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वार्षिक रिपोर्ट १९९९-२०००
Annual Report 1999-2000



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Our Vision is to be a leading World Class Company in Hydrocarbons and Energy related Sectors with a Global Presence.

The cover depicts the embodiment of HPCL's thrust to emerge as a front-runner amongst leading Hydrocarbon companies... carving out a "future full of energy".

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Registered Office and Headquarters Office
Petroleum House,
17, Jamshedji Tata Road,
Mumbai 400 020.
e-mail : corphqo@hpcl.co.in
website : www.hindpetro.com

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

Mumbai Refinery
Corridor Road, Mahul,
Mumbai 400 074.

Visakh Refinery
Post Box No. 15,
Visakhapatnam 530 001.

Zonal Offices

East Zone
6, Church Lane,
Post Box No. 146,
Calcutta 700 001.

West Zone
R & C Building,
Shri J.J. Road, Byculla,
Mumbai 400 008.

North Zone
11th Floor, Tower I,
Jeevan Bharati Building,
124, Indira Chowk,
New Delhi 110 001.

South Zone
Thalamuthu Natarajan Building,
4th Floor, 8, Gandhi Irwin Road,
Post Box No. 3045, Egmore,
Chennai 600 008.

Company Secretary
Shri N.R. Narayanan

Statutory Auditors

Batliboi & Purohit
Chartered Accountants
Mumbai.

Ford, Rhodes, Parks & Co.
Chartered Accountants
Mumbai.

Branch Auditors
Sriramamurthy & Co.
Chartered Accountants
Visakhapatnam.

Bankers
State Bank of India
Union Bank of India
Punjab National Bank
Standard Chartered Bank
Bank of Baroda
ANZ Grindlays Bank
Bank of India
Citibank N.A.
Corporation Bank

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Board of Directors

SHRI H.L. ZUTSHI	Chairman and Managing Director
SHRI SWARUP K. GUPTA	Director Additional Member - Traffic, Railway Board
SHRI NARESH NARAD	Director Additional Secretary - Marketing MOP & NG
DR. B. MOHANTY	Director Joint Adviser - Finance MOP & NG
SHRI T.L. SANKAR	Director Principal, Administrative Staff College of India, Hyderabad
SHRI RAJA G. KULKARNI	Director
SHRI RAJESH V. SHAH	Director Managing Director, Mukand Ltd.
SHRI M. NANDAGOPAL	Director Managing Director, Mohan Breweries & Distilleries Ltd.
SHRI D.S. MATHUR	Director - Refineries
SHRI S.D. GUPTA	Director - Finance
SHRI S.K. KAPOOR	Director - Marketing
SHRI S.K. KERR	Director - Human Resources

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Chairman's Message

One more eventful financial year came to a close in March 2000. As you are aware, last year your Corporation completed 25 years as a PSU and will now be progressing towards completing 50 years since the formation of the Company in 1952. Over the period, activities of your Corporation have been growing steadily in terms of volume, diversifications, profitability and complexity.

The process of partial disinvestment of your Corporation's shares by Government during 1993-94 as part of the Government's economic liberalisation programme was the first step towards ushering in a period which would see market forces influencing the performance of the Corporates. The Public Issue in two phases, during 1995 and 1997, widened the shareholders' base, making your Corporation as the only PSU where Government of India's holding is close to the threshold limit of 51%, the balance being distributed among FIs, FIIs, MFs, NRIs, Employees and Public. With the Economic indices showing a positive trend, energy demand in various forms showing steady increase in the period to come, Government of India's Hydrocarbon Vision 2000-2025 envisaging inter-alia, full dismantling of APM by April 2002, your Corporation is gearing up to meet the requirements of the changing environment.

Expansions, Diversifications, Consolidations are becoming commercial compulsions globally to sustain growth and profitability. Your Corporation has been going through this process through its own activities as well as in terms of formation of joint ventures, for establishing new projects, both in the downstream as well as upstream areas. The Joint Venture approach has benefitted the Corporation in terms of shared approach to investments, avenues to receive expertise and achieving synergy in skills. This approach will be sustained to exploit the growth potential in the areas of exploration and production, improved marketing infrastructure and export opportunities etc.

The significant areas of performance during the financial year 1999-2000 were sales turnover of Rs. 34,368 crores, net profit of Rs. 1,057 crores, crude thruput of. 10.55 Million tonnes, internal resource generation of Rs. 1,036 crores, and contribution to exchequer of Rs. 8,732 crores. For the 9th year in succession, your Corporation recorded an 'Excellent' rating on the performance MOU signed with the Government of India. The Corporation

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paid an interim dividend of 80% on the increased equity after issue of Bonus shares. With the proposed 30% final dividend, the total dividend for 1999-2000 will be 110%.

Other achievements during the year included the capacity expansion of Visakh Refinery from 4.5 MMT to 7.5 MMT per annum and completion of the Diesel Hydro De-Sulphurisation project at Mumbai and Visakh Refineries at a total cost of Rs. 1500 crores. Both the Refineries are now supplying unleaded petrol and extra low sulphur diesel.

Implementation of (a) the 9 million tonnes Punjab Refinery Project, (b) the 500 MW VTB based Power Plant at Visakh, (c) the 60,000 tonnes LPG cavern storage facility at Visakh, (d) the enterprise wide information system and (e) the Stablisation of the newly constituted SBU Units of Marketing Division will be the important activities in the next few years. These activities are expected to provide considerable value addition to the Corporation.

The emerging competition in marketing of Petroleum products has intesified with the customers expecting not only quality products but extended range of services. The Corporation has embarked upon upgradation and modernisation of its Retail Outlets. Facilities such as Convenience Stores, Cyber kiosks, Automated Teller Machines are being introduced in a gradual manner. This initiative has already evoked positive repsonse from the customers.

Continued success in performance requires concerted efforts and commitment to the Organisational goals coupled with endeavour towards achieving high standards of performance and productivity. Your Corporation strives constantly towards this. The confidence and support of our large base of customers, business associates, loyal shareholders and dedicated employees gives us the required impetus to continue with the high level of performance.

Specific details of performance are given herein.

H.L. ZUTSHI
Chairman & Managing Director

Mumbai

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Equity History

Year	Particulars	No. of shares Issued	Total No. of shares	Face value per share Rs.	Total Share Capital Rs.
1973	Equity Shares (Before take over by Government of India)	—	11,25,000	20	2,25,00,000
1974	Issue of equity shares on takeover of ESSO Eastern Inc and amalgamation of Lube India Limited	1,00,000	1,00,000	1,000	10,00,00,000
1978-1979	Issue of equity shares to the President of India on amalgamation of CORIL	52,000	1,52,000	1,000	15,20,00,000
1983-1984	Issue of equity shares to the President of India	2,50,000	4,02,000	1,000	40,20,00,000
1985-1986	Issue of Bonus shares to the President of India (17:10)	2,36,400	6,38,400	1,000	63,84,00,000
1991-1992	Sub-division of equity shares	—	6,38,40,000	10	63,84,00,000
1994-1995	Issue of Bonus shares (2:1)	12,76,80,000	19,15,20,000	10	1,91,52,00,000
1995-1996	Public Issue - Phase I	1,73,50,000	20,88,70,000	10	2,08,87,00,000
1997-1998	Public Issue - Phase II (Warrant Conversion)	1,73,50,000	22,62,20,000	10	2,26,22,00,000
1999-2000	Issue of Bonus shares (1:2)	11,31,10,000	33,93,30,000	10	3,39,33,00,000

Disinvestment by Government of India

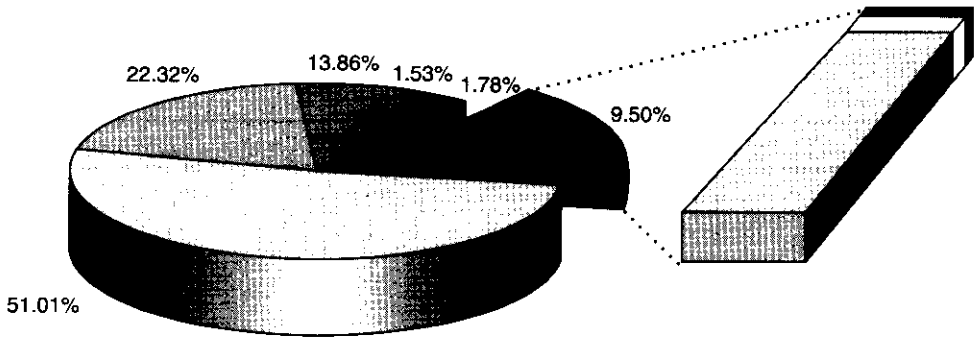
Period	Details	No. of Shares
March 1992	Phase I	1,27,68,000
October 1992	Phase II	31,92,000
December 1992	Phase III*	31,92,000
March/April 1994	Phase IV	44,68,800
May 1994	Issue of Shares to Employees	17,57,700
May 1995	Public Issue - Phase I	1,73,50,000
April 1997	Public Issue - Phase II (Warrant Conversion)	1,73,50,000

* includes 40000 shares transferred in May 1999.

After Disinvestment / Public issue, Government of India's share holding stands at 51.01% of total issued Share Capital.

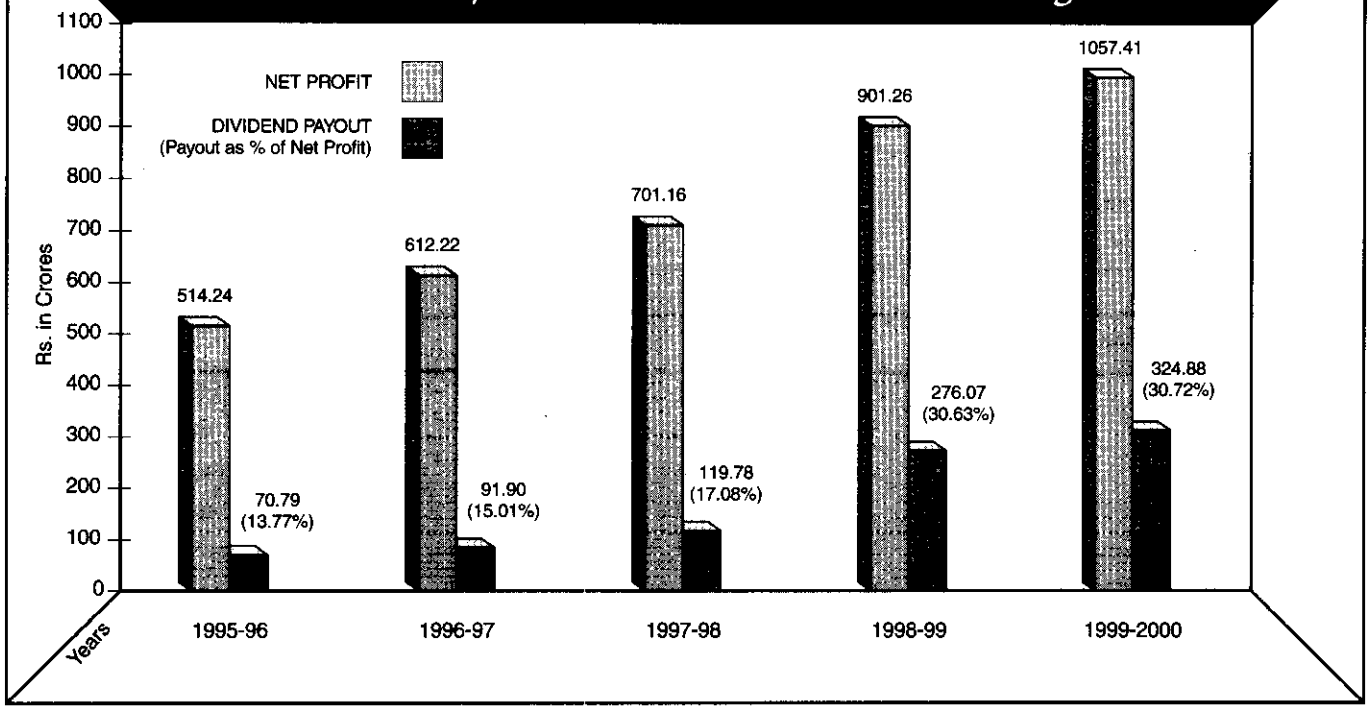
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Shareholders' Profile As On 31st March, 2000



Government of India | Financial Institutions | Foreign Institution Investors/OCB | Mutual Funds | Banks

Net Profit And Dividend Payout



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Performance Profile

	1999-2000	1998-1999	1997-1998	1996-1997	1995-1996
PHYSICAL		MILLION TONNES			
CRUDE THRUPUT	**10.55**	9.07	8.84	11.39	11.01
Mumbai Refinery	**6.00**	5.21	6.38	6.54	5.97
Visakh Refinery	**4.55**	3.86	2.46	4.85	5.04
PIPELINE THRUPUT	**6.18**	5.05	3.98	3.76	3.68
MARKET SALES	**17.50**	16.98	16.00	15.46	14.15
FINANCIAL		Rs./CRORES			
TURNOVER	**34368.03**	25994.56	20512.91	18089.09	14862.25
Gross Profit	**1727.88**	1804.05	1403.01	1332.15	1090.62
Depreciation	**303.91**	404.61	390.07	292.93	198.46
Interest	**150.40**	118.88	84.98	97.52	46.21
Tax	**216.16**	379.30	226.80	329.48	331.71
NET PROFIT	**1057.41**	901.26	701.16	612.22	514.24
Dividend	**284.98**	248.71	108.89	83.55	70.79
Tax on Distributed Profits	**39.90**	27.36	10.89	8.35	—
Retained Earnings	**732.53**	625.19	581.38	520.32	443.45
INTERNAL RESOURCES GENERATED	**1036.44**	1029.80	971.45	813.25	641.91
VALUE ADDED	**3541.69**	3164.91	2832.56	2673.69	2340.56
WHAT CORPORATION OWNS					
Gross Fixed Assets	**8431.07**	5710.36	4861.22	3776.32	3159.75
Depreciation	**2809.94**	2515.96	2134.98	1772.69	1483.36
Net Fixed Assets	**5621.13**	3194.40	2726.24	2003.63	1676.39
Capital Work- in-Progress	**474.57**	1761.43	953.14	607.67	382.15
Investments - JVCs	**495.34**	491.34	484.86	121.65	120.30
- Others	**85.36**	442.64	1156.12	162.17	162.17
Net Current Assets	**1995.08**	570.74	266.85	1938.58	792.79
Misc. Expenses (Public Issue Expenses to the extent not written off)	**1.70**	6.21	10.68	15.19	14.16
TOTAL	**8673.18**	6466.76	5597.89	4848.89	3147.96
WHAT CORPORATION OWES					
Net Worth	**5771.69**	5037.21	4292.97	3274.55	2701.76
Share Capital	**338.75**	225.59	221.44	208.55	206.94
Reserves	**5432.94**	4811.62	4071.53	3066.00	2494.82
Borrowings	**2901.49**	1429.55	1256.93	1418.10	446.20
Share Application/Call Money Pending Allotment/Appropriation	**—**	—	47.99	156.24	—
TOTAL	**8673.18**	6466.76	5597.89	4848.89	3147.96

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Performance Profile



	1999-2000	1998-1999	1997-1998	1996-1997	1995-1996
FUND FLOW STATEMENT			**Rs./CRORES**		
Sources of Funds :					
Profit after Tax	**1057.41**	901.26	701.16	612.22	514.24
Depreciation	**303.91**	404.61	390.07	292.93	198.46
LPG Deposits	**354.54**	204.49	193.05	105.06	81.50
Borrowings (Net)	**644.23**	—	224.57	262.75	—
Share Application Money/Call Money	**—**	—	—	156.24	—
Share Capital	**0.06**	4.15	12.89	1.61	15.43
Share Premium	**1.88**	136.86	425.46	52.81	528.05
Redemption of Oil Bonds	**283.00**	711.00	—	—	—
Redemption/Sale of Investment	**74.91**	—			
Adj on account of sale/ deletion of Assets & Prov. for diminution in Investment	**21.02**	9.39	34.83	4.27	28.03
TOTAL	**2740.96**	2371.76	1982.03	1487.89	1365.71
Utilisation of Funds :					
Dividend	**284.98**	248.71	108.89	83.55	70.79
Tax on Distributed Profits	**39.90**	27.36	10.89	8.35	—
Capital Expenditure	**1465.44**	1687.93	1492.98	849.96	522.66
Working capital : Inc/ (Dec)	**853.01**	331.70	(961.63)	413.64	687.61
Repayment of Loans (Net)	**91.89**	21.65	—	—	76.87
Investment - JVCs (Incl. Adv. against Equity)	**10.25**	10.89	233.16	131.35	11.12
Investment- Others	**—**	—	994.00	—	—
Share Application/Call money	**—**	47.99	108.25	—	—
Misc. Exps. (Public Issue exps.)	**(4.51)**	(4.47)	(4.51)	1.04	(3.34)
TOTAL	**2740.96**	2371.76	1982.03	1487.89	1365.71
CONTRIBUTION TO EXCHEQUER					
Excise Duty	**3308.93**	2214.89	1588.71	1302.96	819.99
Customs Duty	**1335.17**	1199.10	1698.24	2341.50	2048.95
Sales Tax	**3920.23**	2869.65	2712.13	2093.54	1744.71
Income Tax	**167.91**	293.34	271.52	396.35	292.82
TOTAL	**8732.24**	6576.98	6270.60	6134.35	4906.47
RATIOS					
Gross Profit/Sales (%)	**5.03**	6.94	6.84	7.36	7.34
Net Profit/Sales (%)	**3.08**	3.47	3.42	3.38	3.46
Earnings Per Share (Rs.)	**40.82 #**	39.84	32.19 @	29.31	25.33*
Cash Earnings Per Share (Rs.)	**52.55 #**	57.73	50.11 @	43.33	35.10*
Debt Equity Ratio	**0.06 :1**	0.14:1	0.18:1	0.16:1	0.09:1
MANPOWER	**11584**	11583	11489	11221	11209

* On average Share Capital of Rs.203.02 crores

@ On average Share Capital of Rs.217.79 crores

\# On average Share Capital of Rs. 259.07 crores

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