June, 2015. These were Secured by first mortgage on Immovable Properties, present & future, first charge on movable properties, present & future and charge on all receivables of PMHBL from the project on pari passu basis. The Company has made payments and cleared the entire liability under the facility as at the date of Balance sheet.

### (c) Term Loan from Oil Industry Development Board

During the year 2014 - 15 security has been created with first charge on the facilities of Awa Salawas Pipeline, Manglore Hasan Mysore LPG Pipeline, Uran - Chakan / Shikarpur LPG Pipeline & Rewari Project Pipeline. ₹ 34.50 Crores (2013 - 14 : Nil) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

### (d) Foreign Currency Term Loan

#### With respect to Loan taken by HPCL-Mittal Energy Ltd. (HMEL)

- i. Foreign currency loan from banks equivalent to ₹ 306 Crores (Previous year ₹ 293 Crores) is secured by a subservient charge over all movable and immovable properties of the HMEL, both present and future. The said loan is backed by a letter of comfort from both Hindustan Petroleum Corporation Limited and Mittal Energy Investments Pte. Limited, the joint venture partners in the Company. The outstanding loan is repayable vide a single bullet payment on 22<sup>nd</sup> June, 2016 and carries an interest rate of 6 month Libor plus 365 bps (presently 4% p.a.).
- ii. Foreign currency loan from banks equivalent to ₹ 2,499 Crores (Previous year ₹ 2,359 Crores) is secured by a mortgage through a first charge, ranking pari-passu amongst the lenders, over all immovable and movable properties and assets of HMEL, both present and future, save and except current assets on which these lenders have a second pari-passu charge; however they hold a first charge/ assignment on the Debt Service Reserve Account and all other accounts formed under the Trust and Retention Account Agreement. The outstanding loan is repayable as under:
- ₹ 829 Crores is repayable in 36 variable quarterly installments starting from 31<sup>st</sup> March, 2017 and carries interest rate of 3 and 6 month Libor plus a spread ranging from 450 bps to 550 bps. The current interest rate is from 4.85% p.a. to 5.89% p.a.
  - ₹ 498 Crores is repayable in one bullet installment on 31<sup>st</sup> December, 2019 and carries interest rate of 6 month Libor plus a spread of 383 bps. The current interest rate is 4.18 % p.a.
  - ₹ 37 Crores is repayable in 11 equal half yearly installments (next installment is due on 19<sup>th</sup> September, 2015) and carries a fixed interest rate of 4.35% p.a.
  - ₹ 352 Crores is repayable in 36 equal quarterly installments beginning 31<sup>st</sup> March, 2017 and carries an interest rate of 3 month Libor plus a spread ranging from 451bps to 482bps. The current interest rate ranges from 4.77% p.a to 5.05% p.a.
  - ₹ 650 Crores is repayable in 3 variable instalments from 31<sup>st</sup> March, 2019 to 31<sup>st</sup> December, 2020 and carries an interest rate of 6 month Libor plus a spread ranging from 335bps to 373bps. The current interest rate ranges from 3.68%p.a to 4.06%p.a.
  - ₹ 133 Crores is repayable in one bullet installment on 31 December, 2020 carries an interest rate of 6 month Libor plus a spread of 260bps. The current interest rate is 2.98% p.a.

**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

- iii. Foreign currency loan from banks equivalent to ₹ 301 Crores (Previous year ₹ 289 Crores) is secured by a mortgage through a subservient charge on the assets of the HMEL, both present and future. Out of the above loan, ₹ 72 Crores (previous year ₹ 69 Crores) is further backed by a letter of comfort from Mittal Energy Investments pte. Limited, the joint venture partners in the Company. The loan is repayable in a single bullet instalment on 13<sup>th</sup> November, 2016 and carries an interest of 6 month LIBOR plus 550 bps (presently 5.82% p.a.).

**With respect to debentures issued by HPCL-Mittal Pipelines Limited (HMPL)**

- iv. Foreign currency loan from banks are secured by a mortgage and first charge, ranking pari-passu amongst the lenders, over all movable and immovable properties and assets of HMPL, both present and future, save and except current assets (except deposits and accounts under the Trust and Retention Account Agreement) on which working capital lenders (if any) would have a first charge, and these lenders have a second charge. The loan carries an interest rate of 6 months LIBOR plus a spread ranging from 320 bps to 375 bps. The current interest rate ranges from 3.56% to 4.11 % p.a. The loan is repayable in bullet installment of ₹ 525 Crores and ₹ 262 Crores on 22<sup>nd</sup> January, 2021 and 31<sup>st</sup> December, 2020 respectively.

**With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.**

- v. The interest rate for ECB are based on 6 month LIBOR plus spread. Effective Interest rates are 3.2247%, 3.7019%, 2.7957%, 2.4157%, 2.8641%, 3.4606%, 3.4806%, 3.4762% and 3.4872% on ₹ 104 Crores, ₹ 156 Crores, ₹ 312 Crores, ₹ 52 Crores, ₹ 52 Crores, ₹ 242 Crores, ₹ 62 Crores, ₹ 22 Crores and ₹ 0.23 Crores respectively.

Terms of Repayment	Amount (₹)
During 2015-16	49 Crores
During 2016-17	91 Crores
During 2017-18	211 Crores
During 2018-19	475 Crores
During 2019-20	65 Crores
During 2020-21	57 Crores
During 2021-22	49 Crores
During 2022-23	8 Crores
During 2023-24	2 Crores

- vi. Company has ECB loan, outstanding of ₹ 677 Crores which is secured by first pari passu Charge over immovable fixed assets and first ranking pari passu charge over movable fixed assets of both present and future and the Subsidiary, OMPL has ECB and RTL outstanding ₹ 326 Crores and ₹ 325 Crores respectively which are secured by the first charge on land and all other fixed assets of the MRPL and second charge by way of hypothecation on all project assets equipments, moveable machinery and all other accessories & equipment, all rights, title, interest, benefit, claims & demands of the MRPL in respect of the Material Project Contracts including clearances relating to project, LC, guarantee, performance bond, clearance, all rights, benefits in respect of Insurance contracts, bank a/c, reserves including Trust & Retention A/c, investments, receivables, securities & all other assets, all amount owing to & received by the MRPL and all rights, benefits, claims & demands of the MRPL in respect of all amount owing to the MRPL for the project including uncalled share capital and all current assets including cash, investments, custom / excise duties book debts, stock in trade, raw material, consumable stores & spares.

**(e) Secured Term Loans from Banks:****With respect to Loan taken by HPCL Biofuels Ltd. (HBL)**

- i. Term loan with UBI was repayable in 36 equal quarterly instalments starting from January 2012 carrying a rate of interest @ base rate + 1.75% fixed spread. During the year HBL had refinanced the balance of this loan with State Bank of India who have granted a two year moratorium on repayment and a further 12 year repayment period. The loan is repayable in 48 structured instalments starting from Q2 of FY 2016-17 carrying interest @ base rate + 1.70% fixed spread. The term loan is secured by equitable mortgage of Land, Building & Fixed Assets





**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

**With respect to Loan taken by HPCL-Mittal Energy Limited (HMEL)**

- ii. Secured Indian rupee loan from banks of ₹ 3149 Crores (Previous year ₹ 2967 Crores) are secured by mortgage through a first charge, ranking pari-passu amongst the lenders, over all immovable and movable properties and assets of the HMEL, both present and future, save and except current assets on which these lenders have a second pari-passu charge; and a first charge/ assignment on the Debt Service Reserve Account and all other accounts formed under the Trust and Retention Account Agreement. Of these, loans aggregating to ₹ 2250 Crores are repayable in 43 variable quarterly installments starting from 30<sup>th</sup> September, 2017 and loans aggregating to ₹ 899 Crores (Previous year: ₹ 875 Crores) are repayable in 36 variable quarterly installments starting from 31<sup>st</sup> March, 2017. The rupee term loan carries an interest rate equivalent to the base rate of the respective banks, subject to a floor rate of SBI base rate plus 90 to 125 bps. The current rate of interest on these loans is between 10.90% p.a. to 11.25% p.a.
- iii. Secured Indian rupee loan from bank of ₹ 703 Crores (Previous year: ₹ 240 Crores) out of these, ₹ 463 Crores is secured by a subservient charge on the fixed assets of the HMEL, both present and future and the balance ₹ 240 Crores is secured by a subservient charge on the current assets. These loans are repayable in three installments of ₹ 240 Crores, ₹ 240 Crores and ₹ 223 Crores on 19<sup>th</sup> March, 2017, 15<sup>th</sup> March, 2018 and 19<sup>th</sup> March, 2018 respectively and carries an interest of bank base rate plus 25 to 50 bps (presently 10.25% p.a. to 10.50% p.a.). HMEL is in the process of creating charges on the aforesaid assets as per the terms of the facility.

**With respect to Loan taken by South Asia LPG Co. Pvt. Ltd.**

- iv. The repayments to be made in quarterly instalment bais:-

₹ in Crores

Name of the bank	Quarterly Investment	Number of Installments outstanding as at March 31, 2015	Balance outstanding	
			As at March 31, 2015	As at March 31, 2014
Federal Bank	0.14	5	0.66	0.65
State Bank of India	0.54	5	2.68	10.34
State Bank of Mysore	0.14	5	0.67	0.66
State Bank of India (formerly known as State Bank of Sourashtra)	0.16	5	0.81	0.95
Punjab National Bank	0.24	5	1.18	2.01
Indian Bank	0.14	5	0.67	0.65
Bank of Maharashtra	0.24	5	1.17	2.00
			<b>7.85</b>	<b>17.25</b>

Interest is calculated on monthly rests on the outstanding principal amount of the Rupee Loans at the end of every month. Interest is applicable from six months after the Commercial Operations Date (COD i.e 30<sup>th</sup> June, 2007) upto further period of five years at 8.75% p.a. At the end of 5 years and 6 months after COD, rate of interest applicable for all lenders will be reset till final maturity to a rate equal to “180 days’ Average 5 years Government Securities” Rate plus 2.75% (Current rate of interest is 10.89% p.a).

**With respect to Loan taken by Aavantika Gas Ltd. (AGL)**

- v. Following Term Loans were taken from Bank of Baroda

Terms of Repayment	Amount
Term Loan - I (2009-11)	2.76 Crores
Term Loan - II (2011-12)	7.86 Crores
Term Loan - III (2012-13)	6.91 Crores
Term Loan - IV (2013-14)	8.59 Crores
Term Loan - V (2014-15)	11.73 Crores

**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

Each Term Loan is of 9 year with 2 year moratorium Repayable in 28 Equal Quarterly installment. These are secured by First Charge over fixed assets and Second Charge over current assets of AGL.

**With respect to Loan taken by Bhagyanagar Gas Ltd. (BGL)**

- vi. BGL has availed 11.20% Term Loans and non-fund based limits from consortium of bankers, secured by way of a first pari-pasu charge on all movable assets, finished goods, work in progress, raw materials and book debts of BGL. The loan is repayable in 24 equal quarterly installments after a moratorium of 36 months after the Initial Drawdown Date.

**With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd. (MRPL)**

- vii. OMPL Rupee term loan (secured) from bank, rate of interest are SBI Base Rate + 1.25% payable on monthly basis and Axis Base Rate + 0.50% payable on monthly basis on ₹ 324 Crores and ₹ 3 Crores respectively. ₹ 3 Crores loan is secured by way of second charge on the entire fixed assets of the MRPL both present and future and first charge on entire inventory, WIP, receivables, book debts and other current assets both present and future.

**(f) Unsecured Redeemable 0% Non Convertible Debentures:**

HMEL has issued 2,447 Unsecured Redeemable 0% Non Convertible Debentures of face value of ₹ 0.10 Crores were issued at a discount of ₹ 0.024 Crores per debenture on 11<sup>th</sup> June, 2013. The same is backed by a letter of comfort from Mittal Energy Investments Pte Ltd. and is redeemable after 3 years from the date of issue.

**(g) Syndicated Loans from Foreign Banks (repayable in foreign currency)****With respect to Loan taken by Hindustan Petroleum Corporation Ltd.**

- i. HPCL has availed Long Term Foreign Currency Syndicated Loans from banks on floating LIBOR. These loans are taken for the period of 3 - 5 years. ₹ 2,500.20 Crores (2013 - 14 : ₹ Nil) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

**With respect to Loan taken by Prize Petroleum Corporation Ltd.**

- ii. PPCL has taken an unsecured Bank Loan. The loan shall be repaid over 14 half yearly structured instalments commencing from half year ending 31<sup>st</sup> December, 2016 and last instalment payable on 30<sup>th</sup> June, 2023.

**With respect to Loan taken by HPCL-Mittal Energy Ltd. (HMEL)**

- iii. Unsecured foreign currency loan equivalent to ₹ 462 Crores (Previous year ₹ 212 Crores) is backed by a letter of comfort from Mittal Energy Investments Pte. Limited, the joint venture partners in the HMEL. The same is repayable in two bullet payments of ₹ 221 Crores and ₹ 240 Crores due on 27<sup>th</sup> March, 2016 and 30<sup>th</sup> March, 2018 respectively. The loan carries an interest rate of 3 month libor plus 375 to 500 bps. The current rate is 4.03% p.a to 5.27% p.a.

**(h) Rupee loan from banks****With respect to Loan taken by HPCL-Mittal Energy Ltd.**

- i. Unsecured Indian rupee loan from banks of ₹ 1,104 Crores (Previous year ₹ 240 Crores) is to be repaid in tranches of ₹ 144 Crores, ₹ 240 Crores and ₹ 720 Crores due in September 2016, March 2017 and March 2018 respectively. The loans carries an interest ranging from 10.25% p.a to 10.40% p.a.



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

**(i) Term Loan from Oil Industry Development Board**

**With respect to Loan taken by Hindustan Petroleum Corporation Ltd.**

Repayable during	As on 31 <sup>st</sup> Mar 2015		As on 31 <sup>st</sup> Mar 2014	
	Repayable Amount (₹ / Crores)	Range of Interest Rate	Repayable Amount (₹ / Crores)	Range of Interest Rate
2014-15*	-	-	234.50	7.10%-8.39%
2015-16*	234.50	7.20%-9.27%	234.50	7.20%-9.27%
2016-17	189.50	8.07%-9.27%	159.50	8.07%-9.27%
2017-18	64.50	8.78%-9.27%	34.50	8.94%-9.27%
2018-19	64.50	8.78%-9.27%	34.50	8.94%-9.27%
2019-20	30.00	8.78%-9.11%	-	-
<b>Total</b>	<b>583.00</b>		<b>697.50</b>	

\*: ₹ 200.00 Crores (2013 - 14 : ₹ 234.50 Crores) is repayable within 1 year and the same has been shown as “Current Maturity of Long Term Debts” under Note # 10 A.

**With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.**

The interest rate for OIIB term loan are 8.89 %,9.04%, 8.73%, 8.98%, 8.94%, 9.27%, 9.06% and 9.15% on ₹ 30 Crores, ₹ 3 Crores, ₹ 16 Crores, ₹ 34 Crores, ₹ 1 Crores, ₹ 37 Crores, ₹ 7 Crores and ₹ 5 Crores respectively.

Terms of Repayment	Amount (₹)
During 2015-16	46 Crores
During 2016-17	46 Crores
During 2017-18	29 Crores
During 2018-19	13 Crores

**(j) Rupee loan from Others**

**With respect to Loan taken by HPCL-Mittal Energy Ltd.**

Loan from Punjab Government is interest free and is repayable in 10 equal half yearly installments commencing after 66 months from the date of disbursal. Repayment of ₹ 5 Crores will commence from March 2019 and the balance from September 2020.

**With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.**

Subsidiary, ONGC Mangalore Petrochemicals Limited Rupee term loan (unsecured) from bank, the rate of interest is Axis Base Rate + 0.50% payable on monthly basis. Loan is repayable in 2 equal installments, with first repayment on August 2016.

**(k) Deferred payment liabilities**

**With respect to loans taken by HPCL-Mittal Pipelines Ltd.**

The deferred liability for port charges is repayable, free of interest, in six half yearly equal installments. The repayment has commenced from 01 October, 2014.

**With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.**

Deferred Payment liability representing Sales Tax deferment is with Nil Interest rate .



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

**(I) Other Loans and advances**

**With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.**

The interest rate on Term loan from related Parties i.e ONGC is 10.90 % (SBAR minus 3.85%) on ₹ 656 Crores.

Terms of Repayment	Amount (₹)
During 2015-16	114 Crores
During 2016-17	114 Crores
During 2017-18	114 Crores
During 2018-19	114 Crores
During 2019-20	114 Crores
During 2020-21	86 Crores

	₹ /Crores	
	31.03.2015	31.03.2014
<b>6. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Assets :</b>		
Provision for Employee Benefits	273.04	224.70
Provision for dimunition in value of current investments	172.57	-
Others	1,486.76	1,964.22
<b>Total (A)</b>	<u>1,932.37</u>	<u>2,188.92</u>
<b>Deferred Tax Liabilities :</b>		
Depreciation	3,692.62	5,111.30
Others	1,044.20	419.75
<b>Total (B)</b>	<u>4,736.82</u>	<u>5,531.05</u>
<b>Total Deferred Tax Liability (Net) (B) - (A)</b>	<u>2,804.45</u>	<u>3,342.13</u>
(Includes ₹ (1,297.12) Crores (2013-14 : ₹ (564.99) Crores) towards share of jointly controlled entities)		
<b>7A. OTHER LONG TERM LIABILITIES</b>		
Trade payables	2.23	2.32
<b>Others :</b>		
Deposits from Dealers /Consumers/Suppliers	8,263.42	7,173.82
Other Deposits	3.14	3.02
Accrued charges / credits	0.03	0.04
Other liabilities (including retention money)	284.57	154.49
	<u>8,553.39</u>	<u>7,333.69</u>
(Includes ₹ 261.04 Crores (2013-14 : ₹ 126.16 Crores) towards share of jointly controlled entities)		
<b>7B. LONG-TERM PROVISIONS</b>		
Provision for Long Term Employee Benefits	589.97	597.17
Other Provisions	56.08	-
	<u>646.05</u>	<u>597.17</u>
(Includes ₹ 63.9 Crores (2013-14 : ₹ 9.09 Crores) towards share of jointly controlled entities)		



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>8. SHORT-TERM BORROWINGS</b>		
<b>Loans repayable on demand from Banks</b>		
<b>Secured Loans :</b>		
Collateral Borrowing and Lending Obligation (CBLO) (Secured by Pledge of 6.90 % Oil Marketing Companies' GOI Special Bonds, 2026)	1,090.00	825.00
Short term loans from banks (repayable in foreign currency) (a)	1,811.62	4,186.22
EXIM Bank (b)	-	91.08
Working capital loans from banks (c)	300.16	7.99
Cash Credit (d)	65.93	22.00
Overdrafts from Banks (Secured by hypothecation of Inventories)	1,109.81	1,919.48
	<u>4,377.52</u>	<u>7,051.77</u>
(Includes ₹ 2,113.52 Crores (2013-14 : ₹ 4,194.62 Crores) towards share of jointly controlled entities)		
<b>Unsecured Loans :</b>		
Short Term Loans from Banks (repayable in foreign currency)	28.39	13,471.09
Commercial Papers	-	600.00
Rupee loans from banks	178.45	-
Others Loans and advances	18.75	41.04
	<u>225.59</u>	<u>14,112.13</u>
(Includes ₹ 225.58 Crores (2013-14 : ₹ 457.23 Crores) towards share of jointly controlled entities)		
	<u>4,603.11</u>	<u>21,163.90</u>

(a) **Short term loans from banks**

**With respect to loans taken by HPCL-Mittal Energy Limited**

Secured foreign currency loans from banks is secured by a first charge, ranking pari - passu amongst the lenders, on all current assets of the Company, save and except deposits and accounts under the Trust and Retention Account, and have a second charge ranking pari- passu on all movable and immovable fixed assets of the Company, both present and future. The loan carries an interest rate which is determined and fixed on date of availing of the loan which is presently between 0.61% p.a. to 0.64% p.a. These loans are repayable within 121 to 180 days from the date of drawdown.

(b) **EXIM Bank**

**With respect to Loan taken by Prize Petroleum Corporation Ltd.**

PPCL availed bridge loan to part finance the cost of acquisition of E&P assets in Australia and related development capex at an interest rate of Libor 6 months plus 330 bps p.a. payable quarterly. The same is paid on 20<sup>th</sup> Feb, 2015

(c) **Working capital loans from banks**

**With respect to loans taken by HPCL-Mittal Energy Limited**

Indian rupee bill discounting loans from banks are secured by first charge, ranking pari -passu amongst the lenders, on all current assets of the Company, save and except deposits and accounts under the trust and retention account, and have a second charge ranking pari-passu on all moveable and immovable fixed assets of the Company, both present and future. These loans carry an interest rate of 10% p.a.

**With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.**

Secured by way of hypothecation of Company's stocks of raw materials, finished goods, stock-in-process, stores, spares, components, book debts, outstanding moneys receivable, claim, bills, contracts, engagements, securities, both present and future and further secured by second ranking pari passu charge against Company's immovable and movable Fixed Assets both present and future.

(d) **Cash Credit**

With respect to HPCL - Biofuels Ltd., It is against Hypothecation of Debtors & Inventory and Rate of Interest is Base Rate + 1.25% Fixed Spread.

**With respect to Aavantika Gas Ltd.**

First Charge over current assets (including book debts) and Second Charge over Fixed assets.



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	31.03.2015	31.03.2014
<b>9. TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	0.35	-
Other Trade Payables	<u>12,637.98</u>	<u>14,984.46</u>
	<u>12,638.33</u>	<u>14,984.46</u>
(Includes ₹ 4,431.63 Crores (2013-14 : ₹ 4,930.16 Crores) towards share of jointly controlled entities)		
<b>10A. OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long Term Debts	3,776.55	687.95
Interest Accrued but not Due on Loans	127.84	113.30
Interest Accrued and Due on Loans	-	4.10
Unpaid Matured Fixed Deposits	0.02	0.02
Other Deposits	167.24	146.55
Accrued Charges / Credits	84.41	60.76
Preference Share Capital Redeemed Remaining Unclaimed / Unencashed	0.01	0.01
Unclaimed Dividend	5.13	4.92
Outstanding Dues of Micro, Small and Medium Enterprises	15.47	12.41
Other Liabilities*	<u>7,255.91</u>	<u>6,574.89</u>
	<u>11,432.58</u>	<u>7,604.91</u>
(Includes ₹ 1,198.15 Crores (2013-14 : ₹ 919.72 Crores) towards share of jointly controlled entities)		
* Includes Statutory Liabilities of ₹ 2,782 Crores (2013 - 14: ₹ 2,688 Crores), Liabilities relating to retention money payable to Suppliers within one year, Supplies / Project related payables, etc. ₹ 4,065 Crores (2013 - 14: ₹ 2,962 Crores).		
<b>10B. SHORT-TERM PROVISIONS</b>		
Other Employee Benefits	1,041.70	898.11
Provision for Tax	364.77	262.12
Proposed Dividend	829.64	524.87
Fringe Benefit Tax	-	0.16
Tax on Distributed Profits	178.54	91.86
Other provisions	<u>77.08</u>	<u>46.81</u>
	<u>2,491.72</u>	<u>1,823.93</u>
(Includes ₹ 94.04 Crores (2013-14 : ₹ 56.2 Crores) towards share of jointly controlled entities)		



## Hindustan Petroleum Corporation Limited

### Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

#### 11. TANGIBLE ASSETS

₹ /Crores

Sr. No.	Description	Gross Block (at cost)					Depreciation / Amortisation					Net Block		
		As at 1 <sup>st</sup> Apr, 2014	Additions / Reclas-sifications	Deduc-tions / Reclassi-fications	Other Adjust-ments	As at 31 <sup>st</sup> Mar, 2015	As at 1 <sup>st</sup> Apr 2014	Deprecia-tion Impact as per Schedule II	For the Year	Deduc-tions	Other Adjust-ments	As at 31 <sup>st</sup> Mar, 2015	As at 31 <sup>st</sup> Mar, 2015	As at 31 <sup>st</sup> Mar, 2014
1	Land -Freehold	797.44	379.38	0.02	-	1,176.80	-	-	-	-	-	1,176.80	1,176.80	797.44
2	Buildings	4,364.84	505.12	15.68	1.57	4,855.85	510.44	30.63	154.43	7.01	0.12	688.61	4,167.24	3,854.40
3	Plant & Equipment	47,733.06	7,539.46	202.04	22.08	55,092.56	17,088.79	79.40	1,415.39	95.36	7.64	18,495.86	36,596.70	30,644.27
4	Furniture & Fixtures	183.56	27.14	5.30	0.09	205.49	80.68	7.12	23.04	8.55	0.03	102.32	103.17	102.88
5	Transport Equipment	191.56	13.20	14.99	-	189.77	116.64	1.42	17.23	9.73	-	125.56	64.21	74.92
6	Office Equipment	674.54	343.35	27.40	0.02	990.51	273.99	309.54	414.31	49.44	0.01	948.41	42.10	400.55
7	Roads and Culverts	2,459.01	286.31	3.93	-	2,741.39	235.10	322.60	378.08	0.43	-	935.35	1,806.04	2,223.91
8	Leasehold Property - Land	528.94	49.26	8.43	0.19	569.96	107.11	-	4.57	-2.99	0.01	114.68	455.28	421.83
9	Railway Siding & Rolling Stock	454.98	49.67	-	-	504.65	222.40	37.84	31.53	-	-	291.77	212.88	232.58
10	Unallocated Capital Expenditure on Land Development	0.20	-0.20	-	-	-	0.20	-	-	0.20	-	-	-	-
11	Wells cost	-	-	-	15.21	15.21	-	-	0.14	-	1.02	1.16	14.05	-
	<b>Grand Total</b>	<b>57,388.13</b>	<b>9,192.69</b>	<b>277.79</b>	<b>39.16</b>	<b>66,342.19</b>	<b>18,635.35</b>	<b>788.55</b>	<b>2,438.72</b>	<b>167.73</b>	<b>8.83</b>	<b>21,703.72</b>	<b>44,638.47</b>	<b>38,752.78</b>
	(Includes share of jointly controlled entities)	14,459.73	3,380.59	57.81	23.95	17,806.46	2,163.18	24.53	463.23	-10.04	-	2,668.79	15,137.67	12,296.55
	Previous Year	51,290.74	6,250.54	153.06	-	57,388.13	15,770.06	-	2,962.95	97.66	-	18,635.35	38,752.78	35,520.68

#### Notes:-

- Includes assets costing ₹ 0.007 crores (2013-2014 : ₹ 0.007 crores) of erstwhile Kosan Gas Company not handed over to the Group. In case of these assets, Kosan Gas Company was to give up their claim. However, in view of the tenancy right sought by third party, the matter is under litigation.
- Includes ₹ 153.60 Crores (2013-2014: ₹ 73.30 Crores) towards Building, Other Machinery, Pipelines, Railway Sidings, Right of Way etc. being the Group's Share of Cost of Land & Other Assets jointly owned with other Oil Companies.
- Includes ₹ 35.99 Crores (2013-2014 : ₹ 35.32 Crores) towards Roads & Culverts, Transformers & Transmission lines, Railway Sidings & Rolling Stock, ownership of which does not vest with the Group . The Group is having operational control over such assets. These assets are amortised at the rate of depreciation specified in Schedule II of the Companies Act, 2013.
- Includes following assets which are used for distribution of PDS Kerosene under Jana Kalyan Pariyojana against which financial assistance is being provided by OADB.

₹ /Crores

Description	Original Cost 31.03.2015	Original Cost 31.03.2014
Roads & culverts	0.13	0.13
Buildings	1.62	1.62
Plant & Equipment	2.79	2.81
<b>Total</b>	<b>4.54</b>	<b>4.56</b>

- Includes Assets retired from active use and held for disposal - Gross Block: ₹ 34.69 Crores / Net Block: ₹ 2.98 Crores (2013-2014: Gross Block: ₹ 22.38 Crores / Net Block: ₹ 3.61 Crores). These Assets are valued at their Net Book Value or Net Realisable Value whichever is lower: ₹ 2.56 Crores (2013-2014: ₹ 2.25 Crores).
- Leasehold Land includes ₹ 25.25 Crores (2013-14: ₹ 22.35 Crores) for land acquired on lease-cum-sale basis from Karnataka Industrial Area Development Board (KIADB) which is capitalized without being amortised over the period of lease. Lease shall be converted into Sale on fulfillment of certain terms and conditions as per allotment letter.
- HT electrical Lines are amortised @ 20% for 5 Years which is started on Aug, 2003 and fully amortized within Aug, 2008 , now adjusted in Gross block and depreciation.
- The freehold land at Bathinda was revalued based on direct comparable value of similar transactions, approved by an independent external valuer on 22<sup>nd</sup> December, 2014. The historical cost of freehold land was ₹ 64 Crores. This has resulted in an increase in the book value of fixed assets by ₹ 313 Crores, with a consequential credit to the revaluation reserve account.



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

**12. INTANGIBLE ASSETS**

₹ /Crores

Sr. No.	Description	Gross Block (at cost)					Depreciation / Amortisation					Net Block		
		As at 1 <sup>st</sup> Apr, 2014	Additions / Reclas-sifica-tions	Deduc-tions / Reclassi-fications	Other Adjust-ments	As at 31 <sup>st</sup> Mar, 2015	As at 1 <sup>st</sup> Apr 2014	Deprecia-tion Impact as per Schedule II	For the Year	Deduc-tions	Other Adjust-ments	As at 31 <sup>st</sup> Mar, 2015	As at 31 <sup>st</sup> Mar, 2015	As at 31 <sup>st</sup> Mar, 2014
1	Right of Way	58.10	99.53	1.12	-	156.51	3.43	-	1.24	-	-	4.67	151.84	54.67
2	Technical / Process Licenses	82.72	7.84	-	-	90.56	37.03	-	11.10	-	-	48.13	42.43	45.69
3	Software	250.61	18.21	0.01	-	268.81	170.45	0.07	29.19	-0.60	-	200.31	68.50	80.16
4	Share of Intangible Assets in JVs :													
	ONGC Marginal Fields (PI - 50%)	9.86	-	-	-9.85	0.01	0.95	-	-	-	-0.94	0.01	-0.00	8.91
	Project Sangapur (PI - 50%)	6.75	-	-	-5.35	1.40	0.10	-	-	-	-0.08	0.02	1.38	6.65
5	Yolla Field Acquisition Cost (Licence T/L1)	-	413.28	-	-	413.28	-	-	9.35	-	-	9.35	403.93	-
	<b>Grand Total</b>	408.04	538.86	1.13	-15.20	930.57	211.96	0.07	50.88	-0.60	-1.02	262.49	668.08	196.08
	(Includes share of jointly controlled entities)	95.00	5.62	1.12	-	99.49	29.88	-	17.18	-0.60	-	47.12	52.37	65.12
	Previous Year	370.75	37.30	0.01	-	408.04	171.15	-	40.22	-	-	211.97	196.06	199.00

₹ /Crores

	31.03.2015	31.03.2014
<b>13. CAPITAL WORK-IN-PROGRESS</b>		
Unallocated Capital Expenditure and Materials at Site	3,083.50	5,247.92
Capital Stores lying with Contractors	305.20	150.39
Capital goods in transit	1.22	25.46
	<b>3,389.92</b>	<b>5,423.77</b>
<b>Construction period expenses pending apportionment (Net of recovery) :</b>		
Establishment charges	115.86	145.41
Borrowing Costs	357.57	586.11
	<b>473.43</b>	<b>731.52</b>
	<b>3,863.35</b>	<b>6,155.29</b>
(Includes ₹ 353.76 Crores (2013-14 : ₹ 1,535.72 Crores) towards share of jointly controlled entities)		
<b>13A. INTANGIBLE UNDER DEVELOPMENT *</b>		
ONGC onshore marginal fields	1.36	1.36
SR-ONN-2004-01 (South Rewa Block)	-	0.03
Discovered Field (Permit T/18P)	17.39	-
Yolla Field (License: T/L 1)	67.73	-
	<b>86.48</b>	<b>1.39</b>
* Pertains to wholly owned subsidiary Prize Petroleum Company Limited (PPCL).		





Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>14. NON-CURRENT INVESTMENTS</b>		
<b>Trade Investments</b>		
<b>Quoted</b>		
<b>Investments in Equity</b>		
Oil India Ltd.		
1,33,75,275 Equity Shares of ₹ 10 each fully paid up	561.76	561.76
Scooters India Ltd.		
10,000 Equity Shares of ₹ 10 each fully paid up	0.01	0.01
<b>Unquoted</b>		
<b>Investment in Equity</b>		
<b>Investments in Joint Venture</b>		
Petronet India Ltd.		
1,59,99,999 Equity Shares of ₹ 10 each fully paid up	16.00	16.00
Less : Provision for Diminution	16.00	16.00
Bhagyanagar Gas Ltd.		
1,12,46,449 Equity Shares of ₹ 10 each fully paid up	11.25	-
<b>Investment in Others</b>		
Mangalore SEZ Ltd. (480,000 Equity Shares of ₹ 10 each fully paid)	0.08	-
<b>Investment in Other Non - Current Investments</b>		
Petroleum India International (Association of Persons) Contribution towards Seed Capital **	5.00	5.00
<b>Total Trade Investments - A</b>	578.10	566.77

\*\* Members in Petroleum India International (AOP) : Hindustan Petroleum Corporation Ltd., Bharat Petroleum Corporation Ltd., Engineers India Ltd., Indian Oil Corporation Ltd., Indian Petrochemicals Corporation Ltd., Chennai Petroleum Corporation Ltd. and Oil India Ltd. Each one is holding 10% share except Indian Oil Corporation which is holding 30% and Bharat Petroleum Corporation Ltd. which is holding 20%.

<b>Other Investments</b>		
<b>Unquoted</b>		
<b>Investment in Government securities</b>		
Government Securities of the face value of ₹ 0.02 Crores		
- Deposited with Others	0.02	0.02
- On hand - ₹ 0.25 lakhs	0.00	0.00
Government Securities of the face value of ₹ 0.24 lakhs		
- Deposited with Others - ₹ 0.10 lakhs	-	-
- On hand - ₹ 0.14 lakhs *	0.00	0.00
Less: Provision for diminution on Investments - NIL	0.00	0.00
<b>Investment in Debentures or bonds</b>		
East India Clinic Ltd.		
- 1/2% Debenture of face value of - ₹ 0.15 lakhs	0.00	0.00
- 5% Debenture of face value of - ₹ 0.07 lakhs	0.00	0.00



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	31.03.2015	31.03.2014
<b>Investment in Other non - current investments</b>		
Shushrusha Citizen Co-operative Hospital Limited		
100 Equity Shares of ₹ 100/- each fully paid	0.00	0.00
<b>Total Other Investments - B</b>	<b>0.02</b>	<b>0.02</b>
<b>(A + B)</b>	<b>578.12</b>	<b>566.79</b>
(Includes ₹ 0.08 Crores (2013-14 : ₹ Nil Crores) towards share of jointly controlled entities)		

\* Includes ₹ 0.14 lakhs (2013-14 : ₹ 0.14 lakhs) not in the possession of the Company

Disclosure towards Cost / Market Value	₹ /Crores			
	31.03.2015		31.03.2014	
	Market Value	Cost	Market Value	Cost
a Aggregate amount of Quoted Investments	606.79	577.77	647.45	577.77
b Aggregate amount of Unquoted Investments		16.35		5.02
c Aggregate amount of Diminution		(16.00)		(16.00)
		<b>578.12</b>		<b>566.79</b>

	₹ /Crores	
	31.03.2015	31.03.2014
<b>15. LONG-TERM LOANS AND ADVANCES</b>		
<b>Secured, considered good :</b>		
Employee Loans and Advances	224.36	231.13
Interest Accrued thereon	186.35	173.88
Capital Advances	17.87	2.18
<b>Unsecured, considered good :</b>		
Capital Advances	200.23	201.01
MAT Credit Entitlements	355.77	568.44
Balances with Excise, Customs, Port Trust etc.	25.01	34.00
Advances recoverable in cash or in kind or for value to be received	8.65	9.16
Other Deposits	112.50	183.52
Prepaid Expenses	14.51	16.02
Advance tax (net of provisions)	250.46	-
Share application money pending allotment	-	2.49
Advance towards equity	-	62.48
Advances given to others	12.00	12.00
Other Receivables	221.94	164.20
	<b>1,629.65</b>	<b>1,660.51</b>
<b>Unsecured, considered doubtful :</b>		
Other Receivables and Deposits	0.06	0.06
Less: Provision for doubtful receivables and deposits	0.06	0.06
	-	-
	<b>1,629.65</b>	<b>1,660.51</b>
(Includes ₹ 172.06 Crores (2013-14 : ₹ 107.96 Crores) towards share of jointly controlled entities)		



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>16. OTHER NON - CURRENT ASSETS</b>		
Unamortized Expenses	153.93	168.35
Others	51.01	60.88
	<b>204.94</b>	<b>229.23</b>
(Includes ₹ 88.39 Crores (2013-14 : ₹ 82.41 Crores) towards share of jointly controlled entities)		
<b>17. CURRENT INVESTMENTS</b>		
<b>Quoted :</b>		
7.61% Oil Marketing Companies' GOI Special Bonds, Nil (2013 - 14 : 5,12,000) ₹ 100 each face value	-	5.07
6.90% Oil Marketing Companies' GOI Special Bonds 31,76,36,000 (2013 - 14 : 35,26,36,000) ₹ 100 each face value *	2,949.25	2,938.79
8.00% Oil Marketing Companies' GOI Special Bonds, 24,41,000 (2013 - 14: 24,41,000) ₹ 100 each face value	24.41	22.26
8.20% Oil Marketing Companies' GOI Special Bonds, 1,23,49,000 (2013 - 14 : 1,23,49,000) ₹ 100 each face value. **	123.49	115.25
6.35% Oil Marketing Companies' GOI Special Bonds, 25,32,33,000 (2013 - 14 : 25,32,33,000) ₹ 100 each face value	2,276.81	2,042.67
Investments in SBI Premier Liquid Fund	2.05	-
Mutual Funds (0.071 Crore units of ₹ 1,075 each fully paid up of SBI Mutual fund Growth)	153.67	-
	<b>5,529.68</b>	<b>5,124.04</b>
(Includes ₹ 155.72 Crores (2013-14 : ₹ Nil Crores) towards share of jointly controlled entities)		

₹ /Crores

Disclosure towards Cost / Market Value	31.03.2015		31.03.2014	
	Market Value	Cost	Market Value	Cost
Aggregate of Quoted Investments	5,529.68	6,012.31	5,124.04	6,211.71
Aggregate provision made for diminution in value of current Investments	482.64		1087.68	

\* ₹ 2,750 Crores bonds pledged with Clearing Corporation of India Limited against CBLO Loan.

\*\* In line with Section 71 of Companies Act 2013 read with rules, HPCL has earmarked 8.20% Oil Marketing Companies GOI Special Bonds 2024 of Carrying value of ₹ 81.75 crores being 15% of the total value of ₹ 545 crores maturing in the next financial year.

	₹ /Crores	
	31.03.2015	31.03.2014
<b>18. INVENTORIES</b>		
<b>(As per Inventory taken, valued and certified by the Management)</b>		
Raw Materials [including in transit ₹ 1328.48 Crores (2013-14: ₹ 1826.83 Crores)]	3,762.71	7,840.09
Work - in - Progress	926.43	2,474.34
Finished Goods	6,246.27	8,960.97
Stock-in-Trade [including in transit ₹ 145.03 Crores (2013-14: ₹ 158.06 Crores)]	4,173.90	4,958.74
Stores and Spares [including in transit ₹ 19.1 Crores (2013-14: ₹ 44.3 Crores)]	917.02	641.08
Packages	18.42	13.16
	<b>16,044.75</b>	<b>24,888.38</b>
(Includes ₹ 2,953.44 Crores (2013-14 : ₹ 6,005.68 Crores) towards share of jointly controlled entities)		



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	31.03.2015	31.03.2014
<b>19. TRADE RECEIVABLES</b>		
<b>Over six months (from the due date) :</b>		
Unsecured Considered good	125.15	59.93
Considered Doubtful	168.56	147.09
Less: Provision for Doubtful Debts	168.56	147.09
	125.15	59.93
<b>Others :</b>		
Secured considered good	9.34	12.71
Unsecured Considered good	3,933.78	6,229.53
Considered doubtful	3.01	2.04
Less: Provision for Doubtful Debts	3.01	2.04
	3,943.12	6,242.24
	4,068.27	6,302.17
(Includes ₹ 484.97 Crores (2013-14 : ₹ 882.37 Crores) towards share of jointly controlled entities)		
<b>20. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents :</b>		
Cash on Hand	7.91	12.68
Cheques Awaiting Deposit	1.07	0.48
With Scheduled Banks:		
- On Current Accounts	126.93	69.92
- On Non-operative Current Accounts	0.01	0.01
- On Fixed Deposit Accounts	772.55	1,781.78
<b>Earmarked for Unclaimed dividend</b>	5.13	4.92
<b>Current Account with Municipal Co-operative Bank Ltd.</b>	0.00	0.00
<b>Fixed Deposit Accounts</b>	728.88	1.03
<b>Earmarked Funds</b>	593.35	308.08
	2,235.83	2,178.90
(Includes ₹ 2,083.25 Crores (2013-14 : ₹ 2,089.05 Crores) towards share of jointly controlled entities)		
<b>21. SHORT-TERM LOANS AND ADVANCES</b>		
<b>Secured, considered good :</b>		
Employee Loans and Advances	41.98	113.21
Interest Accrued thereon	6.64	11.10
<b>Unsecured, considered good :</b>		
Advances recoverable in cash or in kind or for value to be received	88.10	74.06
Balances with Excise, Customs, Port Trust etc.	600.11	533.69
Other Deposits	0.54	74.00



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
Prepaid Expenses	73.20	48.86
Amounts recoverable under Subsidy Schemes	744.96	7,087.14
Advance tax (net of provisions)	5.84	9.35
Loans to Related Parties	56.80	56.74
Other Receivables *	3,756.63	2,551.82
<b>Total A</b>	<b>5,374.80</b>	<b>10,559.97</b>
<b>Unsecured, considered doubtful :</b>		
Accounts Receivable & Deposits	4.04	4.00
Less : Provision for Doubtful Receivables & Deposits	4.04	4.00
<b>Total B</b>	-	-
<b>Total (A+B)</b>	<b>5,374.80</b>	<b>10,559.97</b>
(Includes ₹ 161.53 Crores (2013-14 : ₹ 246.34 Crores) towards share of jointly controlled entities)		
* Includes : ₹ 697.84 Crores (2013 - 14 ₹ 637.19 Crores) deposits made with LIC for liability towards Leave Encashment. ₹ 2,835.27 crores (2013 - 14 ₹ 1,411.75) recoverable from Government of India towards Direct Benefit Transfer for LPG consumers (DBTL)		
<b>22. OTHER CURRENT ASSETS</b>		
Interest Accrued on Investments and term deposits	186.29	99.71
Unamortized Expenses	101.75	92.50
Delayed Payment Charges Receivable from Customers	219.97	234.65
Less : Provision for doubtful receivables	66.72	66.72
Gold Coins in Hand (at Cost)	5.02	-
Others	257.00	3.68
	<b>703.31</b>	<b>363.82</b>
(Includes ₹ 373.65 Crores (2013-14 : ₹ 33.29 Crores) towards share of jointly controlled entities)		
<b>23A. GROSS SALES OF PRODUCTS</b>		
Sale of Products	224,376.60	229,623.64
Recovery under Subsidy Schemes	5,742.78	15,959.53
	<b>230,119.38</b>	<b>245,583.17</b>
(Includes ₹ 13,127.13 Crores (2013-14 : ₹ 13,634.17 Crores) towards share of jointly controlled entities)		
<b>23B. OTHER OPERATING REVENUES</b>		
Rent Recoveries	103.19	98.18
Net Recovery for LPG Filling Charges	4.38	1.27
Miscellaneous Income	145.35	131.66
	<b>252.92</b>	<b>231.11</b>
(Includes ₹ 6.97 Crores (2013-14 : ₹ 4.64 Crores) towards share of jointly controlled entities)		



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

	₹ /Crores	
	31.03.2015	31.03.2014
<b>23C. OTHER INCOME</b>		
Interest On :		
Deposits	148.54	82.06
Staff Loans	22.40	23.66
Customers' Accounts	145.50	109.83
Current Investments	409.86	416.59
Others	165.06	143.26
Dividend income	38.77	52.18
Profit on sale of Current Investments	-	5.74
Exchange rate variation (Net)	0.21	(0.13)
Profit on sale of fixed assets (Net)	49.84	-
Share of Profit from Petroleum India International (AOP)	0.59	0.56
Compensation for property damage and business interruption (note 45)	247.44	-
Gain on commodity derivative contracts (net)	68.46	(6.25)
Gain on settlement of deferred sales tax loan	256.91	394.56
Miscellaneous Income	307.13	210.90
	<u>1,860.71</u>	<u>1,432.96</u>
(Includes ₹ 759.76 Crores (2013-14 : ₹ 504.01 Crores) towards share of jointly controlled entities)		
<b>24. CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE : (INCREASE) / DECREASE</b>		
<b>Closing Stock:</b>		
Work - in - Progress	917.65	2,474.34
Finished Goods	6,223.00	8,960.97
Stock - in - Trade (In respect of goods acquired for trading)	4,173.90	4,958.74
	<u>11,314.55</u>	<u>16,394.05</u>
<b>Less: Opening Stock:</b>		
Work - in - Progress	2,474.97	2,229.42
Finished Goods	8,959.28	8,249.68
Stock - in - Trade (In respect of goods acquired for trading)	4,958.74	4,635.48
	<u>16,392.99</u>	<u>15,114.58</u>
	<u>5,078.44</u>	<u>(1,279.47)</u>
(Includes ₹ 1,333.29 Crores (2013-14 : ₹ 689.46 Crores) towards share of jointly controlled entities)		
<b>25. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages, Bonus, etc.	1,876.84	1,669.98
Contribution to Provident Fund	126.07	120.59
Pension, Gratuity and Other Employee Benefits	343.59	155.91
Employee Welfare Expenses	246.28	250.65
	<u>2,592.78</u>	<u>2,197.13</u>
(Includes ₹ 158.5 Crores (2013-14 : ₹ 150.36 Crores) towards share of jointly controlled entities)		



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	31.03.2015	31.03.2014
<b>26. FINANCE COSTS</b>		
Interest Expense	1,199.89	1,372.19
Other Borrowing Costs	231.81	121.02
Applicable Net (Gain)/Loss on Foreign Currency Transactions and Translation	403.47	899.73
	<u>1,835.17</u>	<u>2,392.94</u>
(Includes ₹ 1,077.12 Crores (2013-14 : ₹ 977.35 Crores) towards share of jointly controlled entities)		
<b>27. OTHER EXPENSES</b>		
Consumption of Stores, Spares and Chemicals	413.23	299.70
Power and Fuel	2,341.83	2,876.99
Less : Fuel of own production consumed	<u>2,096.54</u>	<u>2,688.92</u>
	245.29	188.07
Repairs and Maintenance - Buildings	44.16	39.26
Repairs and Maintenance - Plant and Machinery	855.49	716.40
Repairs and Maintenance - Other Assets	255.07	206.41
Insurance	93.83	73.79
Rates and Taxes	190.86	176.14
Irrecoverable Taxes and Other Levies	247.52	427.14
Equipment Hire Charges	6.75	2.36
Rent	327.47	222.56
Travelling and Conveyance	192.46	196.00
Printing and Stationery	16.15	15.89
Electricity and Water	680.82	529.34
Corporate Social Responsibility (CSR) Expenses	35.49	23.95
Stores and Spares written off	1.06	0.18
Loss on Sale of Current Investments	29.24	-
Provision / (Reversal) for Diminution in value of Current Investments	(605.04)	736.83
Provision for Doubtful Receivables (After adjusting provision no longer required)	5.54	0.01
Provision for Doubtful Debts (After adjusting provision no longer required)	16.94	15.88
Loss on Sale/ write off of Fixed Assets/ CWIP (Net)	-	17.56
Security Charges	127.59	113.51
Advertisement and Publicity	112.48	131.20
Sundry Expenses and Charges (Not otherwise classified)	737.16	597.01
Consultancy and Technical Services	64.87	45.10
Exchange Rate Variations (Net)	<u>(124.30)</u>	<u>724.35</u>
	<u>3,970.13</u>	<u>5,498.64</u>
(Includes ₹ 849.66 Crores (2013-14 : ₹ 1,010.65 Crores) towards share of jointly controlled entities)		
<b>28. PRIOR PERIOD EXPENSES / (INCOMES)</b>		
Expenditure on Enabling Assets	-	5.02
Insurance	3.14	-
Transshipment Expense	-	(6.49)
Interest on Delayed Payment charges	-	7.93
Depreciation	(7.28)	(0.21)
Finance Costs	-	(0.94)
Exchange Rate Variation	-	65.16
Loss on sale of Assets	-	0.25
Others	(0.07)	2.01
	<u>(4.21)</u>	<u>72.73</u>
(Includes ₹ 0.21 Crores (2013-14 : ₹ 1.83 Crores) towards share of jointly controlled entities)		



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

29. During the current financial year 2014-15, ONGC and GAIL offered discount on prices of crude, PDS SKO and Domestic LPG purchased from them. Accordingly, the HPCL has accounted the discount as under:
- ₹ 1,035.37 Crores (2013-14: ₹ 1,815.55 crores) discount received on purchase of PDS SKO and Domestic LPG from ONGC and GAIL has been adjusted against Purchases of Stock-in-Trade.
  - ₹ 9,826.84 crores (2013-14: ₹ 14,955.22 crores) discount received on Crude Oil purchased from ONGC has been adjusted against purchase cost of Crude Oil.
30. During the current financial year 2014-15, Subsidy on PDS Kerosene and Domestic Subsidized LPG from Central and State Governments amounting to ₹ 684.79 crores (2013 - 14: ₹ 744.08 crores) has been accounted.
31. Approval of Government of India for Budgetary Support amounting to ₹ 5,057.94 crores (2013-14: ₹ 15,215.45 crores), has been received and the same have been accounted under 'Recovery under Subsidy Schemes'.
32. (a) Inter-Oil company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/reconciliation which is not likely to have a material impact.
- (b) Customers' accounts are reconciled on an ongoing basis and such reconciliation is not likely to have a material impact on the outstanding or classification of the accounts.
33. (a) HPCL has NIL (2013-14 : USD 1,388.50 Million i.e. an equivalent of ₹ 8,320 crores) foreign exchange hedging contracts, as at the Balance Sheet date, to hedge its foreign currency exposure towards loans/export earnings. HPCL normally does not hedge the foreign currency exposure in respect of crude/product payments and export earning which is due for payment generally within 30 to 90 days. Exposures not hedged as of Balance Sheet date amounted to USD 460.16 Million i.e. an equivalent of ₹ 2,876.22 crores (2013-14: USD 1,062.68 Million i.e. an equivalent of ₹ 6,367.59 crores) towards purchase of Crude & Products, USD 23.32 Million i.e. an equivalent of ₹ 145.77 crores (2013-14: USD 35.16 Million i.e. an equivalent of ₹ 210.69 crores) towards export earnings and USD 2,565 Million i.e. an equivalent of ₹ 16,032.53 crores (2013-14: USD 3,051.50 Million i.e. an equivalent of ₹ 18,284.59 crores) in respect of loans taken. As at Balance Sheet date, HPCL has interest rate swap contracts for a value of USD 200 Million i.e. an equivalent of ₹ 1,250 crores (2013-14: USD 200 Million i.e. an equivalent of ₹ 1,198 crores) to cover its floating interest rate exposure to fixed interest rate.
- (b) In Respect of HMEL, Derivative instruments and unhedged foreign currency exposure are:-

### Currency risk derivatives

- i. The Group has taken forward contracts to hedge its foreign currency exposure. The aggregate amount of forward contracts outstanding as at balance sheet date comprises of:

Particulars	Currency	31 March, 2015	31 March, 2014
JPY buy/USD sell	USD	-	8 million
USD buy / INR sell	USD	55 million	218 million

- ii. The Group has taken JPY buy/USD sell and USD buy/INR sell option to hedge its foreign currency outflow exposure. The total amount of option outstanding on 31<sup>st</sup> March, 2015 is USD 6 million (previous year Nil) and Nil (previous year USD 29 million) respectively.

- iii. Unhedged foreign currency exposures

Particulars of unhedged foreign currency exposures as at the balance sheet date.

Particulars	31 March, 2015	31 March, 2014
Short term foreign currency loan from banks	1,465	3,148
Long term loan from banks*	4,379	3,927
Trade payables, other liabilities and provisions	1,195	1,316
Trade receivables	3	78

\*Includes loans taken in JPY equivalent to ₹ 37 Crores (previous year ₹ 49 Crores) which has been hedged into USD.

- iv. Other derivative contracts

The Group has taken derivative contracts to hedge

- The discount percentage on purchase of crude oil. Quantity of outstanding crude oil hedged on 31<sup>st</sup> March, 2015 is 1,400,000 bbl (previous year 700,000 bbl).





## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

- Margins on sale of refined products. Quantity of crude oil hedged on 31<sup>st</sup> March, 2015 is 300,000 bbl (previous year Nil bbl).

The Group has taken interest rate swaps to hedge its exposure against variable interest outflow on loans. The amount of outstanding contracts as at 31<sup>st</sup> March, 2015 aggregated to USD 230 million (previous year USD 273 million).

34. In accordance with the option as per AS – 11 (notified under the Company's Accounting Standards Rules, 2006) exercised in the year 2008 – 09, the HPCL has adjusted the exchange differences arising on long term foreign currency monetary items to the cost of assets and depreciated over the balance life of the assets. The HPCL has continued to exercise the option during the year 2014-15 as per Ministry of Corporate Affairs' Notification.
35. In accordance with the option exercised by HPCL as referred in note # 34, an amount loss of ₹ 63.16 crores (2013 - 14: Gain of ₹ 161.58 Crores) related to non-depreciable assets is remaining to be amortized over the balance period of loan in "Foreign Currency Monetary Item Translation Difference Account" as at March 31, 2015.
36. During the financial year 2013-14, Reserve Bank of India had introduced forex swap window for meeting the daily US dollar requirement of public sector oil marketing companies. Under the special window, total RBI swap window transactions entered during financial year 2013-14 were USD 1,444 Million (i.e. an equivalent of ₹ 9,443.54 crores), out of which USD 491 Million (i.e. an equivalent of ₹ 3,287.41 crores) were settled during financial year 2013-14 and balance USD 953 Million (i.e. an equivalent of ₹ 6,156.13 crores) got settled during financial year 2014-15. HPCL had fully hedged entire swap transactions in the Financial Year 2013-14 itself. The net gain of ₹ 360.71 crore have been recognized and accounted for in the books on RBI swap transactions during the financial year 2014-15, out of which ₹ 192.38 crore was realized on account of RBI swap transactions settled during the financial year 2014-15 and ₹ 168.33 Crore on account of reversal of mark to market losses provision provided as on 31.03.2014 on forward contracts taken to hedge the un-matured RBI swap transactions outstanding as on 31.03.2014.
37. Ancillary costs incurred towards raising of Syndicated Loans from Foreign Banks (repayable in foreign currency) is being amortized over the tenure of the loan. Total amount of such ancillary costs remaining unamortized as on the balance sheet date is ₹ 205.94 Crores (2013-14: ₹ 224.43 crores).
38. (a) The recognition of MAT Credit Entitlements of ₹ 355.77 Crore as at March 31, 2015 (₹ 568.44 Crore as at March 31, 2014) is on the basis of convincing evidence that the Group will be able to avail the credit during the period specified in section 115JAA of the Act.
- (b) Provision for tax for earlier years written back (net) of ₹ 738.34 Crore (2013-14: Provided ₹ 563.94 Crore).
39. In compliance of Accounting Standard 27 on "Financial reporting of Interests in Joint Ventures", a brief description of Production Sharing Contracts (PSCs) and Service Contracts (SCs) under joint venture contracts entered into by the PPCL are given below:

### 1.1 ONGC Onshore Marginal Fields

PPCL along with M/s Aban Loyd Chiles Offshore Limited was awarded Service Contract dated 28<sup>th</sup> April, 2004, for development of ONGC's Hirapur onshore marginal oil field.

On 9<sup>th</sup> December, 2009, PPCL executed an Agreement for development of Hirapur onshore marginal field with Valdel Oil and Gas Private Limited (Valdel) as Associate Contractor with equal share in the Service Contract.

PPCL's share of assets and liabilities as at 31<sup>st</sup> March, 2015 and the Income and expenditure for the year in respect of above joint venture is as follows:

Particulars		Figures in ₹	
		2014-15	2013-14
A	Gross Tangible Assets	9,98,32,030	9,94,71,555
B	Pre-Producing Properties (CWIP)	1,35,52,000	1,35,52,000
C	Other Net Non-Current Assets	(1,610)	(96,610)
D	Net Current Assets (*)	1,03,30,954	1,12,37,053
E	Income – Revenue from Crude Oil	97,76,712	1,00,60,313
F	Expenditure (**)	1,21,84,645	1,52,84,864

(\*) Includes advances to joint venture amounting to ₹ 59,65,571/-, (Previous year ₹ 59,79,373/-).

(\*\*) Includes expenses written off amounting to ₹ Nil in the F.Y. 2014-15 (Previous year ₹ 4,25,595/-)

### 1.2 Sangapur Field

PPCL acquired 50% participating interest in Sangapur field from M/s Hydrocarbon Development Company Pvt. Ltd. (HDCPL) effective 1<sup>st</sup> September, 2004. Accumulated amount prior to acquisition of Sangapur field amounting ₹ 1,18,17,034/- have been included in Sangapur field Assets. PPCL has accounted its proportionate share in the Sangapur field based on un-audited accounts as at 31<sup>st</sup> March, 2015 as made available by the Operator.



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

PPCL's share of assets and liabilities as at 31<sup>st</sup> March, 2015 and the Income, expenditure for the year in respect of above joint venture is as follows:

		Figures in ₹	
Particulars		2014-15	2013-14
A	Gross Tangible Assets	5,62,66,993	5,62,54,443
B	Other Net Non-Current Assets	(34,262)	15,738
C	Net Current Assets (*)	(7,53,648)	1,31,119
D	Income – Revenue from Crude Oil	13,18,939	18,17,850
E	Expenditure	22,41,158	30,97,760

(\*) Includes advances to joint venture amounting to ₹ (7,55,710)- (Previous year ₹ -1,81,269/-).

### 1.3 ONGC Offshore Marginal Fields (Cluster-7)

PPCL along with Consortium member, M/s Hindustan Petroleum Corporation Limited (HPCL) (PI - 60%) and M/s Trenergy (PI – 30%) was awarded a Contract vide letter of award dated 31<sup>st</sup> March, 2006 for the development of ONGC's offshore marginal Oilfields viz. B -192, B - 45 and WO – 24. The Service Contract for Cluster-7 was signed on 27<sup>th</sup> September, 2006 between ONGC and Consortium members. PPCL is the Executing Contractor and its participating interest (PI) is 10%.

The said Service Contract was terminated by ONGC. Subsequently, HPCL/PPCL started arbitration proceedings against Trenergy which are still in progress, hence the joint bank account has not been closed on the advise of the legal department- HPCL.

### 1.4 SR – ONN – 2004 / 1 (South Rewa Block):

PPCL along with Consortium member M/s Jaiprakash Associates Limited (PI - 90%) was awarded PSC for the SR-ONN-2004/1 block vide letter dated 12<sup>th</sup> February, 2007 of Ministry of Petroleum & Natural Gas (MOP & NG) under NELP – VI round. PPCL is the executing contractor and its PI is 10%. The PSC was signed on 2<sup>nd</sup> March, 2007.

Consortium has relinquished the block effective from 23<sup>rd</sup> October, 2014 and Operating Committee resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH).

The Group is following "Successful Efforts Method" as per revised Guidance Note for Accounting of Oil and Gas Producing Activities issued by ICAI. Expenditures relating to exploration activities are charged off to Statement of Profit & Loss in line with Guidance Note. PPCL has accounted its proportionate share in the SR-ONN-2004/1 project based on audited accounts as of 31<sup>st</sup> March, 2015.

PPCL's share of assets and liabilities as at 31<sup>st</sup> March, 2015 in respect of above joint venture is as follows:

		Figures in ₹	
Particulars		2014-15	2013-14
A	Gross Tangible Assets	10,280	10,280
B	Pre-producing Properties (CWIP)	-	3,21,954
C	Other Net Non-Current Assets	15,000	15,000
D	Net Current Assets (*)	1,34,41,434	1,39,14,101
E	Expenditure (**)	80,50,387	8,27,41,821

(\*) Includes advances to joint venture amounting to ₹ 94,80,814/- (Previous year ₹ 53,55,056/-).

(\*\*) Includes ₹ 13,09,206/- (Previous year ₹ 7,35,64,454/-) written off towards dry wells cost. Also includes Inventory written off amounting to ₹ 30,59,990/- in the F.Y. 2014-15 (Previous year ₹ Nil)

In respect of other Blocks, the HPCL has entered into production sharing oil & gas exploration contracts in India and overseas in consortium with other body corporate. These consortia are:



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Name of the Block	Participating Interest of HPCL in %	
	31/03/2015	31/03/2014
<b>In India</b>		
<b>Under NELP IV</b>		
KK-DWN-2002/2	20	20
KK-DWN-2002/3	20	20
CB-ONN-2002/3	15	15
<b>Under NELP V</b>		
AA-ONN-2003/3	15	15
<b>Under NELP VI</b>		
CY-DWN-2004/1	10	10
CY-DWN-2004/2	10	10
CY-DWN-2004/3	10	10
CY-DWN-2004/4	10	10
CY-PR-DWN-2004/1	10	10
CY-PR-DWN-2004/2	10	10
KG-DWN-2004/1	10	10
KG-DWN-2004/2	10	10
KG-DWN-2004/3	10	10
KG-DWN-2004/5	10	10
KG-DWN-2004/6	10	10
MB-OSN-2004/1	20	20
MB-OSN-2004/2	20	20
RJ-ONN-2004/1	22.22	22.22
RJ-ONN-2004/3	15	15
<b>Under NELP IX</b>		
MB-OSN-2010/2	30	30
<b>Outside India</b>		
SOUTH SENAI, EGYPT	NIL	25
SOUTH QUSEIR, EGYPT	NIL	25

- The Blocks KK-DWN-2002/2&3, CY-DWN-2004/1,2,3,4, CY-PR-DWN-2004/1&2, KG-DWN-2004/1,2,3,5,6, AA-ONN-2003/3, MB-OSN-2004/1, MB-OSN-2004/2 & RJ-ONN-2004/1 & 3 are in the process of relinquishment.
- The block CB-ONN-2002/3 was awarded under NELP IV bidding round and the production sharing contract was signed on 06.02.2004. The exploration Minimum Work Program has been completed. The block is divided into two areas i.e. Miroli and Sanand. For the Miroli area, as advised by MoP&NG production performance is under review for a year due to marginal nature of discovery. In Sanand area field development program is approved.
- The exploration block MB-OSN-2010/2 has been awarded under NELP IX Bidding Round, Production Sharing Contract (PSC) of the same has been signed on 30/08/2012. The seismic data acquisition has been completed and interpretation of data is in progress.
- In Egypt Blocks, consortium of GSPC-HPCL-OIL has unanimously decided not to sign the concession agreement for the blocks in view of non-viability of the project in changed scenario in Egypt. The decision not to sign concession agreement has conveyed to MoP&NG and Egypt authorities.

HPCL's Share in aggregate of Contingent Liabilities and Capital Commitments of above Jointly Controlled Operations:

Jointly Controlled Operations	₹ / Crores	
	2014 – 15	2013 – 14
Contingent Liabilities	231.19	224.29
Capital Commitment	94.93	195.34

**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

40. Considering the Government policies and modalities of compensating the oil marketing companies towards under-recoveries, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. Since there is no indication of impairment of assets as at Balance Sheet date as per the assessment carried out, no impairment has been considered. In view of assumptions being technical, peculiar to the industry and Government policy, the auditors have relied on the same.
41. During the year 2014-15, an amount of ₹ 29.45 Crores (2013-14: ₹ 12.82 Crores) has been charged to revenue towards Enabling Assets on which the HPCL does not have a control.
42. During the year 2014 – 15, Group has spent ₹ 35.49 Crores in towards Corporate Social Responsibility (CSR) as against the budget of ₹ 35.45 crores.

Amount spent during the year on:-

₹ in Crores

Details	In Cash	Yet to be paid in Cash	Total
(i) Construction / Acquisition of an assets	-	-	-
(ii) On purpose other than (i) above	35.45	0.04	35.49

43. The Group has accounted its share of the deferred tax asset of ₹ 1,316 Crores in respect of carried forward losses of HMEL. HPCL-Mittal Energy Limited ('HMEL') has entered into a fifteen year product off take agreement, starting from November 2012, with Hindustan Petroleum Corporation Limited (HPCL) according to which HPCL is required to purchase most of the goods produced by HMEL, the management believes, to the extent HPCL is required to purchase goods from the HMEL, there exists virtual certainty that it will generate sufficient taxable profits to set-off the unabsorbed depreciation and carry forward losses and other timing differences and has hence recognised deferred tax assets on the same.

HPCL-Mittal Pipelines Limited ('HMPL') has set up a Single Point Mooring (SPM) and a crude receipt and storage facility at Mundra port, Gujarat, besides a 1,017 kilometers cross country pipeline for transportation of crude oil from Mundra to Bathinda, Punjab. HMEL believes that with respect to the operations carried out at Mundra, a Special Economic Zone, it shall be eligible for a tax holiday for a period of ten consecutive years in a block of fifteen years commencing from the financial year 2011-12, in accordance with the provisions of section 80-IA (2) of the Income Tax Act, 1961. HMPL intends to claim the said tax holiday benefit from financial year beginning on 1<sup>st</sup> April, 2016 onwards. Accordingly, HMPL based on its current business plans, has estimated the timing differences, relating to the port business, which are likely to reverse during the tax holiday period and has not created any deferred tax assets or liabilities on such timing differences .

44. As per the provisions of the Deed of Assurance (DoA) dated 12<sup>th</sup> August, 2005, signed by the HMEL with the Government of Punjab (GoP), HMEL is allowed a deferment of Central Sales Tax (CST) up to 300% of fixed capital investment for 15 years from the date of production, and the same is required to be repaid, free of interest, from 16<sup>th</sup> year onwards in 30 half yearly installments. Further, Punjab VAT Act, 2005 vide notification no. S.O. 21/PO.5/2005/S, 92/2005 dated 6 April, 2005, prescribed certain conditions for availing deferment and exemption which inter-alia provides that any unit availing benefit of deferment, can opt for payment of deferred CST liability on a net present value basis, before the date of filing of return. HMEL has been in active discussions with GoP for settlement of its CST liabilities in line with the above option and the management of the HMEL has settled the entire CST liability of ₹ 773 Crores as at 31<sup>st</sup> March, 2015, for a net present value (NPV) of ₹ 121 Crores, by discounting the gross CST liability by using an appropriate interest rate. HMEL has obtained necessary legal advice with respect to the enforceability of said adjustment and also the basis for computation of net present value of CST. Accordingly, a gain of ₹ 652 Crores (including ₹ 395 Crores accounted for in previous year) has been accounted for in the books of accounts.

Further, as per the provisions of the DoA, HMEL is also entitled to an Interest Free Loan (IFL) of ₹ 613 Crores which was to be disbursed in equal monthly installments over a 5 year period starting from the date of commencement of operations viz 3<sup>rd</sup> December, 2011, a date which has been recognized and approved by the Empowered Committee of GoP. The said loan is required to be repaid in 10 equal half yearly installments after expiry of 66 months from the date of disbursement. Accordingly, an amount of ₹ 408 Crores was due to HMEL towards IFL as of 31<sup>st</sup> March, 2015 against which an amount of ₹ 5 Crores only was disbursed. As per the terms of the DoA, in the event of non-payment of monthly loan installments, HMEL is eligible to unilaterally adjust the loan amount in subsequent month from its sales tax or such other payment due to GoP. HMEL has exercised the said option on 31<sup>st</sup> March, 2015 and has adjusted the amount of IFL against the NPV of CST payable of ₹ 121 Crores, as mentioned above, and has a resultant IFL of ₹ 126 Crores (including ₹ 5 Crores received earlier in cash) payable to GoP.

45. On 20<sup>th</sup> June, 2014, the Vacuum Gas Oil Hydrotreater (VGO-HDT) unit of HMEL caught fire consequent to which the entire refinery was shut down for almost three months. HMEL lodged a claim with its insurance company for loss of property and consequential business interruption and it has been mutually agreed to settle the same for ₹ 331 Crores. The said amount is subject to the deduction of any salvage value which is estimated by the management to be ₹ 2 Crores.



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

Compensation for property damage and business interruption includes the above mentioned amount and an additional claim of ₹ 8 Crores due to a separate incidence and has been reduced by the estimated salvage, loss of raw material of ₹ 42 Crores, cost of repairs and maintenance to plant and machinery of ₹ 16 Crores and loss on discard of fixed assets of ₹ 30 Crores.

46. Due to the revised useful lives, the depreciation expense for the year ended March 31, 2015 is reduced by ₹ 632.89 crores. As per the transitional provisions of Schedule II of the Companies Act, 2013, the Group has transferred ₹ 515.82 crores (net of Tax of ₹ 272.80 crores) to retained earnings as at April 1, 2014.

### 47. Disclosure for Employee Benefits

Liability towards long term defined employee benefits is determined on actuarial valuation by independent actuaries at the year end by using Projected Unit Credit method. In respect of Provident Fund, the contribution for the period is recognized as expense and charged to Statement of Profit & Loss. Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

#### (a) Change in defined benefit obligations during the year ended 31<sup>st</sup> March, 2015

₹ / Crores

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Defined benefit obligation at the beginning of the year	577.36	0.51	477.66	0.70	66.73	417.60	37.57	21.69	2.24	0.11
	529.09	0.48	499.66	0.59	55.50	370.55	21.57	25.72	2.45	0.14
Interest cost	57.49	0.05	42.86	0.06	5.83	41.18	3.24	1.81	0.24	0.01
	45.30	0.04	39.01	0.05	4.09	31.75	1.48	1.86	0.22	0.01
Current service cost	36.83	0.07	5.12	0.12	-	34.37	-	-	0.42	0.02
	37.16	0.09	6.38	0.10	0.06	36.01	-	-	0.40	0.01
Past service cost (vested benefits)	-	-	0.00	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Benefit paid	-	(0.06)	(44.26)	(0.11)	(8.79)	(23.87)	(5.98)	(4.76)	(0.22)	(0.03)
	-	(0.08)	(33.20)	(0.07)	(8.85)	(19.20)	(6.09)	(5.01)	(0.24)	(0.01)
Actuarial (gain)/loss on obligation	(73.22)	0.06	36.07	0.08	(5.93)	35.74	(1.12)	3.39	(0.19)	0.01
	(34.19)	(0.02)	(34.19)	0.03	15.93	(1.51)	20.61	(0.88)	(0.59)	(0.05)
Defined benefit obligation at the end of the year	598.46	0.63	517.44	0.85	57.84	505.02	33.71	22.13	2.49	0.12
	577.36	0.51	477.66	0.70	66.73	417.60	37.57	21.69	2.24	0.11

#### (b) Change in fair value of assets during the year ended 31<sup>st</sup> March, 2015

₹ / Crores

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Fair value of plan asset at the beginning of the year	637.19	-	520.27	-	-	-	-	-	-	-
	535.87	-	476.80	-	-	-	-	-	-	-
Expected return on plan assets	55.44	-	43.42	-	-	-	-	-	-	-
	50.83	-	42.51	-	-	-	-	-	-	-
Actuarial gain / (loss) on plan assets	5.22	-	4.23	-	-	-	-	-	-	-
	2.10	-	2.54	-	-	-	-	-	-	-
Contribution by employer	-	-	1.40	-	8.79	23.84	5.98	4.76	0.22	-
	48.39	-	31.59	-	8.85	19.16	6.09	5.01	0.24	-
Benefit paid	-	-	(44.26)	-	(8.79)	(23.84)	(5.98)	(4.76)	(0.22)	-
	-	-	(33.18)	-	(8.85)	(19.16)	(6.09)	(5.01)	(0.24)	-
Fair value of plan asset at the end of the year	697.85	-	525.06	-	-	-	-	-	-	-
	637.19	-	520.27	-	-	-	-	-	-	-



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

**(c) Net asset/(liability) recognized in balance sheet as at 31<sup>st</sup> March, 2015**

₹ / Crores

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Defined benefit obligation at the end of the year	<b>598.46</b>	<b>0.63</b>	<b>517.44</b>	<b>0.85</b>	<b>57.84</b>	<b>505.02</b>	<b>33.71</b>	<b>22.13</b>	<b>2.49</b>	<b>0.12</b>
	<i>577.36</i>	<i>0.51</i>	<i>477.66</i>	<i>0.70</i>	<i>66.73</i>	<i>417.60</i>	<i>37.57</i>	<i>21.69</i>	<i>2.24</i>	<i>0.11</i>
Fair value of plan asset at the end of the year	<b>697.85</b>	-	<b>525.06</b>	-	-	-	-	-	-	-
	<i>637.19</i>	-	<i>520.27</i>	-	-	-	-	-	-	-
Amount recognised in the balance sheet	<b>99.39</b>	<b>(0.63)</b>	<b>7.62</b>	<b>(0.85)</b>	<b>(57.84)</b>	<b>(505.02)</b>	<b>(33.71)</b>	<b>(22.13)</b>	<b>(2.49)</b>	<b>(0.12)</b>
	<i>59.83</i>	<i>(0.51)</i>	<i>42.61</i>	<i>(0.70)</i>	<i>(66.73)</i>	<i>(417.60)</i>	<i>(37.57)</i>	<i>(21.69)</i>	<i>(2.24)</i>	<i>(0.11)</i>

**(d) Components of employer expenses**

₹ / Crores

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Current service cost	<b>36.83</b>	<b>0.07</b>	<b>5.12</b>	<b>0.12</b>	-	<b>34.37</b>	-	-	<b>0.42</b>	<b>0.02</b>
	<i>37.16</i>	<i>0.09</i>	<i>6.38</i>	<i>0.10</i>	<i>0.06</i>	<i>36.01</i>	-	-	<i>0.40</i>	<i>0.01</i>
Interest cost	<b>57.49</b>	<b>0.05</b>	<b>42.86</b>	<b>0.06</b>	<b>5.83</b>	<b>41.18</b>	<b>3.24</b>	<b>1.81</b>	<b>0.24</b>	<b>0.01</b>
	<i>45.30</i>	<i>0.04</i>	<i>39.01</i>	<i>0.05</i>	<i>4.09</i>	<i>31.75</i>	<i>1.48</i>	<i>1.86</i>	<i>0.22</i>	<i>0.01</i>
Past service cost (vested benefits)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Expected return on plan asset	<b>(55.44)</b>	-	<b>(43.42)</b>	-	-	-	-	-	-	-
	<i>(50.83)</i>	-	<i>(42.51)</i>	-	-	-	-	-	-	-
Actuarial (gain) / loss	<b>(78.44)</b>	<b>0.06</b>	<b>31.84</b>	<b>0.08</b>	<b>(5.93)</b>	<b>35.74</b>	<b>(1.12)</b>	<b>3.39</b>	<b>(0.19)</b>	<b>0.01</b>
	<i>(36.29)</i>	<i>(0.02)</i>	<i>(36.73)</i>	<i>0.03</i>	<i>15.93</i>	<i>(1.51)</i>	<i>20.61</i>	<i>(0.88)</i>	<i>(0.59)</i>	<i>(0.05)</i>
Total expenses for the year	<b>(39.56)</b>	<b>0.17</b>	<b>36.39</b>	<b>0.26</b>	<b>(0.10)</b>	<b>111.29</b>	<b>2.12</b>	<b>5.20</b>	<b>0.47</b>	<b>0.04</b>
	<i>(4.66)</i>	<i>0.11</i>	<i>(33.86)</i>	<i>0.18</i>	<i>20.08</i>	<i>66.25</i>	<i>22.09</i>	<i>0.98</i>	<i>0.03</i>	<i>(0.03)</i>

**(e) Actuarial Assumptions**

in %

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Discount Rate	7.90	7.80-7.98	7.90-8.50	7.80-8.20	7.95	7.95-8.50	7.95	7.95	7.90	8.50
Expected return on plan assets	9.00	N/A	9.00-9.15	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Salary escalation	7.00	5.00-10.00	6.50-10.00	5.00-15						
Inflation						5.00				
Mortality rate	IALM (2006-08) Mortality Table									

Previous year's figures are given in italics.



Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

48 RELATED PARTY DISCLOSURE

A. Names of and Relationship with Related Parties

1. Jointly controlled entities

- (i) HPCL-Mittal Energy Ltd.
- (ii) Hindustan Colas Ltd.
- (iii) South Asia LPG Company Pvt. Ltd.
- (iv) Petronet India Ltd.
- (v) HPCL Shapoorji Energy Ltd.

2. Key Management Personnel

- (i) Smt. Nishi Vasudeva, Chairman and Managing Director.
- (ii) Shri K. V. Rao, Director - Finance.
- (iii) Shri B. K. Namdeo, Director - Refineries
- (iv) Shri Y.K. Gawali, Director - Marketing (w.e.f. 10-10-2014).
- (v) Shri Pushp Kumar Joshi, Director - Human Resources
- (vi) Shri Shrikant Madhukar Bhosekar, Company Secretary

B. Details of transactions with related parties

1. Transaction with Jointly controlled entities

Nature of Transactions	₹ /Crores	
	2014-15	2013-14
<b>(i) Sale of goods</b>		
HPCL-Mittal Energy Ltd.	12.39	1.01
Hindustan Colas Ltd.	207.30	241.03
Others	0.32	0.17
	<u>220.01</u>	<u>242.21</u>
<b>(ii) Purchase of goods</b>		
HPCL-Mittal Energy Ltd.	12,278.83	20,269.82
Hindustan Colas Ltd.	110.44	114.50
Others	-	31.34
	<u>12,389.27</u>	<u>20,415.66</u>
<b>(iii) Dividend income received</b>		
Hindustan Colas Ltd.	7.68	2.93
South Asia LPG Company Pvt. Ltd.	12.50	15.00
	<u>20.18</u>	<u>17.93</u>
<b>(iv) Services given (Manpower Supply Service)</b>	1.79	2.54
<b>(v) Lease rental received</b>	0.98	1.15
<b>(vi) Others - provided / (availed) (net)</b>		
HPCL-Mittal Energy Ltd.	7.86	5.24
Hindustan Colas Ltd.	(2.74)	(2.94)
South Asia LPG Company Pvt. Ltd.	(40.57)	(43.06)
	<u>(35.45)</u>	<u>(40.76)</u>



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

Nature of Transactions	₹ /Crores	
	2014-15	2013-14
<b>(vii) Advance against equity given / Share Application Money Pending Allotment given</b>		
HPCL-Mittal Energy Ltd.	-	33.79
HPCL Shapoorji Energy Limited	1.00	-
	<b>1.00</b>	<b>33.79</b>
	<b>31.03.2015</b>	<b>31.03.2014</b>
<b>(viii) Receivables as on</b>		
HPCL-Mittal Energy Ltd.	6.33	0.12
Hindustan Colas Ltd.	16.48	26.35
Others	0.48	17.72
	<b>23.29</b>	<b>44.19</b>
<b>(ix) Payables as on</b>		
HPCL-Mittal Energy Ltd.	739.60	803.25
Hindustan Colas Ltd.	10.69	23.17
Others	4.44	5.49
	<b>754.73</b>	<b>831.91</b>

**2. Remuneration paid to Key Management Personnel**

No.	Description	₹ /Crores	
		2014-15	2013-14
(i)	Smt. Nishi Vasudeva	0.72	0.54
(ii)	Shri S. Roy Choudhary	-	0.80
(iii)	Shri K. V. Rao	0.60	0.54
(iv)	Shri B. Mukherjee	-	0.50
(v)	Shri B. K. Namdeo	0.68	0.38
(vi)	Shri K. Murali	-	0.51
(vii)	Shri Y.K. Gawali	0.35	-
(viii)	Shri Pushp Kumar Joshi	0.51	0.49
(ix)	Shri Shrikant Madhukar Bhosekar	0.40	-
		<b>3.26</b>	<b>3.76</b>

Remuneration to KMP has been taken from the date from which they became KMP.

**3. Amount Due from Key Management Personnel**

No.	Description	₹ /Crores	
		31.03.2015	31.03.2014
(i)	Smt. Nishi Vasudeva	0.02	0.03
(ii)	Shri K. V. Rao	-	0.01
(iii)	Shri Pushp Kumar Joshi	0.07	0.07
(iv)	Shri Shrikant Madhukar Bhosekar	0.05	-
		<b>0.14</b>	<b>0.11</b>





Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

	₹ /Crores	
	2014-15	2013-14
<b>49 Contingent Liabilities and Commitments</b>		
<b>I. Contingent Liabilities</b>		
A. No provision has been made in the accounts in respect of the following disputed demands/claims since they are subject to appeals/representations filed by the Corporation		
i. Income Tax	176.58	124.05
ii. Sales Tax/Octroi	2,483.98	4,334.18
iii. Excise/Customs	353.26	448.81
iv. Land Rentals & Licence Fees	181.83	224.46
v. Others	111.77	134.65
	<u>3,307.42</u>	<u>5,266.15</u>
B. Contingent Liabilities not provided for in respect of appeals filed against the Corporation		
i. Income Tax	12.79	12.38
ii. Sales Tax/Octroi	3.48	10.75
iii. Excise/Customs/Service Tax	84.62	60.49
iv. Employee Benefits/Demands (to the extent quantifiable)	362.71	367.34
v. Claims against the Corporation not acknowledged as Debts	803.78	542.41
vi. Others	439.79	425.02
	<u>1,707.17</u>	<u>1,418.39</u>
C. Guarantees given	228.07	81.65
	<u>228.07</u>	<u>81.65</u>
(Includes ₹ 554.52 crores (2013-14 : ₹ 377.43 crores) towards share of jointly controlled entities)		
(Includes ₹ 231.19 crores (2013-14 : ₹ 224.29 crores) towards share of jointly controlled operations)		
<b>II. Commitments</b>		
A. Estimated amount of contracts remaining to be executed on Capital Account not provided for	2,593.02	2,567.96
B. Other Commitments	25.52	3.73
	<u>2,618.54</u>	<u>2,571.69</u>
(Includes ₹ 419.99 crores (2013-14 : ₹ 293.49 crores) towards share of jointly controlled entities)		
(Includes ₹ 94.93 crores (2013-14 : ₹ 195.34 crores) towards share of jointly controlled operations)		

**49.1:** BGL is required to complete minimum residential connections for piped gas under the terms of contract awarded by PNGRB. Failing to complete the minimum number of connections would make BGL liable for penal consequences, against which BGL has submitted bank guarantees to PNGRB and other authorities. BGL has received notices for delays in minimum installations. The charges for not completing minimum number of connections cannot be measured at this stage and also BGL has represented the matter to the concerned authorities as the delay is on account of various factors most of them being beyond the control of BGL. The management is confident of getting an extension of time and consequent relief in the matter.



**Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015**

		₹ /Crores	
		2014-15	2013-14
<b>50. OTHER NOTES</b>			
A. Payment to auditors			
- Audit fees		<b>0.86</b>	0.68
- Other Services		<b>0.34</b>	0.46
- Reimbursement of expenses		<b>0.02</b>	0.15
		<b>1.22</b>	1.29

**51. SEGMENT REPORTING**

Information regarding Primary Segment Reporting as per AS-17 for the year ended 31<sup>st</sup> March, 2015.

	2014-15				2013-14			
	Downstream Petroleum	Others	Others	Total	Downstream Petroleum	Others	Others	Total
<b>Revenue:</b>								
External Revenue	217,488.74	22.46	-	217,511.20	234,780.74	1.19	-	234,781.93
Inter-segment Revenue	-	7.84	(7.51)	0.33	-	7.40	(7.40)	-
<b>Total Revenue</b>	<b>217,488.74</b>	<b>30.30</b>	<b>(7.51)</b>	<b>217,511.53</b>	<b>234,780.74</b>	<b>8.59</b>	<b>(7.40)</b>	<b>234,781.93</b>
<b>Result:</b>								
Segment results	2,560.27	2.96	-	2,563.23	3,828.65	(207.73)	-	3,620.92
Less: Unallocated expenses (net of unallocated income)	-	-	-	-	-	-	-	-
<b>Operating profit</b>	<b>2,560.27</b>	<b>2.96</b>	<b>-</b>	<b>2,563.23</b>	<b>3,828.65</b>	<b>(207.73)</b>	<b>-</b>	<b>3,620.92</b>
<b>Less:</b>								
Borrowing Cost				1,835.17				2,392.94
Provision for diminution in investments				(605.04)				736.83
Loss on Sale of Investments				29.24				-
<b>Add:</b>								
Interest/Dividend (Incl Share of profit from PII)				930.72				828.14
Profit on Sale of Investments				-				5.74
<b>Profit before Tax</b>				<b>2,234.58</b>				<b>1,325.03</b>
Less: Taxes (including Deferred tax / FBT)				(741.83)				(245.41)
<b>Profit after Tax</b>				<b>1,492.75</b>				<b>1,079.62</b>
Less : Extraordinary Expenses / (Incomes)				3.88				-
Less : Share of minority in profit / (loss)				(9.71)				(0.75)
<b>Profit / (loss) for the period for the group</b>				<b>1,498.58</b>				<b>1,080.37</b>
<b>Other Information</b>								
Segment assets	77,734.18	685.61	-	78,419.79	89,743.73	199.11		89,942.84
Unallocated corporate assets				7,205.94				7,036.49
<b>Total assets</b>				<b>85,625.73</b>				<b>96,979.33</b>
Segment liabilities	32,590.67	973.77	(0.25)	33,564.19	44,511.46	870.10	(0.37)	45,381.20
Unallocated corporate liabilities				406.00				3,538.13
Minority interest				114.33				3.65
<b>Total liabilities</b>				<b>34,084.52</b>				<b>48,922.98</b>
<b>Capital expenditure</b>	<b>5,904.15</b>	<b>534.26</b>	<b>-</b>	<b>6,438.41</b>	5,922.83	59.64	-	5,982.47
<b>Depreciation (including prior period)</b>	<b>2,479.85</b>	<b>9.55</b>	<b>-</b>	<b>2,489.40</b>	3,010.48		-	3,010.48
<b>Non cash expenses excluding depreciation</b>				<b>(552.26)</b>				770.46



## Notes to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2015

### Notes:

1. The Group is engaged in the following business segments:
  - a) Downstream i.e. Refining, Marketing and Transportation of Petroleum Products.
  - b) Exploration and Production of Hydrocarbons.Segments have been identified taking into account the nature of activities and the nature of risks and returns.
2. Segment Revenue comprises the following:
  - a) Turnover (Net of Excise Duties).
  - b) Subsidy from Government of India.
  - c) Net Claim/(surrender to) PPAC/GOI.
  - d) Other income (excluding interest income, dividend income and investment income).
3. There are no geographical segments.
- 52. Exceptional Expenses / (Incomes) for the group represents**
  - a) In case of MRPL, ₹ 14.69 Crores arising from commercial Tax refund relating to Phase III project w.e.f. 01.04.2012 pursuant to notification of Govt. of Karnataka, expenses of ₹ 6.50 Crores arising out of discount on sales and obligation on dispute settlement and ₹ 2.52 Crores expenses arising out of differential wharfage payable as per notification of TAMP.
  - b) In case of SALPG, due to cyclone Hud Hud at Visakhapatnam, in October 2014, some of the Company's fixed assets were damaged. The financial impact on the assets on account of the cyclone has been estimated at the gross block amounting to ₹ 2.21 Crores, accumulated depreciation of ₹ 0.69 Crores and net block of ₹ 1.52 Crores. The insurance company released an adhoc compensation of ₹ 0.25 Crores. The net impact of ₹ 1.27 Crores has been recorded as 'Exceptional item', pending finalisation of the insurance claim.
  - c) In case of PPCL, Inventory is written off amounting to ₹ 0.31 Crores.
- 53. Extraordinary Expenses / (Incomes) for the group represents**
  - a) In case of CREDA, an amount of ₹ 3.84 Crores has been written off from Capital Work in Progress (Plantation Activity) on account of plant mortality.
  - b) In case of HINCOL, There was a severe cyclone "HUDHUD" near our factory location at Vishakapatnam plant on 12/10/14 resulting into the loss of inventories and assets at our plant. The loss of inventories as well as costs of restoration and duty reversals amounted to ₹ 0.17 Crores. A claim was lodged with the Insurance Company and an amount of ₹ 0.12 Crores was admitted by the insurance company.
54. Subsequent to the date of the Balance Sheet, due to completion of tenure of some of the Independent Directors, the number of Independent Directors in the Board is reduced to one, which is less than the minimum number of Independent Directors required in terms of the provisions of the Listing Agreement and the Companies Act, 2013. The Company has approached the administrative ministry for appointment of requisite number of Directors for compliance of the provisions of the Listing Agreement and the Companies Act, 2013 and the same is awaited. Pending such appointment, the financial results have been reviewed and recommended to the Board by the reconstituted Audit Committee consisting of one Independent Director.
55. SALPG has recognized revenue upto March 31, 2014, from LPG Storage and warehouse services at ₹ 1,540 pmt and by-pass services at ₹ 200 pmt based on negotiations, with the three oil marketing companies M/s. Hindustan Petroleum Corporation Limited ('HPCL'), M/s. Indian Oil Corporation Limited ('IOCL') and M/s. Bharat Petroleum Corporation Limited ('BPCL'). Whilst, the marketing companies have in principle agreed for the rates at which the invoices may be raised, only HPCL has been making the payments against the amount invoiced and the other two companies i.e. IOCL and BPCL are making part payments, pending receipt of approvals from the Ministry of Petroleum and Natural Gas, Government of India, since January 2008. The amounts retained by IOCL and BPCL aggregates to ₹ 27.78 Crores. The management is confident of receiving the entire dues, since there is no dispute with respect to the same and the amounts would be released by the two companies on receipt of requisite approvals from the Ministry. However, on a prudent basis, to cover any possible shortfall, provision against receivable for an amount of ₹ 5.56 Crores has been considered in the current year.
56. In respect of HRRL, the land allotted by Government of Rajasthan (GoR), was not accounted pending execution of lease agreement. There is no change in the status in the current year. Consequently, lease rent has not been recognised.
57. Previous year's figures have been regrouped / reclassified wherever necessary.



**Schedule III - Additional Disclosure on Consolidated Financial Statements as on 31<sup>st</sup> March, 2015 is as under :-**

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As a % of Consolidated Net Assets	Amount (₹ in Crores)	As a % of Consolidated profit or loss	Amount (₹ in Crores)
<b>Hindustan Petroleum Corporation Limited</b>	77.28%	10,849.72	178.62%	2,676.84
<b>Subsidiaries</b>				
Prize Petroleum Company Ltd.	0.24%	33.06	(2.05)%	(30.74)
HPCL Biofuels Ltd.	1.60%	224.23	(5.63)%	(84.37)
CREDA - HPCL Biofuels Ltd.	0.08%	10.92	(0.34)%	(5.02)
HPCL Rajasthan Refinery Ltd.	(0.01)%	(1.96)	0.00%	-
<b>Minority Interests in all subsidiaries</b>	0.81%	114.32	0.01	9.71
<b>Joint Ventures (as per proportionate consolidation)</b>				-
Hindustan Colas Ltd.	0.51%	71.11	1.63%	24.47
South Asia LPG Co. Pvt. Ltd.	0.62%	87.29	2.32%	34.76
HPCL Shapoorji Energy Ltd.	0.05%	6.94	(0.00)%	(0.00)
HPCL - Mittal Energy Ltd.	10.86%	1,525.13	(55.12)%	(826.05)
Petronet MHB Ltd.	1.06%	148.98	0.65%	9.81
Mumbai Aviation Fuel Farm Facilities Pvt. Ltd.	0.01%	1.37	(0.18)%	(2.75)
Aavantika Gas Ltd.	0.19%	26.71	0.35%	5.28
Bhagyanagar Gas Ltd.	0.12%	17.23	0.03%	0.52
Mangalore Refinery and Petrochemicals Ltd.	6.32%	886.88	(20.96)%	(314.15)
GSPL India Gasnet Ltd.	0.15%	20.96	0.01%	0.14
GSPL India Transco Ltd.	0.11%	15.84	0.01%	0.16
<b>Total</b>		<b>14,038.73</b>		<b>1,498.58</b>

Proportionate consolidation in respect of Investments in Petronet India Limited has not been considered in the preparation of CFS as the Company is in the process of winding up.

**FOR AND ON BEHALF OF THE BOARD**

NISHI VASUDEVA  
**Chairman & Managing Director**  
DIN - 03016991

K V RAO  
**Director-Finance**  
DIN - 05340626

SHRIKANT M. BHOSEKAR  
**Company Secretary**

Date : 28<sup>th</sup> May, 2015  
Place : New Delhi

FOR CVK & ASSOCIATES  
**Chartered Accountants**  
FRN - 101745W

A K PRADHAN  
**Partner**  
Membership No. 032156

FOR G.M. KAPADIA & CO.  
**Chartered Accountants**  
FRN - 104767W

RAJEN ASHAR  
**Partner**  
Membership No. 048243

## Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**  
**Part "A": Subsidiaries**

	Particulars	HPCL Biofuels Ltd.	Prize Petroleum Company Ltd.	CREDA-HPCL Biofuels Ltd.	HPCL Rajasthan Refinery Ltd.
1.		1.	2.	3.	4.
Sl. No.		Rupees (₹)	Rupees (₹)	Rupees (₹)	Rupees (₹)
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.				
3.	Share capital	6,251,715,110	1,200,000,000	217,564,910	500,000
4.	Reserves & surplus	(4,009,395,058)	(869,407,882)	(108,376,209)	(20,088,881)
5.	Total assets	7,974,008,924	6,522,292,151	135,291,182	277,382,552
6.	Total Liabilities	5,731,688,872	6,191,700,033	26,102,481	296,971,433
7.	Investments	-	-	-	-
8.	Turnover	1,977,506,090	303,044,391	1,782,274	-
9.	Profit before taxation	(843,685,975)	(307,956,843)	(50,431,786)	-
10.	Provision for taxation	-	(510,000)	(198,619)	-
11.	Profit after taxation	(843,685,975)	(307,446,843)	(50,233,167)	-
12.	Proposed Dividend	-	-	-	-
13.	% of shareholding	100.00%	100.00%	74.00%	74.00%

**Notes:-**

- Names of subsidiaries which are yet to commence operations  
a) HPCL Rajasthan Refinery Ltd. **NIL**
- Names of subsidiaries which have been liquidated or sold during the year.

**FOR AND ON BEHALF OF THE BOARD**

NISHI VASUDEVA

**Chairman & Managing Director**

DIN - 03016991

K V RAO

**Director-Finance**

DIN - 05340626

SHRIKANT M. BHOSEKAR

**Company Secretary**Date : 28<sup>th</sup> May, 2015

Place : New Delhi

**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "B": Associates and Joint Ventures**  
**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Part "A"		(Amount in ₹)					
Name of Joint Ventures		Hindustan Colas Pvt. Ltd.	HPCL-Mittal Energy Ltd.	South Asia LPG Co. Pvt. Ltd.	Petronet MHB Ltd.	Bhagyanagar Gas Ltd.	Petronet India Ltd.
<b>1. Latest audited Balance Sheet Date</b>		31/03/2015	31/03/2015	31/03/2015	31/03/2015	31/03/2015	31/03/2015
<b>2. Shares of Joint Ventures held by the company on the year end</b>		4,725,000	3,690,735,200	50,000,000	157,841,000	22,499,997	15,999,999
<b>Amount of Investment in Joint Venture</b>		47,250,000	36,907,352,000	500,000,000	1,578,410,000	224,999,970	159,999,990
<b>Extend of Holding %</b>		50.00%	48.94%	50.00%	28.77%	24.99%	16.00%
<b>3. Description of how there is significant influence</b>		Shareholding	Shareholding	Shareholding	Shareholding	Shareholding	
<b>4. Reason why the joint venture is not consolidated</b>		-	-	-	-	-	The Company is in the process of winding up.
<b>5. Networth attributable to Shareholding as per latest audited Balance Sheet</b>		1,422,134,580	31,163,787,578	1,745,874,657	5,178,980,958	689,533,096	602,965,015
<b>6. Profit / Loss for the year 2014-15</b>		489,422,742	(16,879,178,840)	695,114,354	340,905,339	20,797,595	-
i. Considered in Consolidation		-	-	-	-	-	-
ii. Not Considered in Consolidation		-	-	-	-	-	11,435,681

**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures**

**Part "B": Associates and Joint Ventures**  
**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

Name of Joint Ventures	(Amount in ₹)					
	Aavantika Gas Ltd.	Mangalore Refinery and Petrochemicals Ltd.	HPCL Shaaporji Energy Ltd.	Mumbai Aviation Fuel Farm Facilities Pvt. Ltd.	GSPL India Gasnet Ltd.	GSPL India Transco Ltd.
1. Latest audited Balance Sheet Date	31/03/2015	31/03/2015	31/03/2015	31/03/2015	31/03/2015	31/03/2015
2. Shares of Joint Ventures held by the company on the year end	22,499,998	297,153,518	5,000,000	4,502,500	20,572,128	15,400,000
No.	224,999,980	4,716,799,957	50,000,000	45,025,000	205,721,280	154,000,000
Amount of Investment in Joint Venture	49.97%	16.96%	50.00%	25.00%	11.00%	11.00%
Extend of Holding %	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding
3. Description of how there is significant influence	-	-	-	-	-	-
4. Reason why the joint venture is not consolidated	-	-	-	-	-	-
5. Networth attributable to Shareholding as per latest audited Balance Sheet	534,413,741	52,307,582,850	98,749,456	54,967,119	1,905,477,773	1,440,022,727
6. Profit / Loss for the year 2014-15	105,622,909	(18,032,947,805)	(86,133)	(110,112,881)	12,795,773	14,696,272
i. Considered in Consolidation	-	-	-	-	-	-
ii. Not Considered in Consolidation	-	-	-	-	-	-

1. Names of joint ventures which are yet to commence operations.

- a) GSPL India Gasnet Ltd
- b) GSPL India Transco Ltd
- c) HPCL Shaaporji Energy Ltd

2. Names of joint ventures which have been liquidated or sold during the year.

**FOR AND ON BEHALF OF THE BOARD**

NISHI VASUDEVA

**Chairman & Managing Director**

DIN - 03016991

K V RAO

**Director-Finance**

DIN - 05340626

SHRIKANT M. BHOSEKAR

**Company Secretary**

Date : 28<sup>th</sup> May, 2015

Place : New Delhi



**C & AG's Comments**

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2015**

The preparation of consolidated financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 May 2015.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2015. We conducted a supplementary audit of the financial statement of (As per Annexure – I), but did not conduct supplementary audit of financial statement of (As per Annexure –II) for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

For and on the behalf of the  
Comptroller & Auditor General of India

Parama Sen  
Principal Director of Commercial Audit  
& ex-officio Member Audit Board-II,"Mumbai

Place: Mumbai  
Date: 17 July 2015





## Hindustan Petroleum Corporation Limited

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### Annexure I

#### Audit Conducted:

##### (A) Subsidiaries:

1. CREDA-HPCL Biofuels Ltd. (CHBL)
2. HPCL Biofuels Ltd. (HBL)
3. Prize Petroleum Company Ltd. (PPCL)
4. HPCL Rajasthan Refinery Ltd. (HRRL)

##### (B) Joint Ventures

1. Mangalore Refinery and Petrochemicals Ltd. (MRPL)
2. Bhagyanagar Gas Ltd. (BGL)
3. Petronet India Ltd. (PIL)
4. Petronet MHB Ltd.(PMHBL)
5. Aavantika Gas Ltd. (ABL)
6. GSPL India Gasnet Ltd. (GIGL)
7. GSPL India Transco Ltd. (GITL)
8. Mumbai Aviation Fuel Farm Facility Ltd. (MAFFFL)

### Annexure II

#### Audit not conducted:

##### (A) Subsidiaries:

Nil

##### (B) Joint Ventures

1. HPCL-Mittal Energy Ltd. ( HMEL)
2. Hindustan Colas Ltd.(HINCOL)
3. South Asia LPG Co. Pvt. Ltd. (SALPG)
4. HPCL Shapoorji Energy Ltd.(HSEL)



## Human Resource Accounting

HPCL considers human dimension as the key to organization's success. Several initiatives for development of human resources to meet new challenges in the competitive business environment have gained momentum. HPCL recognizes the value of its human assets who are committed to achieve excellence in all spheres. The Human Resource Profile given below in table shows that HPCL has a mix of energetic youth and experienced seniors who harmonize the efforts to achieve the Corporation's goals.

Particulars	Age				Total
	21-30	31-40	41-50	Above 50	
No. of Employees	1850	1300	3083	4401	10634
Management	1711	989	1291	1405	5396
Non- Management	139	311	1792	2996	5238
Average Age	26	35	47	55	

### Accounting for Human Resource Assets

The Lev & Schwartz model is being used by our Company to compute the value of Human Resource Assets. The evaluation as on 31<sup>st</sup> March, 2015 is based on the present value of future earnings of the employees on the following assumptions:

1. Employees' compensation represented by direct & indirect benefits earned by them on cost to company basis.
2. Earnings up to the age of superannuation are considered on incremental basis taking the Corporation's policies into consideration.
3. Such future earnings are discounted @ 7.90%.

	(₹) / Crores	
<b>VALUE OF HUMAN RESOURCES</b>	<b>2014-15</b>	2013-14
Management Employees	<b>17,542</b>	14,130
Non-management Employees	<b>8,146</b>	6,716
	<b>25,688</b>	20,846
<b>Human Assets vis-à-vis Total Assets</b>		
Value of Human Assets	<b>25,688</b>	20,846
Net Fixed Assets	<b>29,063</b>	25,912
Investments	<b>11,241</b>	10,860
Net Current Assets	<b>730</b>	15,681
	<b>66,722</b>	73,299
Employee Cost	<b>2,415</b>	2,030
Net Profit Before Tax (PBT)	<b>4,150</b>	2,674
<b>Ratios (in %)</b>		
Employee Cost to Human Resource	<b>9.40</b>	9.74
Human Resource to Total Resource	<b>38.50</b>	28.44
PBT to Human Resource	<b>16.15</b>	12.83



## Hindustan Petroleum Corporation Limited

### Joint Ventures

Sr. No.	Name of the Joint Venture	Date of Incorporation	Shareholding as on 31 <sup>st</sup> March, 2015		Nature of Operations
1	HPCL-Mittal Energy Ltd.	13.12.2000	HPCL	48.94%	Refining of crude oil and manufacturing of petroleum products.
			Mittal Investments S.A.R.L.	48.94%	
			Indian Financial Institutions	2.12%	
2	Hindustan Colas Pvt Ltd.*	17.07.1995	HPCL	50.00%	Manufacture and marketing of Bitumen Emulsions & Modified Bitumen.
			COLASIE	50.00%	
3	South Asia LPG Company Pvt Ltd.	16.11.1999	HPCL	50.00%	Storage of LPG in underground cavern and associated receiving and dispatch facilities at Visakhapatnam.
			TOTAL	50.00%	
4	Mangalore Refinery & Petrochemicals Ltd.	07.03.1988	ONGC	71.62%	Refining of crude oil and manufacturing of petroleum products.
			HPCL	16.95%	
			Others	11.43%	
5	Petronet India Ltd.	26.05.1997	HPCL	16.00%	To act as nodal agency for developing identified and prioritized petroleum product pipelines in the country.
			Financial / Strategic Investors	50.00%	
			Other OMCs	34.00%	
6	Petronet MHB Ltd.	31.07.1998	HPCL	28.77%	Operation and maintenance of petroleum product pipeline between Mangalore-Hassan-Bangalore.
			Petronet India Ltd.	7.89%	
			ONGC	28.77%	
			Financial / Strategic Investors	34.57%	
7	Bhagyanagar Gas Ltd.#	22.08.2003	HPCL	49.97%	Distribution and marketing of environmental friendly fuels (green Fuels) viz. CNG and Auto LPG in the state of Andhra Pradesh.
			GAIL	49.97%	
			Others	0.06%	
8	Aavantika Gas Ltd.#	07.06.2006	HPCL	49.97%	Distribution and marketing of environmental friendly fuels (Green Fuels) viz. CNG and Auto LPG in the state of Madhya Pradesh.
			GAIL	49.97%	
			Financial Institutions	0.06%	
9	GSPL India Gasnet Ltd.	13.10.2011	GSPL	52.00%	To design, construct, develop, operate and maintain inter-state cross country Natural Gas Pipelines from Mehsana (Gujarat) to Bhatinda (Punjab) and Bhatinda (Punjab) to Srinagar (Jammu & Kashmir).
			HPCL	11.00%	
			IOCL	26.00%	
			BPCL	11.00%	
10	GSPL India Transco Ltd.	13.10.2011	GSPL	52.00%	To design, construct, develop, operate and maintain inter-state cross country Natural Gas Pipelines from Mallavarm (Andhra Pradesh) to Bhilwara (Rajasthan).
			HPCL	11.00%	
			IOCL	26.00%	
			BPCL	11.00%	
11	HPCL Shapoorji Energy Pvt Ltd.**	15.10.2013	HPCL	50.00%	To set up and operate an LNG Re-gasification Terminal at the greenfield port at Chhara, Gujarat
			SP Ports Private Limited	50.00%	
12	Mumbai Aviation Fuel Farm Facility Pvt Ltd.***	26.02.2010	HPCL	25.00%	To design, develop, construct and operate the aviation fuel facility at Chhatrapati Shivaji International Airport, Mumbai
			IOCL	25.00%	
			BPCL	25.00%	
			Mumbai International Airport Private Limited	25.00%	

\* The name of the company changed from Hindustan Colas Limited to Hindustan Colas Private Limited w.e.f. 13/04/2015.

\*\* The name of the company changed from HPCL Shapoorji Energy Limited to HPCL Shapoorji Energy Private Limited w.e.f. 23/04/2015.

\*\*\* Incorporated initially as a wholly owned subsidiary of Mumbai International Airport Private Limited (MIAL). HPCL alongwith other Oil Marketing Companies (OMCs) made equity investment during 2014-15 pursuant to Joint Venture Agreement and Share Purchase Agreement dated 6<sup>th</sup> March, 2014.

# Aavantika Gas Ltd (AGL) and Bhagyanagar Gas Ltd (BGL) issued and allotted share on 27/09/2014 and 20/08/2014 respectively for ₹ 22.49 crores each against earlier years' advances against equity/share application pending allotment.



## Corporate Governance

### Company's Philosophy on Code of Governance

HPCL believes in good Corporate Governance practices, ethics, fairness, professionalism and accountability to enhance stakeholder's value and interest on sustainable basis and to build an environment of trust and confidence of its stakeholders. At HPCL, Corporate Governance is to follow a systematic processes, policies, rules, regulations and laws by which companies are directed, controlled and administered by the management in meeting the stakeholder's aspirations and societal expectations.

HPCL lays special emphasis on conducting its affairs within the framework of policies, internal and external regulations, in a transparent manner. Being a Government Company its activities are subject to review by several external authorities like the Comptroller & Auditor General of India (CAG), the Central Vigilance Commission (CVC), and Parliamentary Committees etc.

Keeping in view the above philosophy, the Corporate Governance at HPCL is based on the following main key principles & practices:-

- Proper composition of the Board of Directors, size, varied experience and commitment to discharge their responsibilities
- Well developed internal control, systems and processes, risk management and financial reporting
- Full adherence and compliance of laws, rules & regulations
- Timely and balanced disclosures of all material information on operational and financial matter to the stakeholders
- Clearly defined management's Performance and accountability measurement standards.
- To enhance accuracy and transparency in business operations, performance, risk and financial position.

In compliance with Clause 49 of the Listing Agreement executed with Stock Exchanges as mandated by Securities and Exchange Board of India (SEBI) guidelines on statutory disclosure as well as notification on Corporate Governance for Public Sector Enterprises, issued by the Department of Public Enterprises (DPE), the Corporate Governance disclosures are as under :-

### 1. BOARD OF DIRECTORS:

#### 1.1 Composition of Board of Directors as on 31.03.2015

Executive Directors including C&MD (Whole-Time)	05
Non-Executive Government. Directors (Ex-Officio)	02
Non-Executive Independent Directors (Non-Official)	04

Three Non-Executive Independent Directors viz. S/Shri G.K. Pillai, A.C. Mahajan & Dr. G. Raghuram have ceased to be Directors of HPCL effective 08.04.2015 on completion of their tenure of 03 years. The matter regarding appointment of requisite number of Independent Director has been taken up with the Government and appointments are awaited.

Shri Sandeep Poundrik, was appointed as Additional Director & Part-Time Ex-Officio Director on the Board of HPCL effective 16.10.2014 in place of Shri R.K. Singh, who has ceased to be Part-Time Ex-Officio Director effective 15.10.2014.

Dr. S.C. Khuntia, Part-Time Ex-Officio Director, has ceased to be Director of HPCL effective 15.06.2015, on ceasing to be an official of Administrative Ministry i.e. Ministry of Petroleum and Natural Gas (MOP&NG).

#### 1.2 Board Meetings:

Nine Board Meetings were held during the Financial Year on the following dates:

28.05.2014	03.07.2014	01.08.2014
11.08.2014	10.10.2014	13.11.2014
11.12.2014	13.02.2015	24.03.2015

Corporate Governance

1.3 Particulars of Directors including their attendance at the Board / Shareholder's Meeting

Name of Director	Academic Qualification	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM	Details of Directorship in other Companies	Memberships held in Committees as specified in clause 49 of the Listing Agreement
<b>FUNCTIONAL DIRECTORS</b>						
Ms. Nishi Vasudeva (DIN03016991)	B.A. PGDBM (IIM Kolkata)	09	09	Yes	<b>Public Limited Companies</b> 1. HPCL Rajasthan Refinery Limited 2. Prize Petroleum Company Limited 3. HPCL Mittal Energy Limited 4. HPCL Mittal Pipelines Limited 5. Hindustan Colas Limited 6. HPCL Shapoorji Energy Limited <b>Private Limited Company</b> 1. SA LPG Co.Pvt.Limited	<b>a) Chairman – CSR Committee</b> Hindustan Colas Limited <b>b) Member, Audit Committee –</b> Hindustan Colas Limited
Shri Pushp Kumar Joshi (DIN05323634)	B.A., LLB, PG (PM&IR) XLRI, Jamshedpur	09	07	Yes	<b>Public Limited Companies</b> 1. Prize Petroleum Company Limited. 2. CREDA HPCL Biofuel Ltd. 3. HPCL Biofuels Limited 4. HPCL Rajasthan Refinery Limited 5. Bhagyanagar Gas Limited 6. Aavantika Gas Limited 7. HPCL Shapoorji Energy Limited 8. Hindustan Colas Limited <b>Private Limited Company</b> 1. SA LPG Co.Pvt. Limited	<b>a) Member Audit Committee –</b> Prize Petroleum Company Limited HPCL Biofuels Limited <b>b) Member, Remuneration Committee</b> Prize Petroleum Company Limited
Shri K.V. Rao (DIN05340626)	FCA	09	09	Yes	<b>Public Limited Companies</b> 1. HPCL Biofuels Limited 2. HPCL Mittal Pipelines Limited 3. HPCL Mittal Energy Limited 4. Prize Petroleum Company Limited 5. CREDA HPCL Biofuel Ltd. 6. HPCL Rajasthan Refinery Limited 7. HPCL Shapoorji Energy Limited 8. Hindustan Colas Limited <b>Private Limited Company</b> 1. SA LPG Co.Pvt. Limited	<b>a) Chairman Audit Committee</b> SA LPG Co.Pvt. Limited HPCL Shapoorji Energy Limited Hindustan Colas Limited <b>b) Member, Audit Committee-</b> CREDA HPCL Biofuel Ltd. HPCL Biofuels Limited HPCL Mittal Energy Limited Prize Petroleum Company Limited HPCL Mittal Pipelines Limited <b>c) Member, Nomination &amp; Remuneration Committee</b> Hindustan Colas Limited

**Corporate Governance**

Name of Director	Academic Qualification	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM	Details of Directorship in other Companies	Memberships held in Committees as specified in clause 49 of the Listing Agreement
Shri B.K. Namdeo (DIN06620620)	B.E. (Mech), M.Tech (IT, Powai)	09	09	Yes	<b>Public Limited Companies</b> 1. HPCL Mittal Energy Limited 2. Mangalore Refinery and Petrochemicals Limited. 3. Prize Petroleum Company Limited 4. CREDA HPCL Biofuel Ltd. 5. HPCL Rajasthan Refinery Limited 6. HPCL Biofuels Limited	<b>a) Member, Audit Committee</b> CREDA HPCL Biofuel Ltd Mangalore Refinery and Petrochemicals Limited Prize Petroleum Company Limited
Shri Y.K. Gawali * (DIN05294482)		04	04	N.A.	Nil	Nil
<b>NON-EXECUTIVE DIRECTORS</b>						
<b>(a) PART -TIME (EX-OFFICIO)</b>						
Dr. S.C. Khuntia ***** (DIN05344972)	IAS, Post Graduate in Physics, Computer Science Economics, Sociology & Ph.D. in Economics	09	08	No	<b>Public Limited Companies</b> 1. Indian Oil Corporation Limited 2. Indian Strategic Petroleum Reserves Ltd 3. Oil and Natural Gas Corporation Limited.	
Shri Sandeep Poudrik ** (DIN01865958)	B.E. (Electrical Engineering), IAS	04	01	N.A.	<b>Public Limited Companies</b> 1. Indian Strategic Petroleum Reserves Ltd	
Shri R.K. Singh** (DIN05193269)	B.A. (Eco.), IAS	05	03	No	<b>Public Limited Companies</b> 1. Indian Strategic Petroleum Reserves Ltd.	
<b>(b) PART-TIME DIRECTORS (NON-OFFICIO)</b>						
Dr. Gitesh K. Shah (DIN02330569)	D.Sc. (Organic Chemistry), USA, Ph.D (Organic Chemistry), Gujarat University, M.Sc. (Organic Chemistry), Gujarat University	09	08	Yes	<b>Private Limited Company</b> 1. Harita Projects Pvt.Ltd.	

Corporate Governance

Name of Director	Academic Qualification	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM	Details of Directorship in other Companies	Memberships held in Committees as specified in clause 49 of the Listing Agreement
Shri G.K. Pillai *** (DIN02340756)	IAS, M.Sc.	09	06	No	<b>Public Limited Companies</b> 1. Zuari Agro Chemicals Ltd. 2. Adani Ports & Special Economic Zones Limited 3. Data Security Council of India 4. Berger Paints India Limited 5. Tata International Limited <b>Private Limited Company</b> 1. IvyCap Ventures Advisors Pvt.Ltd.	<b>Chairman</b> a) IvyCap Venture Advisors Pvt. Limited
Shri A.C. Mahajan *** (DIN00041661)	M.Sc. (Hons)	09	08	Yes	<b>Public Limited Companies</b> 1. IDBI MF Trustee Co. Ltd. 2. Lanco Babandh Power Ltd. 3. Religare Enterprises Ltd. <b>Private Limited Company</b> 1. Himavat Power Pvt. Ltd.	<b>a) Chairman, Audit Committee</b> Himavat Power Pvt. Ltd. <b>b) Member, Audit Committee</b> IDBI MF Trustee Co. Limited Lanco Babandh Power Limited
Dr. G. Raghuram *** (DIN01099026)	B. Tech. PGDM, Ph.D.	09	04	No	<b>Public Limited Companies</b> 1. Arshiya Limited 2. Take Solutions Limited 3. Adani Ports & Special Economic Zone Limited 4. Alock Ashdown (Gujarat) Limited <b>Private Limited Companies &amp; Others</b> 1. Vidya Vardhini Education Foundation 2. Indian Register of Shipping 3. NABARD Consultancy Services Pvt. Limited	<b>a) Member Audit Committee</b> Adani Ports & Special Economic Zone Limited NABARD Consultancy Services Pvt.Ltd. <b>b) Member, Stakeholders' Relationship Committee</b> Adani Ports & Special Economic Zone Limited <b>c) Member, Nomination and Remuneration Committee</b> Arshiya Limited
Shri Rohit Khanna ***** (DIN00004072)	FCA	04	04	N.A.	<b>Private Limited Company</b> 1. Esteem Consultants Pvt. Ltd.	

\* Shri Y.K. Gawali was appointed as Additional Director and as Director Marketing on the Board of HPCL effective 10.10.2014.

\*\* Shri Sandeep Poundrik was appointed as Additional Director & Part-Time Ex-Officio Director on the Board of HPCL effective 16.10.2014, in place of Shri R.K. Singh, who has ceased to be Part-Time Ex-Officio Director effective 15-10-2014.

\*\*\* S/Shri G.K. Pillai, A.C. Mahajan & Dr. G. Raghuram have ceased to be Directors of HPCL on completion of his tenure of 3 years effective 08.04.2015.

\*\*\*\* Shri Rohit Khanna, has ceased to be Director of HPCL effective 05.09.2014

\*\*\*\*\* Dr. S.C. Khuntia, Part-Time Ex-Officio Director, has ceased to be Director of HPCL effective 15.06.2015, on ceasing to be an official of Administrative Ministry i.e. Ministry of Petroleum and Natural Gas (MOP&NG).



## Corporate Governance

### 1.4 PROFILES OF DIRECTORS:

#### **Ms. Nishi Vasudeva : (DIN 03016991)**

Smt. Nishi Vasudeva has been appointed as the Chairman and Managing Director of Hindustan Petroleum Corporation Ltd effective March 01, 2014. Prior to this, she was Director (Marketing) of HPCL. She holds Post Graduate Diploma in Business Management from Indian Institute of Management, Kolkata. She commenced her career in the Petroleum Industry with Engineers India Limited. She has a wide exposure to the Petroleum Industry spanning over 34 years in various streams like Marketing, Corporate, Strategy & Planning, and Information System etc. Prior to take over as Director (Marketing) HPCL, Smt. Nishi Vasudeva was the Executive Director-Marketing Co-ordination.

#### **Shri Pushp Kumar Joshi : (DIN05323634)**

Shri Pushp Kumar Joshi took charge as Director – HR effective August 01, 2012. Prior to this, he was holding key portfolios in Human Resources function viz. Executive Director – HRD and Head – HR of Marketing Division.

A Bachelor of Law and an alumnus of XLRI, Jamshedpur, Shri Pushp Kumar Joshi joined HPCL in 1986. Since then he has held various key positions in Human Resources and Industrial Relations functions in HQO, Marketing and Refineries divisions of HPCL.

As Director-HR, Shri Joshi is presently responsible for overseeing the design and deployment of key Human Resource policies and strategies while leading Human Resources practices that are employee oriented and aim at building high performance culture. He is also responsible for providing key outlook to the management on strategic HR plans, employee development, labour relations apart from others.

Spearheading HR practices with strong business focus and contemporary approaches, few hallmarks of his innovation and leadership have been Project Akshay – the leadership development programme, Productivity Improvement Initiatives, Introduction of Internal Customer care by leveraging IT Platform, Conceptualization and Rollout of Technical & Behavioral training programs, Business Process Reengineering exercise, Implementation of JDE (HR), Introduction of Health Management System, HR Green Credit and pioneering & driving numerous other HR initiatives.

#### **Shri K.V. Rao: (DIN05340626)**

Mr. K V Rao took charge as Director (Finance) effective June 01, 2013. Prior to his taking over as Director (Finance), Mr. K V Rao was Executive Director- Corporate Finance of HPCL for 5 years.

A member of the Institute of Chartered Accountants of India (ICAI), Mr. Rao brings with him rich experience of over 3 decades in handling various challenging assignments in HPCL in the fields of Corporate Finance, Treasury Management, Internal Audit and Marketing & Refinery Finance.

Mr. Rao has expertise in various areas in Financial Management, and is credited with effective treasury management in raising External Commercial Borrowing, Debentures, and various other types of financial instruments at very competitive interest rates as compared with the Industry.

He has various academic distinctions to his credit, which includes being a rank holder in CA and B.Com examination. He has also been actively participating in various seminars and workshops, both at national and international levels.

#### **Shri B.K. Namdeo: (DIN06620620)**

Mr. B.K. Namdeo took charge as Director – Refineries, HPCL effective July 01, 2013.

Prior to his, Mr. Namdeo was heading the International Trade & Supplies SBU as Executive Director and was responsible for managing the crude oil procurement & product evacuation for HPCL's two coastal refineries with a combined refining capacity of over 17 million metric tons per annum. The job also entailed handling of Ship Chartering requirements along with Refinery planning and scheduling and related commercial activities.

A Mechanical Engineer and a Master of Technology from IIT Powai, Mumbai, Shri Namdeo has over 32 years of experience in various functions and has held key positions in Central Engineering (Refinery Projects), Operations, Projects and Maintenance Departments of the Refineries.

Intelligent refinery production strategy to ensure profitability, vision from operational excellence and capacity expansion of refineries at Mumbai and Vizag with bottom up gradation facilities meeting EV and EVI fuel specifications are the task ahead.





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### **Shri Y.K. Gawali: (DIN05294482) (From 10.10.2014)**

Mr. Y K Gawali took charge as Director - Marketing of Hindustan Petroleum Corporation Ltd. effective October 10, 2014. Prior to this, he was the Executive Director - LPG of HPCL. He is also on the Boards of GIGL and GITL.

A graduate in Civil Engineering, Mr. Y K Gawali has over 32 years of experience in Operations, Engineering & Projects, Logistics, Terminals, and LPG.

During his tenure as ED - LPG, he has been responsible for improving Marketing performance, customer focus and satisfaction and enhancing the brand image of HP Gas. He had been instrumental in implementing the key initiatives of capping of subsidized cylinders, Direct Transfer of cash subsidy and weeding out multiple LPG connections in the market.

In his earlier assignment as Executive Director - O&D he was responsible for strengthening and augmenting the Distribution infrastructure for HPCL, including pipelines, Terminals/depots besides optimizing the supply chain management, across the complete value chain.

Mr. Y K Gawali represents HPCL in the 'World LPG Forum'. He has been faculty / guest speaker at several international conferences. He has been a key member of numerous Committees viz. Core Petroleum Industry Committee for formulating the post APM LPG policies and pricing, Joint Implementation Committee constituted by MOPNG for time bound implementation of M.B.Lal Committee recommendations and committee for formulation of various standards of Oil Industry etc.

### **Shri Sandeep Poundrik : (DIN01865958) (From 16.10.2014)**

Shri Sandeep Poundrik was appointed as Additional Director & as Part-Time Ex-Officio Director on the HPCL Board effective 16.10.2014.

Shri Sandeep Poundrik, a graduate (Electrical Engineering) and IAS Bihar Cadre 1983 and is currently Joint Secretary (Refineries) in Ministry of Petroleum and Natural Gas (MOP& NG)

### **Dr. S.C. Khuntia : (DIN053449772) (Upto 15.06.2015)**

Dr Subhash Chandra Khuntia was appointed as a Part-Time Ex-Officio Director on the HPCL Board effective 03.08.2012.

Dr. Subhash Chandra Khuntia (IAS Karnataka cadre 1981) is a post-Graduate in Physics, Computer Science, Economics, Sociology and Doctorate in Economics. Before joining Petroleum Ministry as Additional Secretary & Financial Advisor, he was Principal to the Govt. of Karnataka.

Dr. Khuntia has handled various key assignments including District administration, Land revenue management, Rural development, Urban Development and Finance in the Karnataka State Government as well as in the Ministries of Agriculture, Finance and Human Resource Development in the Central Government

### **Shri Rajesh Kumar Singh: (DIN05193269) (Upto 15.10.2014)**

Mr. Rajesh Kumar Singh was appointed as a Part Time Director on the HPCL Board effective June 26, 2013

Mr. R K Singh (IAS Kerala cadre 1989) is B.A. (Economics) from Delhi University. He joined the Ministry of Petroleum and Natural Gas effective 10<sup>th</sup> June, 2013, as Joint Secretary (Refineries). He has over 20 years of experience working with the State Government of Kerala as well as Government of India in Delhi in a variety of assignments.

Mr. Singh has previously served the Government of Kerala as Assistant Collector - Palakkad, Addl. Director – Department of Tourism, Under Secretary – Ministry of Finance & Company Affairs, Department of Economic Affairs, Collector - Malappuram District, Dy.Secretary-Ministry of Urban Development and Poverty Alleviation, Commissioner of the Delhi Development Authority, Secretary - Local self- Government and Secretary - Ports including assignments such as Under Secretary - Ministry of Finance, Dy. Secretary - Ministry of Urban Development, and Joint Secretary – Ministry of Information and Broadcasting, Government of India.

### **Dr. Gitesh K. Shah: (DIN02330569)**

Dr. Gitesh K. Shah a Scientist turned Management Expert has been appointed as an Independent Director on the Board of HPCL for a period of three years from February 26, 2013.



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Ahmedabad based Dr. Gitesh K. Shah, former Chairman of the Gujarat Alkalies & Chemicals Limited did his M.Sc. Ph.D., D.Sc in Organic Chemistry. The world known London based Royal Society of Chemistry honoured Dr. Shah with Chartered Scientist, Chartered Chemist and Fellow of the Royal Society of Chemistry (C.Sci., C.Chem., F.R.S.C.). He is also member of the prestigious Dr. Vikram Sarabhai Award Committee. Dr. Gitesh K. Shah noted Technocrat-Cum-Management Expert has rich experience of 20 years in the field of Petrochemical, Chem-informatics, Bio-informatics and Nano-Technology. He has to his credit 18 research papers in renowned international journals in the field of Chemistry and Nano-Technology. He is Chairman of Harita Projects Private Limited, company engaged in Infrastructure Projects and Nano-Molecules

### **Shri G.K. Pillai: (DIN02340756) (Upto 08.04.2015)**

Shri G K Pillai a retired IAS officer. He joined Indian Administrative Service in the year 1972 and belongs to Kerala Cadre. Shri Pillai has done his M.Sc., at IIT, Chennai.

He started his career as a Sub-Collector, Quilon and worked in diverse fields of Revenue Administration and was District Collector, Quilon. He was also Deputy Secretary, Labour, Special Officer for Cashew Industry, Special Secretary, Industries. Later he become Secretary, Health and Family Welfare during 1993-96. He also served as Principal Secretary to the Chief Minister of Kerala during the period 2001-04.

In the Government of India he held the positions of Under Secretary/Deputy Secretary in Ministry of Defence and also served as Director/Joint Secretary in the Department of Surface Transport. Later he served in the Ministry of Home Affairs as Joint Secretary (North East) from 1996 to 2001. In 2004 he joined Ministry of Commerce and Industry as Additional Secretary, Department of Commerce, Special Secretary, and Commerce and then elevated to the rank of Secretary, Department of Commerce in the year 2006. He served as Secretary, Department of Commerce from 2006 to June 2009. During this period he actively participated in negotiations for comprehensive economic co-operation agreements with Singapore, ASEAN, Japan, South Korea. He played key role in the enactment of the SEZ Act 2005 and was Chairman of the Board of approvals for SEZ during 2005 to 2009.

He has represented State and Central Government delegations to USA, EU, Argentina, Japan, Canada etc., He was appointed as Union Home Secretary in June 2009 and retired from Government service in June 2011.

Shri G K Pillai besides Director in HPCL is also Chairman of the Board of Ivy Cap Ventures Advisors Pvt Ltd, a venture capital company sponsored by the IIT Alumni Association

### **Shri A.C. Mahajan: (DIN00041661) (Upto 08.04.2015)**

Mr. Avinash Chander Mahajan, a career Banker, has done M.Sc., (Honours School in Chemistry) in 1972, and thereafter joined Bank of India as an Officer in 1972 and after spending 38 years in the Banking Sector in different positions in various Public Sector Banks in India and abroad, he superannuated in August 2010.

He held various top position in Bank of India viz., as in charge of "Integrated Treasury" of the Bank; and then as General Manager In-Charge of Credit Department ; as General Manager Risk Management Department as well as Chief Executive, Japan branches. He had also worked in Kenya for five years as in charge of Nairobi (Kenya) branch.

He was appointed as an Executive Director of Bank of Baroda in 2005 before joining Allahabad Bank and later on Canara Bank as Chairman and Managing Director. He had also held various positions in IBA Committees besides being Deputy Chairman of IBA and Member of the Managing Committee of IBA.

Presently besides being on the Board of various companies including Hindustan Petroleum Corporation Limited, Shri Mahajan is a Chairman of Governing Council of Banking Codes and Standards Board of India (BCSBI), an independent watch dog of banking industry which is tasked with duty of ensuring that Banks provide to the customers services in transparent manner.

### **Dr. G. Raghuram: (DIN01099026) (Upto 08.04.2015)**

Dr. Raghuram has done his graduation from the Indian Institute of Technology (IIT), Madras, MBA from IIM, Ahmedabad and PhD from Northwestern University, USA.

Dr. Raghuram is a professor in the Indian Institute of Management (IIM), Ahmedabad. His specialization is in infrastructure



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and transportation systems, and supply chain and logistics management. His research, consultancy, case studies and publications focus includes railways, ports and shipping, air and road sector, service organizations and issues in logistics and supply chain management. He has taught at Northwestern University and Tulane University, USA. He has been a visiting faculty at various universities in USA, Canada, Yugoslavia, Tanzania, UAE, Singapore and several institutions in India. He has co-authored four books and published over 70 papers. He was the President of Operational Research Society of India (1999-2000). He is a Fellow of the Operational Research Society of India (ORSI) and Chartered Institute of Logistics and Transport (CILT), UK.

He also holds Directorships in Alcock Ashdown (Gujarat) Ltd., Arshiya International Ltd., DARCL Logistics Limited, India Infrastructure Finance Company (IIFC) Ltd., Adani Ports and Special Economic Zone Ltd. and Take Solutions Ltd., He is also holding Directorships in VidyaVardhini Education Foundation.

He is currently a member of the Steering Committee on Transport Sector for the formulation of the Twelfth Five Year Plan (2012-17) and Member of the Expert Group for Modernization of Indian Railways. He is also the Chairman of various committees connected with Ministries related to Transportation and the Planning Commission.

### Shri Rohit Khanna: (DIN00004072) (Upto 05.09.2014)

Shri Rohit Khanna joined HPCL Board as an Independent Director effective September 27, 2014

He is a Commerce Graduate from Delhi University, besides being a Fellow Member of the The Institute of Chartered Accountants of India. He has ceased to be Director of the Corporation effective September 05, 2014.

### INDEPENDENT DIRECTORS:

As provided under Schedule IV of the Companies Act, 2013 and also as per clause 49 IIB (6) of the Listing Agreement, separate meeting of Independent Directors was held.. The Corporation is also nominating Independent Directors to the Familiarization Program and other Corporate Program from time to time.. Being a Government Company, the appointment of all Directors including Independent Directors and their performance evaluation is being done by the Government of India.

### 2. REMUNERATION OF DIRECTORS:

- HPCL being a Government Company, the remuneration payable to its whole-time directors is approved by the Government and advices received through the Administrative Ministry, viz., Ministry of Petroleum & Natural Gas.
- The non-official part-time Directors are paid Sitting Fees for Board Meetings and Sub Committee Meetings of the Board attended by them.
- HPCL does not have a policy of paying commission on profits to any of the Directors of the Company.
- The remuneration payable to officers below Board level is also approved by the Government of India.

None of the Non-Executive Directors of HPCL are holding any HPCL Shares.

### SITTING FEES FOR THE YEAR 2014-2015:

The details of Sitting Fees paid to Part-time Independent Directors for the year 2014-15 for attending the Board / Sub-Committee Meetings are given below:

Details of Meeting	Dr. Gitesh K. Shah	Shri G.K. Pillai	Shri A.C. Mahajan	Dr. G. Raghuram	(In ₹)
					Shri Rohit Khanna
Board	160000	120000	160000	80000	80000
Audit Committee	0	0	135000	90000	45000
HR / Remuneration Committee	15000	30000	0	15000	0
Investor Grievance Committee	0	0	45000	30000	0
Investment Committee	30000	30000	0	0	0
CSR & SD Committee	45000	45000	45000	45000	0
<b>Total Sitting Fees Paid</b>	<b>250000</b>	<b>225000</b>	<b>385000</b>	<b>260000</b>	<b>125000</b>



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### 3. CODE OF CONDUCT:

In compliance with the terms of clause 49 of the Listing Agreement with Stock Exchanges, “Code of conduct for Board Members and Senior Management Personnel of Hindustan Petroleum Corporation Limited” has been devised and made effective 1.1.2006. The purpose of this Code is to enhance further ethical and transparent process in managing the affairs of the company. This Code has been made applicable to

- All Whole-Time Directors
- All Non-Whole Time Directors including independent Directors under the provisions of law and
- Senior Management Personnel.

This code would be read in conjunction with the Conduct, Discipline & Appeal Rules for Officers applicable to Whole time Directors and Senior Management Personnel.

All the Board Members and Senior Management Personnel have provided the Annual Compliance Certificate duly signed by them as on March 31, 2015.

### 4. BOARD SUB-COMMITTEES:

#### A. Audit Committee:

The Audit Committee comprises of Executive and Non-Executive Directors as follows. The Composition of Audit Committee as on 31.03.2015 was as follows:-

Sr. No.	Name of the Director	Designation	Type of Director
1.	Shri A.C. Mahajan *	Chairman	Non-Executive Independent Director
2.	Dr. G. Raghuram *	Member	Non-Executive Independent Director
3.	Shri K.V. Rao	Member	Whole Time Director

\* Shri A.C.Mahajan & Dr. G.Raghuram, have ceased to be Directors of HPCL effective 08.04.2015 on completion of their tenure of 03 years.

The terms of reference of the Audit Committee are as provided under the Companies Act, 2013, Listing Agreements and other applicable regulations.

The scope of the Audit Committee includes the following:

- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Review and monitor the auditor’s independence and performance and effectiveness of audit process.
- Examination of the financial statement and the auditors’ report thereon.
- Approval or any subsequent modification of transactions of the company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the company, wherever it is necessary.
- Monitoring the end use of funds raised through public offers and related matters.

The Listing Agreement provides for following role of Audit Committee:

- Oversight of the company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor’s report thereon before submission to the board for approval, with particular reference to:



## Corporate Governance

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower mechanism;
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.



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Additionally, under DPE Guidelines on CG, apart from above, role of Audit Committee includes the following:

1. To review the follow up action on the audit observations of the C&AG audit.
2. To review the follow up action taken on the recommendations of Committee on Public Undertaking (COPU) of the Parliament.
3. Review all related party transactions in the company. For this purpose, Audit Committee may designate a member who shall be responsible for reviewing related party transactions.
4. Review with Independent Auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
5. Consider and review the following with the Independent Auditor and the Management:
  - The adequacy of internal controls including computerized information system controls and security and
  - Related findings and recommendations of the Independent Auditor and Internal Auditor, together with the management process.
6. Consider and review the following with the management, internal auditor and the Independent Auditor:
  - Significant findings during the year, including the status of previous audit recommendations.
  - Any difficulties encountered during audit Work including any restrictions on the scope of activities or access to required information.
7. Carry out any other function as is mentioned in the terms of the reference of Audit Committee.

### b) Review of information by Audit Committee (Clause 49 III E)

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The Committee, at the Meeting held on May 28, 2015 reviewed the Accounts for the Financial Year 2014-15, before the Accounts were adopted by the Board.

### Dates of Audit Committee Meetings held during 2014-15:

28.05.2014	22.07.2014	11.08.2014	08.09.2014
16.09.2014	13.11.2014	13.02.2015	17.03.2015
24.03.2015			

### Attendance at the Audit Committee Meetings during 2014-15:-

Name of the Members	No. of Meetings held	No. of Meetings attended	% of attendance
Shri K.V. Rao	09	09	100%
Shri A.C. Mahajan *	09	09	100%
Dr. G. Raghuram *	09	06	67%
Shri Rohit Khanna **	03	03	100%

\* Shri A.C. Mahajan and Dr. G. Raghuram have ceased to be Directors of HPCL effective April 08, 2015 on completion of their tenure of 03 years.

\*\* Shri Rohit Khanna, has ceased to Director of HPCL effective September 05, 2014.



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### B. Nomination and Remuneration Committee:

The Board has constituted the “Nomination and Remuneration Committee”, the Board Sub-Committee to look into various aspects including Remuneration as well as Compensation and Benefits for the employees. The Composition of Nomination and Remuneration Committee as on 31.03.2015 was as follows:-

Sr. No.	Name of the Director	Designation	Type of Director
1.	Shri G.K. Pillai *	Chairman	Non-Executive Independent Director
2.	Dr. G. Raghuram *	Member	Non-Executive Independent Director
3.	Dr. Gitesh K. Shah	Member	Non-Executive Independent Director

\* Shri G.K.Pillai & Dr. G.Raghuram, have ceased to be Directors from the Board of HPCL effective 08.04.2015 on completion of their tenure of 03 years.

#### Dates of Nomination and Remuneration Committee Meetings held during 2014-15:

14.10.2014	19.01.2015
------------	------------

#### Attendance at the Nomination and Remuneration Committee Meeting during 2014-15:-

Name of the Members	No. of Meetings held	No. of Meetings attended	% of attendance
Dr. Gitesh K. Shah	01	01	100%
Shri G.K. Pillai *	02	02	100%
Dr.G. Raghuram *	02	01	50%

\* Shri G.K. Pillai and Dr. G. Raghuram have ceased to be Directors of HPCL effective April 08, 2015 on completion of their tenure of 03 years.

Since the remuneration of the Whole-Time Functional Directors is fixed by the Government of India, HPCL did not feel the need for a separate Remuneration Committee in view of the fact that the Company is a Government Company as per Section 2 (45) of the Companies Act, 2013.

However, having regard to the aspects covering wage revisions / other benefits to the Officers arising from time to time, the Board has renamed the Committee on HR Policies as HR Policies / Remuneration Committee.

The details of Remuneration paid to all the Functional Directors are given below:

- > The remuneration of the Whole Time Functional Directors include basic salary, allowances and perquisites as determined by the Government of India. Moreover, they are entitled to provident fund and superannuation contributions as per the rules of the Company.
- > The gross value of the fixed component of the remuneration paid to the Whole-Time Functional Directors, during the financial year 2014-15 is given below:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Nishi Vasudeva	Pushp Kumar Joshi	K.V. Rao	B.K. Namdeo	Y.K. Gawali	
1	Gross salary	6685746	4628134	5505879	6220643	3176263	26216665
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5557053	3847086	4608715	5255704	2823766	22092324
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1128693	781048	897164	964939	352497	4124341

(In ₹)



## Corporate Governance

(In ₹)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Nishi Vasudeva	Pushp Kumar Joshi	K.V. Rao	B.K. Namdeo	Y.K. Gawali	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-	-	-
5	Others : (PF, DCS, House Perks tax etc)	562798	471947	517417	533962	325199	2411323
	<b>Total (A)</b>	<b>7248544</b>	<b>5100081</b>	<b>6023296</b>	<b>6754605</b>	<b>3501462</b>	<b>28627988</b>
	Ceiling as per the Act	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

### C. Stakeholders' Relationship Committee:

The Board has constituted a "Stakeholders' Relationship Committee" comprising of Non-Executive & Whole Time Directors to specifically look into the redressal of grievances of shareholders, debenture holders, and other security holders. The Composition of Stakeholders Relationship Committee as on 31.03.2015 was as follows:

Sr. No.	Name of the Director	Designation	Type of Director
1.	Shri A.C. Mahajan *	Chairman	Non-Executive Independent Director
2.	Dr. G. Raghuram *	Member	Non-Executive Independent Director
3.	Shri K.V. Rao	Member	Whole Time Director

\* Shri A.C.Mahajan & Dr. G.Raghuram, have ceased to be Directors, from the Board of HPCL effective 08.04.2015 on completion of their tenure of 03 years.

The Committee reviews the status of Investors' Grievances and Services and other important matters of investors' interest.

#### Dates of Investors Grievance Committee Meetings held during 2014-15:-

28.05.2014	25.06.2014	13.11.2014
------------	------------	------------

#### Attendance at the Stakeholders' Relationship Committee Meetings:

Name of the Members	No. of Meetings held	No. of Meetings attended	% of attendance
Shri K.V. Rao	03	03	100%
Shri A.C. Mahajan *	03	03	100%
Dr. G. Raghuram *	03	02	66%

\* Shri A.C. Mahajan and Dr. G. Raghuram have ceased to be Directors of HPCL effective April 08, 2015 on completion of their tenure of 03 years.





## Corporate Governance

### References & Investors Complaints Received and Replied During 2014-15

#### Part-A

Sr. No.	Nature of Correspondence	For Year Ended March 2015
1	Share Transfers & related issues / Demat / Warrant Conversion	49
2	Transmission of shares / Nomination of Shares	59
3	Issue of Duplicate Share Certificates / Bonus / Rectification of shares	422
4	Dividend related issues / ECS / Bank Mandates	646
5	Request for Change of Address	87
6	Call Money Payment Correspondence / Reminders / Forfeiture Shares	0
8	Others	33
<b>TOTAL</b>		<b>1296</b>

Investor references, not amounting to complaints received during the year were appropriately dealt within the schedule time.

#### Part-B

	Complaints through Statutory / Regulatory bodies like ROC / SEBI / NSE / BSE / NSDL / CDSL	
	Received during the year	14
	Replied during the year	14
	Balance as on 31/03/2015	0

Statutory complaints received from the regulatory/statutory bodies were resolved and no complaint pending as on 31/03/2015.

References are requests received from the shareholders' like request for updation of bank details, change of address. These are not per se complaints. Complaints are like non receipt of dividend, share certificates etc. Hence, shown separately.

#### D. Investment Committee:

The Board has constituted the Investment Committee to review and recommend proposals involving major investments into projects by the Company. The Composition of Investment Committee as on 31.03.2015 was as follows:-

Sr. No.	Name of the Director	Designation	Type of Director
1.	Shri G.K. Pillai *	Chairman	Non-Executive Independent Director
2.	Dr. Gitesh K. Shah	Member	Non-Executive Independent Director
3.	Shri K.V. Rao	Member	Whole Time Director

\* Shri G.K. Pillai has ceased to be Director of HPCL effective April 08, 2015 on completion of his tenure of 03 years.

#### Dates of Investment Committee Meetings held during 2014-15

01.08.2014	10.01.2015
------------	------------

#### E. Corporate Social Responsibility (CSR) & Sustainability Development Committee (SD) :

The Corporation has constituted "CSR & Sustainability Development Committee" for periodic review, discussion and guidance on various CSR initiatives and Sustainability Development Initiatives and measures. This Committee comprises of One Non-Executive Independent Directors, as Member and Three Whole Time Directors (as permanent invitees).

The terms of reference of CSR Committee are as follows:-

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause a and
- Monitor the Corporate Social Responsibility Policy of the company from time to time.



## Corporate Governance

The Composition of CSR & Sustainability Development Committee as on 31.03.2015 was as follows:-

Sr. No.	Name of the Director	Designation	Type of Director
1.	Shri G.K. Pillai *	Chairman	Non-Executive Independent Director
2.	Shri A.C. Mahajan *	Member	Non-Executive Independent Director
3.	Dr. G. Raghuram *	Member	Non-Executive Independent Director
4.	Dr. Gitesh K. Shah *	Member	Non-Executive Independent Director

Three Whole Time Directors namely Director Marketing, Director HR & Director Refineries are inducted as "Permanent Invitees".

\* S/Shri G.K. Pillai (Member and Chairman), A.C. Mahajan (Member) and Dr. G. Raghuram (Member) have ceased to be Directors of HPCL effective April 08, 2015 on completion of their tenure of 03 years

Dates of CSR & SD Committee Meetings held during 2014-15:

02.07.2014	14.10.2014	11.12.2014
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### 5. DIRECTORS' SHAREHOLDING:

None of the non-officio and ex-officio Directors of the Corporation are holding any shares in the Corporation.

### 6. RIGHT TO INFORMATION ACT 2005:

The Right to Information Act, 2005(RTI) became effective 12<sup>th</sup> October, 2005, is being complied with by HPCL. HPCL has hosted detailed information in its WEB portal "www.hindustanpetroleum.com", and update the same from time to time. Officers across the country, representing different Departments, have been appointed as Public Information Officers and Appellate Authorities to deal with the queries received from the Indian Citizens under RTI.

### 7. INTEGRITY PACT:

The Corporation has introduced "Integrity Pact" (IP) to enhance ethics / transparency in the process of awarding contracts. An MoU has been signed with "Transparency International" on July 13, 2007. This was made applicable in the Corporation effective September 01, 2007 for contracts above ₹ 1 crore. The Integrity Pact has now become a part of tender documents to be signed by the Company and by the vendor(s) / bidder(s).

### 8. SHARES DEPARTMENT ACTIVITIES:

The Shares Department of HPCL is first among the shares department of other oil companies accredited ISO 9001:2008 certification in March 2009 from International Certification Services agency accredited by joint accreditation system of Australia and New Zealand. The Certificate of Compliance was issued for 3 years from March 2009 to March 2012. The agency after review and satisfaction of the quality of services provided to Shareholders renewed the Certificate for a further period of three years from March 2012 to March 2015. The Agency M/s. ICS Pvt. Ltd. has once again re-certified the Shares Department of HPCL for further period of 3 years from March 2015 to March 2018 certifying that Share Department is complying with International Standard of ISO 9001:2008 requirements.

Shares Department monitors the activities of R&T Agents M/s. Link Intime India Pvt. Ltd., and looks into the issues of shareholders like; Share Transfers, Demat, Remat, Duplicate, Transmission and other important matters which are approved by the Share Transfer Committee. The Share Department carries various activities in-house like; Transmission, Dividend Reconciliation, Statutory Compliances, Shareholders grievances etc.

Presently, HPCL has around 92,476 shareholders as on 31.03.2015. The Corporation regularly interacts with the shareholders through e-mails, letters during AGM, Investors' Meets, wherein the activities of the Corporation, its performance and its future plans are shared with the Shareholders.

The Company has been taking appropriate steps to ensure that Shareholder queries are given top priority and all references / representations are resolved at the earliest.



## Corporate Governance

The Company Secretary of the Corporation is the Compliance Officer in terms of the requirements of Stock Exchanges. The quarterly results are published in English and Vernacular newspapers. The Financial and other details are also posted on the Company's website viz. [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com).

9. During the year 2014-15, there were no material transactions with Directors or their relatives having potential conflict with the interests of the Company at large.

### 10. DETAILS OF ANNUAL GENERAL MEETINGS:

#### 10.1 Location and time, of the last three Meetings held:

Year	Location	Date	Time
2013-14	Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.	05.09.2014	11.00 a.m.
2012-13	Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.	05.09.2013	11.00 a.m.
2011-12	Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.	18.09.2012	11.00 a.m.

#### 10.2 Whether any special resolutions passed in the previous 3 AGMs? No

#### 10.3 Whether any Special Resolutions passed last year through Postal Ballot – Details of Voting pattern.

Some of the specific sections of Companies Act, 2013 were notified to be made applicable from September 12, 2013. Among various sections which were notified to be made applicable from 12.09.2013, there was a specific section i.e. Section 180 of the Companies Act, 2013 which deals with "Restrictions on borrowing powers of the Board" This Section requires passing of "Special Resolution" in Companies Act, 2013 as against "Ordinary Resolution" in the Companies Act, 1956. MCA vide its circular Ref. 03/2014 dated 25.03.2014 have clarified the validity of resolution so passed under Companies Act, 1956 to be of one year from the date of issue of notification. Hence, to comply with the provisions of provisions of Section 180 (1) (c) and 180 (1) (a) of the Companies Act, 2013 & Rules made thereunder, HPCL has passed Special Resolution through the process of Postal Ballot for exercising the borrowing powers by the Board of Directors of the Company and to create charge/provide security for the sums so borrowed on the movable/immovable properties of the company.

The voting was conducted through e-Voting and Voting by Physical Ballot Papers. The results of the Postal Ballot was hosted on the website of the company [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com) and also communicated to the Stock Exchanges.

#### 10.4 Person who conducted the Postal Ballot Exercise: Shri Upendra Shukla, Practising Company Secretary

#### 10.5 Whether any special resolution is proposed to be conducted through Postal Ballot

For the year 2015-16, Special Resolution through Postal Ballot if any, will be passed on need basis as and when required.

### 11. DISCLOSURES:

- 11.1 As required under the Listing Agreement, the Corporation has formulated a Policy on Materiality of Related Party Transaction and the same is hosted on the website of the company and can be accessed with the following link <http://www.hindustanpetroleum.com/Policies>. All the related party transactions entered during the financial year 2014-15 were approved after finalisation of the related party transaction policy of industry basis, by the Audit Committee/board.
- 11.2 There have been no instances of non-compliance by the Company or penalties or strictures imposed on the Company by any Stock Exchange or SEBI or any Statutory Authority, on any matter relating to capital markets during the last 3 years.
- 11.3 The Corporation has a Whistle-Blower Policy in place and no personnel have been denied access to the Audit Committee. This policy is hosted on the website of the company [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com)



## Corporate Governance

**11.4** The Corporation is complying with the various mandatory and non-mandatory Corporate Governance requirements envisaged under Clause 49 of the Listing Agreement with the Stock Exchanges and the DPE guidelines on Corporate Governance. With regard to appointment of required number of Independent Directors, the Corporation has already taken up the same with its Administrative Ministry i.e. Ministry of Petroleum & Natural Gas, New Delhi.

### **11.5 Risk Management Committee**

HPCL has constituted a “Risk Management Committee” is already in place at HPCL which reviews the Risk Assessment and minimization procedure.

**11.6** HPCL has complied with the applicable provisions of clause 49 V of the Listing Agreement with respect to its subsidiaries.

## **12. MEANS OF COMMUNICATION:**

Timely disclosure of consistent, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, major steps taken are as under:

### **i. Quarterly Financial results**

The quarterly unaudited financial / audited financial results of the Company are announced within the time limits prescribed by the listing agreement. The results are published in leading business/regional newspapers like Economic Times, Times of India, Financial Express, Indian Express, Loksatta, Maharashtra Times etc. and were also sent to the Shareholders through E-Mails who have registered their e-mails for e-communication.

### **ii. Website**

The Company’s Corporate Website [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com) provides separate sections for investors where relevant information for shareholders is available. It also provides comprehensive information on HPCL’s Portfolio of businesses, including sustainability initiatives comprising CSR activities, HSE performance etc.

### **iii. News releases**

Official News Releases, are hosted on Company’s website: [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com)

### **iv. Annual Report**

Annual Report for 2014-15 is circulated to shareholders and other members entitled thereto. The Management Discussion & Analysis Report is part of the Annual Report.

### **v. Green Initiative of MCA :**

In order to ensure timely and quick receipt of information and the benefits associated with electronic receipt of Corporate Benefits and in line with Green Initiative measures introduced by the Ministry of Corporate Affairs in 2011 and also in line with the provisions contained in the New Companies Act, 2013 and the rules made thereunder, HPCL has been sending thru e-mail all the shareholders related documents or Corporate Benefits including dividend in electronic mode. However, an option is also given to the shareholders to receive documents in physical form. Shareholders, who have not presently registered their E-Mails address and have not provided their banks details for E-Payment, but wish to receive documents in Electronic Mode and E-Payment of Corporate Benefits, were advised to registered their E-Mail addresses and Bank Details either with the Depository Participants or with HPCL’s R&T Agents depending upon their type of holding.

### **vi. General Shareholders Information :**

General Shareholder Information has been incorporated below and form a part of Annual Report.



## Corporate Governance

### 13. GENERAL SHAREHOLDER INFORMATION:

#### 13.1 63<sup>rd</sup> Annual General Meeting

Date and Time : September 10, 2015 at 11.00 A.M.  
Venue : Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan,  
Gen. Jagannathrao Bhonsle Marg,  
Mumbai – 400 021.

#### 13.2 Financial Calendar

Financial reporting for Quarter ending 30/06/15	– End July / Mid-August 2015
Financial reporting for Quarter ending 30/09/15	– End October / Mid November 2015
Financial reporting for Quarter ending 31/12/15	– End January / Mid February 2016
Financial reporting for Quarter ending 31/03/16	– End May 2016
Annual General Meeting for year ending 31/03/2016	– August / September 2016

13.3 Dates of Book Closure : September 04, 2015 to September 10, 2015 (both days inclusive)

13.4 Dividend payment date : September 14, 2015 (tentative)

13.5 Listing on Stock Exchanges as of 31.03.2015 :

The Bombay Stock Exchange Ltd.	The National Stock Exchange of India Ltd.
Phiroze Jeejeebhoy Towers,	Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block,
Dalal Street,	Bandra-Kurla Complex,
Mumbai – 400 001	Bandra East,
	Mumbai – 400 051

13.6 Listing fees : Listing fees for financial year 2015-16 have been paid to the Stock Exchanges in April 2015

13.7 Stock Codes :

BSE : 500104  
NSE : HINDPETRO  
ISIN (for trading in Demat form) : INE094A01015

13.8 Stock Market Data :

#### HPCL SHARE PRICE

(In ₹)

Year	BSE		NSE	
	High	Low	High	Low
2014-15	669.70	294.00	669.95	294.25
2013-14	324.80	158.45	325.00	158.00
2012-13	381.40	275.30	381.65	260.25
2011-12	419.50	238.75	480.35	238.05
2010-11	555.45	293.25	555.70	292.00

#### PERFORMANCE IN COMPARISON TO BROAD BASED INDICES

AS ON	HPCL SHARE (In ₹)	BSE SENSEX	NSE NIFTY
31.03.2015	650.10	27957.49	8491.00
31.03.2014	309.75	22386.27	6704.20
31.03.2013	285.10	18835.77	5682.55
31.03.2012	303.20	17404.20	5295.55
31.03.2011	356.95	19445.22	5833.75



## Corporate Governance

### HPCL SHARE PRICE MONTHLY DATA:

Bombay Stock Exchange					National Stock Exchange				
Month	HPCL High ₹	HPCL Low ₹	HPCL Close ₹	HPCL Volume No.	Month	HPCL High ₹	HPCL Low ₹	HPCL Close ₹	HPCL Volume No.
Apr-14	334.85	294.00	322.25	2576407	Apr-14	335.00	294.25	321.85	28144787
May-14	458.70	321.00	400.90	4345664	May-14	458.60	322.60	400.65	35621149
Jun-14	462.70	378.50	415.95	4795671	Jun-14	462.90	377.60	416.20	46170829
Jul-14	427.00	372.90	399.25	3129963	Jul-14	425.50	372.60	399.30	36365138
Aug-14	474.50	390.90	458.10	4730961	Aug-14	473.85	389.15	458.00	45966836
Sep-14	505.85	450.00	482.70	3981107	Sep-14	505.80	450.15	485.00	39594035
Oct-14	535.70	482.50	529.65	3490190	Oct-14	536.20	482.40	530.40	38165104
Nov-14	610.65	524.70	596.75	4790958	Nov-14	627.80	524.15	596.55	42861677
Dec-14	617.55	535.30	547.45	3495099	Dec-14	617.00	535.35	547.45	38183938
Jan-15	664.75	542.50	655.60	3325503	Jan-15	665.50	543.10	657.95	37699222
Feb-15	663.00	568.50	619.85	4555790	Feb-15	663.75	568.15	620.55	38411601
Mar-15	669.70	605.00	650.10	3374611	Mar-15	669.95	605.00	649.80	28204961

### PER SHARE AND RELATED DATA:

	Unit	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Per Share Data</b>	<b>Unit</b>					
EPS	₹	80.72	51.20	26.72	26.92	45.45
CEPS		151.70	119.30	96.86	77.70	98.54
Dividend		24.50	15.50	8.50	8.50	14.00
Book Value		473.14	443.32	405.35	387.52	370.49
<b>Share Related Data</b>	<b>Unit</b>					
Dividend Payout	%	36.53	35.42	37.22	36.70	35.80
Price to Earning *	Multiple	8.05	6.05	10.67	11.27	7.85
Price to Cash Earning*	Multiple	4.29	2.60	2.94	3.90	3.62
Price to Book Value	Multiple	1.37	0.70	0.70	0.78	0.96
*Based on March 31, closing price (BSE)	₹	650.10	309.75	285.10	303.20	356.95

### 13.9 Registrars and Transfer Agents : M/s. Link Intime India Pvt.Ltd.

C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai - 400 078  
Telephone No. (022) 25963838  
Fax No. (022) 25966969  
E-mail: mumbai@linkintime.co.in

### 13.10 Share Transfer System

Activities relating to Share Transfers are carried out by M/s. Link Intime India Pvt.Ltd. who are the Registrars and Transfer Agents of the Company, who have arrangements with the Depositories viz., National Securities Depository Limited and Central Depository Services (India) Limited. The transfers are approved by the Share Transfer Committee. Share transfers are registered and Share Certificates are despatched within stipulated period from the date of receipt if the documents are correct and valid in all respect.

The number of shares transferred during the last two financial years:

2014-15 : 19300 Shares  
2013-14 : 18375 Shares



## Corporate Governance

### 13.11 Dematerialisation of shares and liquidity:

The total number of shares dematerialised as on 31.03.2015 is 33,68,41,666 representing 99.47% of Issued and Subscribed share capital including shares held by the Government of India. Trading in Equity shares of the Company is permitted only in dematerialised form, w.e.f., February 15, 1999 as per notification issued by the Securities and Exchange Board of India.

### 13.12 Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:

There are no outstanding Warrants to be converted into Equity shares.

Detachable Tradeable Warrants issued alongwith public issue shares in April 1995 were converted into equity shares during the period February 1997 - April 1997. The said Warrant certificates were not called back by the Company and bear no value.

### 13.13 Plant Locations:

The Corporation has 2 Refineries located at Mumbai and Visakh. It has 100 Regional offices, 36 Terminals/ Tap off Points, 91 Depots, 45 LPG Bottling Plants, 13233 Retail outlets, 35 ASFs, 1638 SKO / LDO Dealers and 3952 LPG Distributors located all over the country.

### 13.14 Address for correspondence

#### Registrars and Transfer Agents:

M/s. Link Intime India Pvt. Ltd.

Unit: HINDUSTAN PETROLEUM CORPN. LTD.

C-13, Pannalal Silk Mills Compound

L.B.S. Marg, Bhandup (West),

Mumbai - 400 078

Telephone No.: 022 – 25963838.

Fax No.: 022 – 25946969

E-mail:mumbai@linkintime.co.in

#### Company's Shares Department:

HINDUSTAN PETROLEUM CORPN. LTD.

Shares Department,

2<sup>nd</sup> Floor, Petroleum House,

17, Jamshedji Tata Road,

Churchgate, Mumbai - 400 020

Telephone No.: 022 - 22863204 /3201/3233/3239/3208

Fax No.: 022-22874552/22841573

E-mail: hpclinvestors@hpcl.co.in

### 13.15 Distribution Schedule as on 31.03.2015 :

No. of Shares	Physical Holding		Dematerialised Holding		Total Shareholding		Percentage	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	Shareholders	Holding
1-500	8342	1467178	76818	7731924	85160	9199102	92.09	2.72
501-1000	361	263425	3751	2817676	4112	3081101	4.45	0.91
1001-5000	30	48681	2360	4753358	2390	4802039	2.58	1.42
5001-10000	1	6300	273	2005044	274	2011344	0.30	0.59
10001 & above	0	0	540	319533664	540	319533664	0.58	94.36
<b>Total</b>	<b>8734</b>	<b>1785584</b>	<b>83742</b>	<b>336841666</b>	<b>92476</b>	<b>338627250</b>	<b>100.00</b>	<b>100.000</b>



## Corporate Governance

### 13.16 Shareholding Pattern :

Category	As on 31.03.2015			As on 31.03.2014		
	No. of Holders	Shares held	% of total issued shares	No. of Holders	Shares held	% of total issued shares
THE PRESIDENT OF INDIA	1	173076750	51.11	1	173076750	51.11
FINANCIAL INSTITUTIONS	28	24262641	7.16	39	41597801	12.28
FII/OCBs	230	62883075	18.57	134	36061551	10.65
BANKS	11	173485	0.05	19	987126	0.29
MUTUAL FUNDS	151	30927733	9.14	117	32293017	9.54
NRIs	2965	1093114	0.32	2877	952205	0.29
EMPLOYEES (Physical)	555	237230	0.07	595	253595	0.07
OTHERS	88535	45973222	13.58	93644	53405205	15.77
TOTAL	92476	338627250	100.00	97426	338627250	100.00

### DECLARATION OF THE CHAIRMAN & MANAGING DIRECTOR

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the same are uploaded on the website of the company – <http://www.hindustanpetroleum.com>.

Further certified that the Members of the Board of Directors and Senior Management Personnel have affirmed and having complied with code as applicable to them during the year ended March 31, 2015.

Nishi Vasudeva  
Chairman & Managing Director





Hindustan Petroleum Corporation Limited

## Corporate Governance

### AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
**Hindustan Petroleum Corporation Limited**

1. We have examined the compliance of conditions of Corporate Governance by Hindustan Petroleum Corporation Limited for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges in India and the Guidelines on Corporate Governance for Central Public Sector Enterprises (Guidelines), as issued by the Department of Public Enterprises (DPE) of Ministry of Heavy Industries and Public Enterprises, Government of India.
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination, as carried out in accordance with the Guidance Note on Corporate Governance issued by the Institute of Chartered Accountants of India, was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement as well as the Guidelines issued by DPE subject to:
  - a) The number of Independent Directors on the Board of the Company is less than number prescribed under Clause 49(II)(A)(2) of the Listing Agreement and clause 3.1.4 of the Guidelines.
  - b) The composition of the Audit Committee which reviewed and recommended the financial statements including consolidated financial statements for the year ended March 31, 2015 was not in accordance with Clause 49(III)(A) of the listing agreement as referred in Note 58 of the financial statements.
  - c) The provisions relating to Related Party Transactions included in clause 49(VIII) were revised in the listing agreement and were applicable with effect from October 1, 2014. However, such policy was approved at the Audit Committee meeting held on February 13, 2015. Consequent thereto, approval for Related Party Transaction was taken from the Audit Committee on that date.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For CVK & Associates  
**Chartered Accountants**  
Firm No. : 101745w

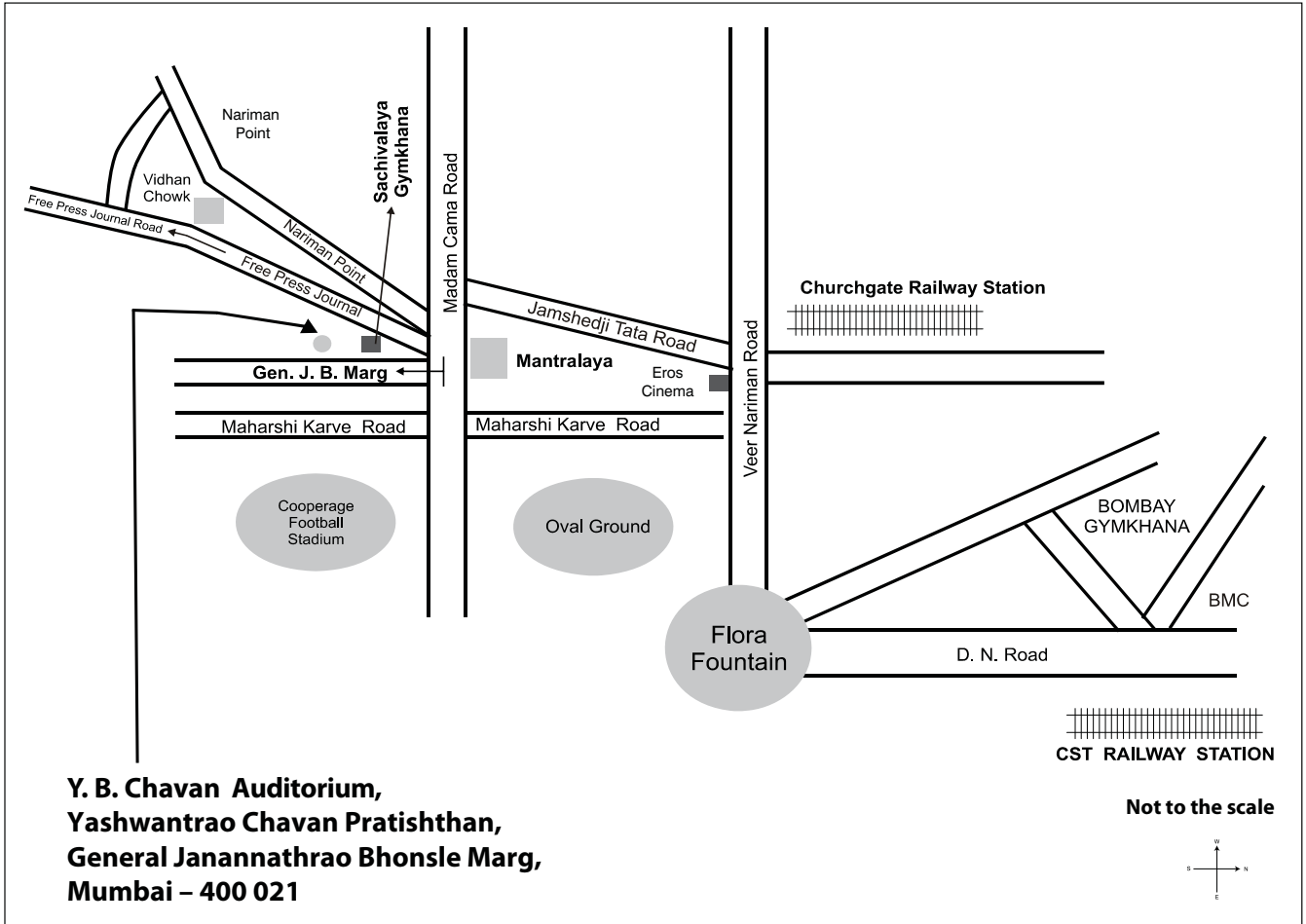
A.K. Pradhan  
**Partner**  
Membership No. 032156

Place : Mumbai  
Date : 07.08.2015

For GM Kapadia & Co  
**Chartered Accountants**  
Firm No.: 104767w

Rajen Ashar  
**Partner**  
Membership No. 048243

**ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING  
ON THURSDAY, THE 10TH SEPTEMBER, 2015 AT 11.00 A.M.**







**Hindustan Petroleum Corporation Limited**  
(A Government of India Enterprise)

**Petroleum House, 17, Jamshedji Tata Road,**  
Churchgate, Mumbai- 400020