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Annual Report 1996-97

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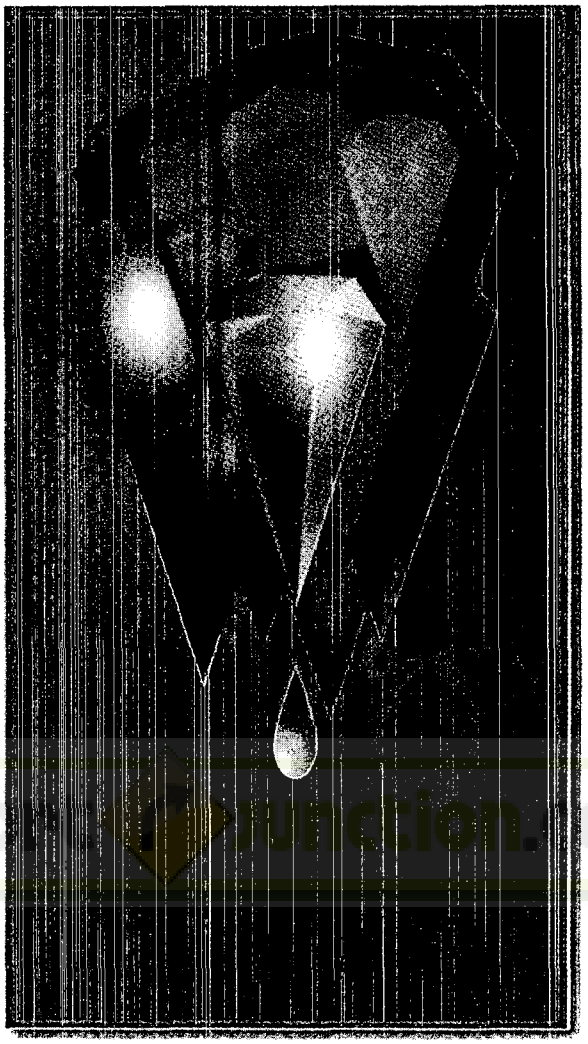
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HINDUSTAN PETROLEUM CORPORATION LIMITED

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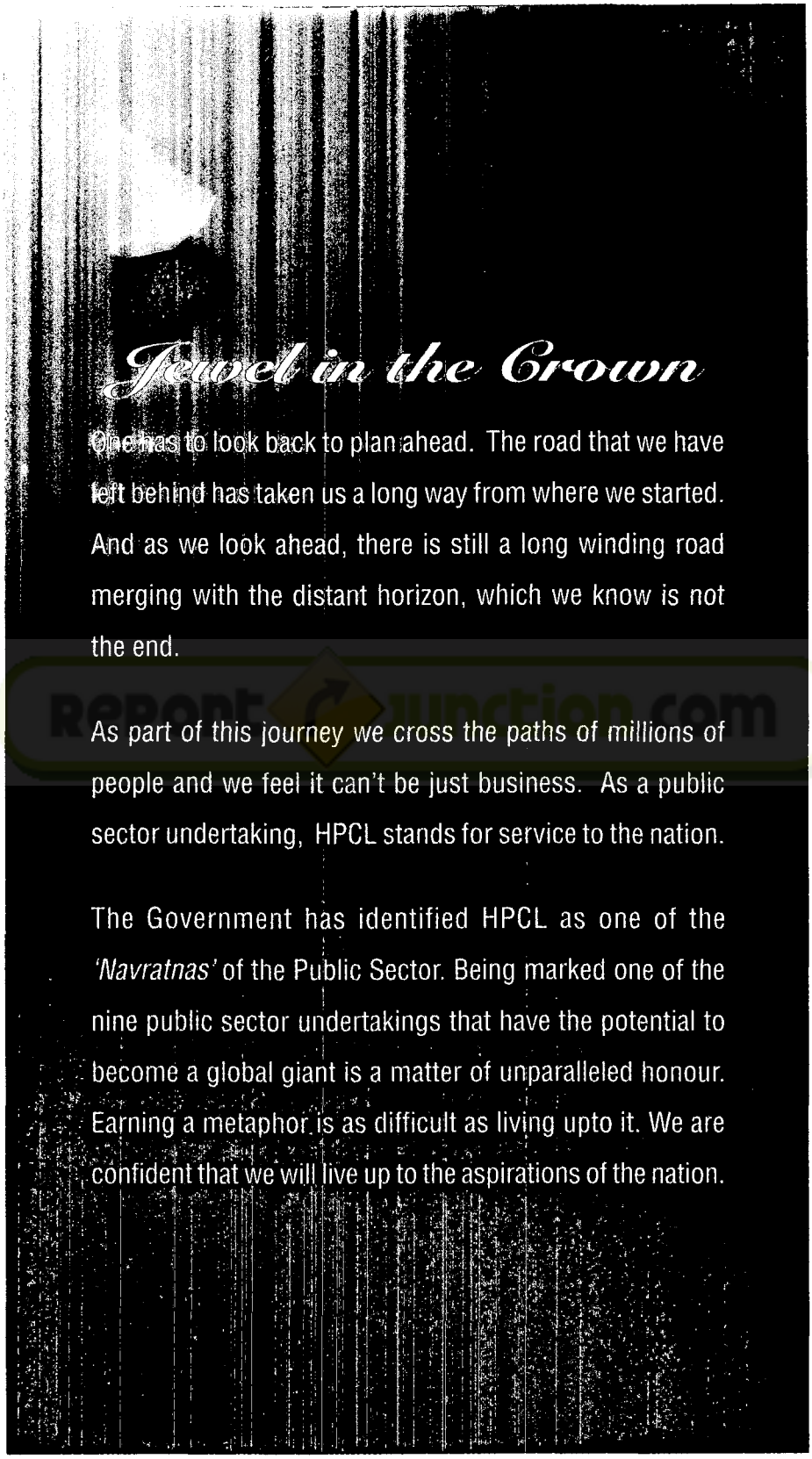


NAVRATNAS

Navratnas represent nine precious jewels. *Navratna* is a term given to nine Public Sector companies by the Government of India which are identified as having the potential to become global giants. HPCL is one of the coveted *Navratna.*

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Jewel in the Crown

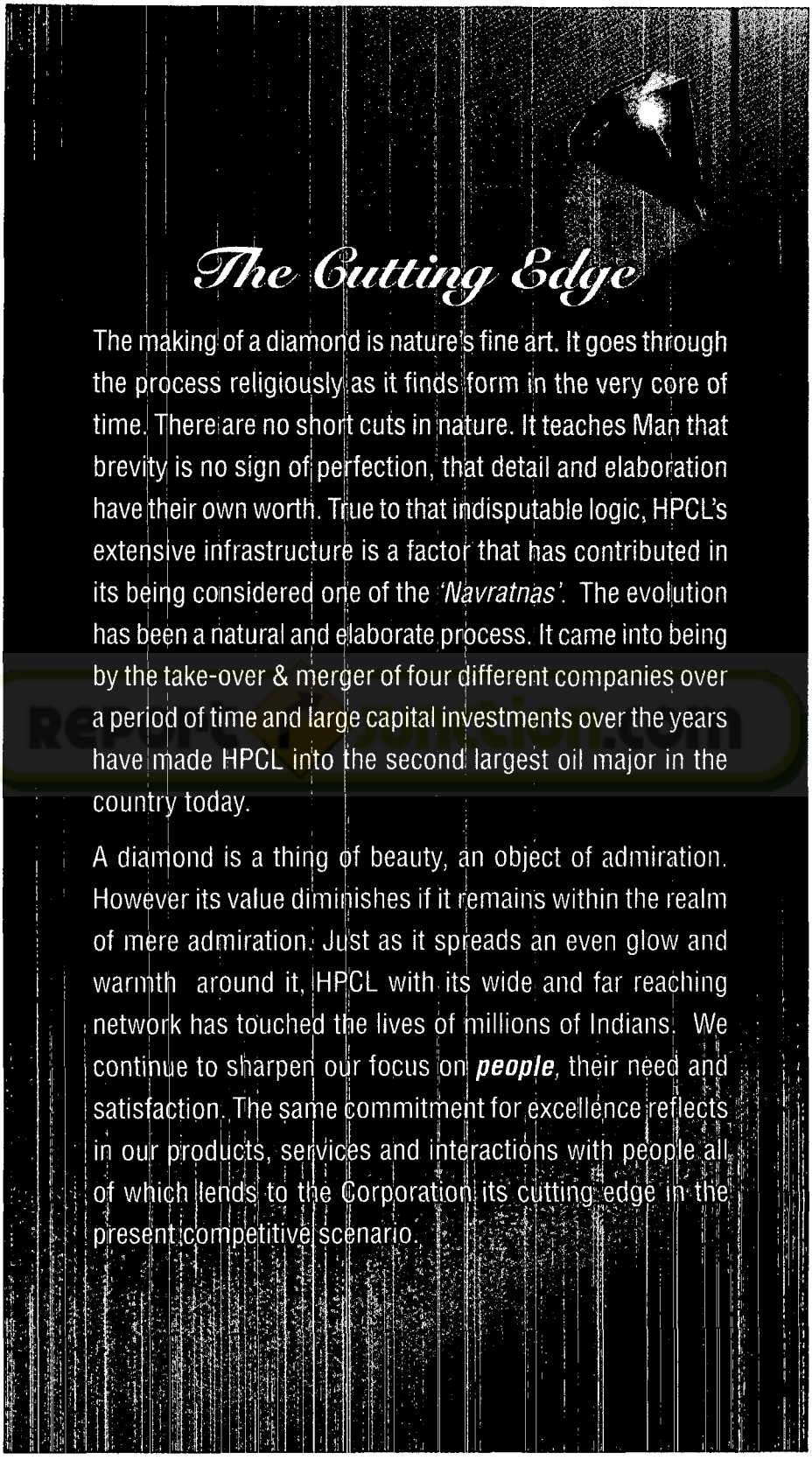
One has to look back to plan ahead. The road that we have left behind has taken us a long way from where we started. And as we look ahead, there is still a long winding road merging with the distant horizon, which we know is not the end.

As part of this journey we cross the paths of millions of people and we feel it can't be just business. As a public sector undertaking, HPCL stands for service to the nation.

The Government has identified HPCL as one of the *'Navratnas'* of the Public Sector. Being marked one of the nine public sector undertakings that have the potential to become a global giant is a matter of unparalleled honour. Earning a metaphor is as difficult as living upto it. We are confident that we will live up to the aspirations of the nation.

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The Cutting Edge

The making of a diamond is nature's fine art. It goes through the process religiously as it finds form in the very core of time. There are no short cuts in nature. It teaches Man that brevity is no sign of perfection, that detail and elaboration have their own worth. True to that indisputable logic, HPCL's extensive infrastructure is a factor that has contributed in its being considered one of the *'Navratnas'*. The evolution has been a natural and elaborate process. It came into being by the take-over & merger of four different companies over a period of time and large capital investments over the years have made HPCL into the second largest oil major in the country today.

A diamond is a thing of beauty, an object of admiration. However its value diminishes if it remains within the realm of mere admiration. Just as it spreads an even glow and warmth around it, HPCL with its wide and far reaching network has touched the lives of millions of Indians. We continue to sharpen our focus on ***people***, their need and satisfaction. The same commitment for excellence reflects in our products, services and interactions with people all of which lends to the Corporation its cutting edge in the present competitive scenario.

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Different Dimensions

Every diamond is unique. Operations may cut them to similar sizes but each is different from the other. A diamond never reflects a single colour, it is a spectrum of several shades and dimensions. HPCL is not just about oil. It is about building India through oil.

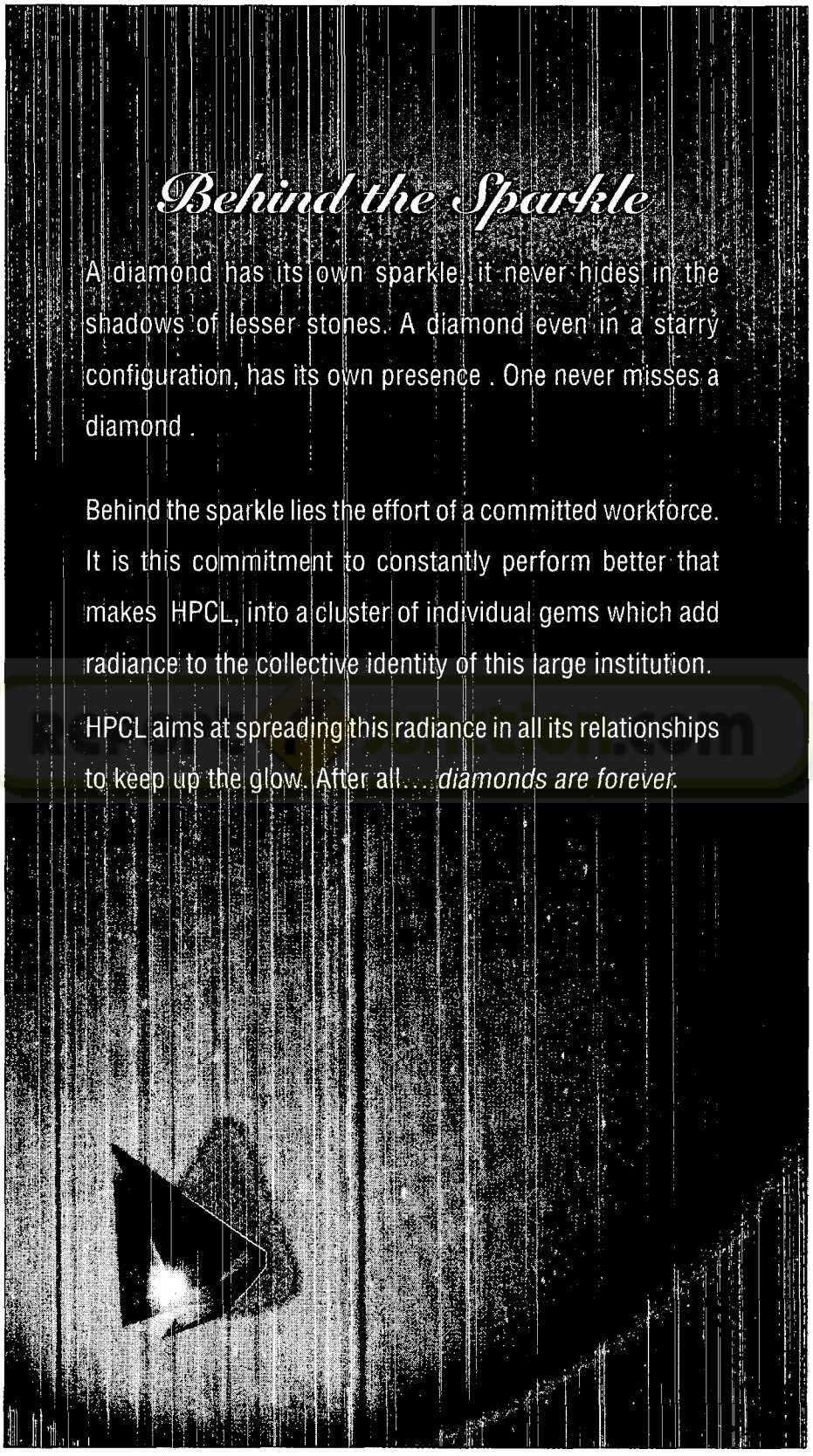
The Corporation has continuously, endeavoured to create an impact not only in the sphere of Indian business but also contribute significantly in the development of our Indian society. HPCL is committed to social welfare and has been at the forefront in discharging its social responsibility. As an organisation, that derives sustenance from the reservoirs of nature, we feel that we should give back to nature what it has so generously given. This is precisely why we feel so strongly about the environment... its protection & preservation.

HPCL... much more than just oil.



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Behind the Sparkle

A diamond has its own sparkle. it never hides in the shadows of lesser stones. A diamond even in a starry configuration, has its own presence . One never misses a diamond .

Behind the sparkle lies the effort of a committed workforce. It is this commitment to constantly perform better that makes HPCL, into a cluster of individual gems which add radiance to the collective identity of this large institution.

HPCL aims at spreading this radiance in all its relationships to keep up the glow. After all... *diamonds are forever.*

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HINDUSTAN PETROLEUM CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)
REGISTERED OFFICE : 17, Jamshedji Tata Road, Churchgate, Mumbai-400 020.

NOTICE

NOTICE is hereby given that the 45th **ANNUAL GENERAL MEETING** of the members of **HINDUSTAN PETROLEUM CORPORATION LIMITED** will be held at the Nehru Centre Auditorium, Dr. Annie Besant Road, Worli, Mumbai 400 018 on Friday, August 29, 1997 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on March 31, 1997, Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.

2. To declare dividend.

3. To appoint a Director in place of Shri D.S. Mathur, who retires by rotation and is eligible for reappointment.

4. To appoint a Director in place of Shri Devi Dayal, who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS

5. **Appointment of Shri Swarup K. Gupta as a Director of the Corporation.**

   To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** Shri Swarup K. Gupta who was appointed as an Additional Director of the Corporation by the Board of Directors with effect from April 26, 1997 and who holds Office upto the date of the 45th Annual General Meeting, and who is eligible for reappointment under Sections 255 and 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation."

6. **Appointment of Shri S.K. Kerr as a Director of the Corporation.**

   To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** Shri S.K. Kerr who was appointed as Additional Director of the Corporation by the Board of Directors with effect from October 24, 1996 and who holds office as a Whole Time Director (Personnel & Administration) upto the date of the 45th Annual General Meeting and who is eligible for reappointment under Sections 255 and 257 of the Companies Act, 1956, be and is hereby appointed as Director (Personnel & Administration) of the Corporation."

7. **Investment in Joint Venture Company M/s. Mangalore Refinery and Petrochemicals Ltd.**

   To consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** in partial modification of the resolution passed at the 44th Annual General Meeting held on August 20, 1996, approval of the Corporation be and is hereby given to the Board of Directors pursuant to Section 372 and other applicable provisions, if any, of the Companies Act, 1956, and subject further to the approval of the Central Government being obtained in this behalf, to the investment by the Corporation of a sum not exceeding Rs. 363 crores (Rupees Three Hundred and Sixty Three Crores only) by way of subscription to and/or purchase of 18,84,73,518 Fully Convertible Debentures of Rs. 19.26 each of M/s. Mangalore Refinery and Petrochemicals Ltd., a Joint Venture Company formed by Hindustan Petroleum Corporation Limited with M/s. Indian Rayon and Industries Ltd., and registered in the State of Karnataka, for the purpose of financing expansion of the 3 MMTPA Refinery at Mangalore, in the state of Karnataka, notwithstanding that such investment or such investment after conversion of the above mentioned Fully Convertible Debentures into Equity Shares together with the Corporation's existing investments in all other bodies corporate shall be in excess of any or all the percentages specified in sub-section(2) of the said Section 372 and the provisos thereto, and the Board of Directors of the Corporation be and are hereby authorised to determine the actual amount not exceeding Rs. 363 crores to be so invested, and to do or cause to be done, and/or execute and/or cause to be executed all such acts, agreements, deeds and things as they may think

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necessary or expedient in the matter, including obtaining approvals of all authorities, including the Government of India, if any, required to implement this resolution and settle all or any matters arising out of and incidental to the expansion of the said refinery and the proposed investment."

BY ORDER OF THE BOARD

N.R. NARAYANAN
COMPANY SECRETARY

July 22, 1997

REGISTERED OFFICE:
Petroleum House
17, Jamshedji Tata Road
Churchgate, Mumbai 400 020

NOTES :

1. Explanatory Statement prepared in pursuance of Section 173 of the Companies Act, 1956 in respect of Special Business is annexed.
2. 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 CORPORATION. Proxies in order to be effective, must be deposited at the Registered Office of the Corporation not less than 48 hours before the time of meeting.
3. Dividend on Equity Shares as recommended by the Directors for the year ended March 31, 1997 if approved at the meeting, will be payable to those eligible members whose names stand on Register of Members of the Corporation as on August 6, 1997 being the date of closure of the Register of Members and Share Transfer Books.

   The allottees of the Shares consequent upon Conversion of Detachable Tradeable Warrants, completed by the Corporation in April 1997, are not eligible for dividend for the Financial Year 1996-97.
4. Members are requested to bring their copies of the Annual Report to the meeting.
5. Members are requested to advise immediately quoting their Folio Number(s), change in their address, if any, to the Registrars at their respective address as given below.
6. We have enclosed a Bank Mandate form for purpose of ensuring safety in payment of dividend to the Shareholders. Members who have not given the Bank Mandate earlier or if there is any change in the Mandate, are requested to fill in all the particulars in the Bank Mandate Form as given below the Attendance Slip alongwith Proxy Form and send the same to the Registrars **M/S MCS Ltd.** on or before August 29, 1997. Members are also requested to inform the change in the mandate particulars to the Registrars **M/S MCS Ltd.** from time to time at the addresses given below.

IMPORTANT

A) **REGISTRARS :** Members may kindly note that the Corporation has appointed the following Registrars for handling inter alia Share transfer activities operating at the following addresses:

WARRANT CONVERSION SHARES ONLY

i) SHARE TRANSFER ACTIVITIES

M/S. TATA SHARE REGISTRY LTD.

Army & Navy Bldg.,
148, Mahatma Gandhi Road,
Fort, Mumbai - 400 001

ii) ALL OTHER MATTERS
RELATING TO CONVERSION SHARES ONLY

M/S. TATA SHARE REGISTRY LTD

Shalaka, Ist Floor,
Maharshi Karve Road,
Near Cooperage Telephone Exchange,
Mumbai 400 021

Tel: 2850886
Fax: 2850887

OTHER SHARES TRANSFERS,
DIVIDEND & ALL OTHER MATTERS.

M/S. MCS LTD

Plot No.27, Road No.11
Sri Venkatesh Bhavan,
MIDC Area, Andheri East
Mumbai 400 093.

Fax : 8350456
Tel : 8215235

M/S. MCS LTD

403, Dalamal Tower,
211, Nariman Point
Mumbai 400 021

Tel : 2049933
Fax : 2855188

TIMINGS : Monday to Friday 10.30 a.m. to 12.30 noon and 2.00 p.m. to 3.30 p.m.

B) **PARTICIPATION ON NSDL:**

Your Corporation has joined National Security Depository Limited (NSDL). As you may be aware, the depository system essentially aims at eliminating the voluminous paper work involved in scrip based trading system and offers scope for paperless trading through electronic media. M/s. MCS Limited, Registrars for HPCL will provide the necessary linkage with NSDL. Your Corporation is in the process of completing the formalities and proposes to bring its fully paid shares under NSDL operations shortly. Shareholders may kindly await further announcement in this regard.

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EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO. 5 :

Hindustan Petroleum Corporation Limited is a Government Company in terms of Section 617 of the Companies Act, 1956. In terms of Article 121 of the Articles of Association of the Corporation, Shri Swarup K. Gupta was appointed by the President of India, as an Additional Director (part-time) on the Board of Directors of the Corporation effective April 26, 1997, through the Ministry of Petroleum & Natural Gas. The appointment was in place of Shri Shanti Narain, Adviser (Traffic), Ministry of Railways, New Delhi, Director on the Board of the Corporation. In terms of Section 260 of the Companies Act, an Additional Director so appointed holds Office up to the date of the next Annual General Meeting and is eligible for reappointment. The Corporation has received Notice proposing candidature of Shri Swarup K. Gupta for the Office of a Director in terms of Sections 255 and 257 of the Companies Act, 1956.

Shri Swarup K. Gupta is Additional Member (Traffic), Railway Board, in the Ministry of Railways, Government of India and his association on the Board will be in the interest of the Corporation. The Board recommends the appointment of Shri Swarup K. Gupta.

None of the Directors other than Shri Swarup K. Gupta are interested in the Resolution.

ITEM NO. 6:

Hindustan Petroleum Corporation Limited is a Government Company in terms of Section 617 of the Companies Act, 1956. In terms of Article 121 of the Articles of Association of the Corporation, Shri S.K. Kerr, earlier Executive Director - Sales, was appointed by the President of India as Whole Time Director (Personnel & Administration) of the Corporation. The Board of Directors of the Corporation confirmed appointment of Shri S.K. Kerr as an Additional Director with effect from October 24, 1996. In terms of Section 260 of the Companies Act, an Additional Director so appointed holds office upto the date of the next Annual General Meeting and is eligible for re-appointment. The Corporation has received a notice proposing candidature of Shri S.K. Kerr for the office of Director in terms of Sections 255 and 257 of the Companies Act, 1956.

Shri Kerr has held various positions during his service period of 32 years with the Corporation, the last being that of ED-Sales. Board recommends the appointment of Shri S.K. Kerr as Director (Personnel & Administration).

None of the Directors other than Shri S.K. Kerr are interested in the Resolution.

ITEM NO. 7:

Hindustan Petroleum Corporation Limited (HPCL) alongwith M/s. Indian Rayon & Industries Ltd. (IRIL), Grasim Industries Ltd., Kesoram Industries Ltd. and Indo Gulf Fertilizers Ltd., have promoted and incorporated the Joint Venture Company namely M/s. Mangalore Refinery and Petrochemicals Ltd. (MRPL) in the month of July 1988 in the State of Karnataka.

MRPL was incorporated for the purposes of setting up initially a 3 MMPTA Grass Root Refinery at Mangalore in the State of Karnataka. In terms of Memorandum Of Understanding entered into by HPCL with IRIL and its associate companies, as mentioned above, it has been agreed that HPCL and IRIL with its associate companies would each contribute 26% in Equity capital of MRPL. MRPL Refinery was mechanically completed in March 1996 at a cost of Rs. 2696 crores and commercial production commenced from March 22, 1996.

In order to achieve economies of scale and also to cater to the growing demand of the petroleum products in the Southern India, MRPL has proposed expansion of refining capacity from 3 MMTPA to 9 MMTPA at an estimated cost of Rs. 3690 crores. It is proposed to finance the cost of the expansion through debt as well as equity participation. MRPL has finalised the scheme of financing of the expansion project. It includes issue of Fully Convertible Debentures to HPCL to the extent of Rs. 363 Crores instead of direct Equity Shares envisaged earlier. The Fully Convertible Debentures will be converted into Equity Shares of Rs. 10/- each at a premium of Rs. 9.26 per Share any time within 18 months from the date of Allotment of Debentures. After conversion of Debentures into Equity Shares, HPCL's holding in the Equity Share Capital of MRPL will increase to 37.38% till further issue of capital by MRPL to public. The Board of Directors of HPCL have therefore proposed to take the approval of Shareholders for investments in Fully Convertible Debentures of MRPL in modification of its earlier approval in the 44th AGM held on August 20, 1996 approving Equity Investment to the extent of Rs. 364 Crores. The Board of Directors recommend passing of the resolution.

None of the Directors are interested in the resolution, except Shri H.L. Zutshi, and Shri S.K.Kerr who are also Directors on the Board of MRPL, and may be deemed to be interested in the resolution. A copy of the MOU between HPCL & IRIL with its associates is available for inspection at the Registered Office of the Corporation.

BY ORDER OF THE BOARD

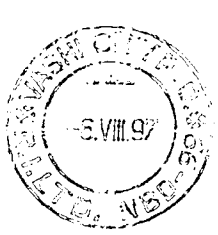
N.R. NARAYANAN
COMPANY SECREATRY

July 22, 1997

REGISTERED OFFICE:
Petroleum House
17, Jamshedji Tata Road
Churchgate, Mumbai 400 020

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