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वार्षिक रिपोर्ट २००६-०७ | Annual Report 2006-07

हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड | HINDUSTAN PETROLEUM CORPORATION LIMITED

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Imagine a world where fuel tankers are tracked by satellites. Where fuelling terminals are automated. And the fuel that goes into customers vehicle tanks is monitored remotely through computers.

Now imagine it's not a vision of the future. Imagine it's here and now. Because it is.

At Club HP e-fuel stations, we have brought the cutting edge of technology face to face with everyday life. These next-generation fuel pumps take dispensing and quality monitoring to a whole new level.

Satellites track our tankers on their journey from the refinery/terminal to the Retail Outlets. Online densitometers ensure the quality of fuel down to the last drop. Tamper-proof locks and customized anti-theft devices safeguard the fuel from doctoring or pilfering. Automated dispensers precisely calculate the fuel quantity and automatically generate electronic receipts.

As a Fortune 500 company and in keeping with our pioneering spirit, we have imbibed technology across all business spheres, including LPG, Lubricants and Retail, while automation encompasses our entire spectrum of operations, from e-fuel stations to e-business solutions and online HR systems. Because we know that technology shapes the future.



Recent Events



Hon'ble Chief Minister of Andhra Pradesh, Dr. Y S Rajasekhara Reddy launches 'Ethanol Blended Petrol' at Hyderabad in the presence of Hon'ble Minister of Petroleum & Natural Gas, Shri Murlidhar Deora, Hon'ble Minister of State for Petroleum and Natural Gas, Shri Dinsha Patel and CMD (HPCL), Shri Arun Balakrishnan



Handing over of GGSRL Share Certificate. Seen in the photograph (L-R) are Shri Aditya Mittal, Promoter Mittal Investments s.a.r.l., Shri M. S. Srinivasan, Secretary - MOP&NG, Shri L. Mittal, Founder Promoter of Mittal Investment s.a.r.l. (MI), Shri Murlidhar Deora, Hon'ble Minister of Petroleum & Natural Gas, Shri Dinsha Patel, Hon'ble Minister of State for Petroleum and Natural Gas and Shri Arun Balakrishnan, C&MD



Shri C Ramulu, Director - Finance receiving the 'MOU Excellence Award' from Shri Jairam Ramesh, Hon'ble Minister of State in the Department of Commerce, Minister of Commerce & Industry, Govt of India



Adieu to Shri M B Lal, former C&MD

Recent Events



Shri M. S. Srinivasan, Secretary - MOP&NG inaugurating HPCL Stall at Petrotech 2007.



HPCL's Power voted as India's Most Preferred Brand of Automotive Fuel at the CNBC Awaaz Consumer Award 2007. Seen in the photograph are Shri S. Roy Choudhury, Director - Marketing receiving the Award along with Shri S. P. Chaudhry, Executive Director - Retail and Shri L. M. Motwani, DGM - PR & CC.



Term contract for supply of Kuwait Export crude for the year 2007-08 was signed by Shri M A Tankiwala, Director (Refineries) and Mr. Waleed Al-Hashash, DMD (Marketing), KPC in the presence of Shri Arun Balakrishnan, C&MD, Shri P.K. Sinha, Jt Secy & Financial Advisor, MOP&NG and Mr. Jamal A. Alnouri, MD (International Marketing), KPC.

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Chairman's Message



Dear Shareholder,

This is my first communication to you after taking charge as C&MD of your Corporation with effect from April 01, 2007. I am sure you must have noticed that the Corporation has achieved significant physical and financial performance for the year 2006-07. The Board of Directors have proposed a final equity dividend of 120% for the year 2006-07 taking the total dividend for the year to 180% with 60% interim dividend already been paid to the Shareholders. While the details of the performance of the Corporation have been given in detail in this report elsewhere, I would like to focus on some important and strategic issues.

Both Mumbai Refinery and Visakh Refinery recorded significant performance during the year and were able to achieve a throughput of 16.66 MMT representing 128% capacity utilization. The completion of major maintenance programme at both the Refineries and the several initiatives taken aimed towards improving unit performance, reduction in instances of downtime, maintenance and upgradation of equipment have all contributed to the enhanced performance of the Refineries. Optimum capacity utilization, improving yield pattern, production of high value products, innovative blend management skills, energy conservation measures, close coordination with Marketing, International Trade & Supplies Dept. etc. will be the focus area for the Refineries. When the ongoing Refinery upgradation programme gets completed at both Mumbai and Visakh, it would result in the refining capacity getting enhanced to 18 MMTPA and production of Euro III / Euro IV MS/ Euro III HSD, flexibility to process different types of crude including higher quantum of heavier crudes by both the Refineries.

Chairman's Message

The Marketing Division has achieved highest ever sales volume of 21.69 MMT which resulted in the Corporation recording the highest ever turnover of Rs.91,448 crores representing a growth of 23.5%. The Mundra Delhi Pipeline is mechanically completed and Mumbai Pune Pipeline extension to Solapur has been completed and commissioned by the Marketing Division.

In the core area of Refining and Marketing, while it would be our endeavour to ensure enhanced performance in terms of Refinery throughput and Market sales, the marketing margins would continue to be an area of concern. The crude oil prices continue to remain high and there appears to be no indication currently of a significant fall in the price in the near future. On the contrary, further increase cannot be ruled out. Crude oil prices are influenced not only by the market determined forces but also other geo-political factors.

As a Government Company, your Corporation functions having regard to the overall economic policies of the Government of India which include equitable distribution of petroleum products across the cross sections of the society and more importantly at affordable prices. Hence the continued subsidies on products like LPG and Kerosene and non-revision in the prices of products like petrol and diesel resulting in under-recoveries. The Government continues to be seized of the matter and is compensating your Corporation as well as other downstream oil companies thru issue of oil bonds as well as making the upstream companies share a portion of the subsidy burden.

Having regard to the constraints as explained above, your Corporation continues to look for other areas of revenue generation and profitability. The Corporation is focusing on opportunities in the area of Exploration and Production, Natural Gas (CNG/LNG), Bio-diesel options, Wind Power Project etc, The Corporation is pursuing such projects either through Joint Ventures or joint initiatives with reputed companies who have core capabilities in the respective segment. Several steps have been taken and the Corporation would scale up its activities in these areas in a phased manner.

Various HR initiatives taken and implemented during the last few years which included the 'Balanced Scorecard' tool to set up performance targets and evaluation, Competency Mapping Process to enhance employee capabilities, Six Sigma approach for quality improvement have all resulted in enhanced capabilities, vigour and commitment in our employees. This fills me with the confidence that the Organisation is fully equipped to take on the challenges in its pursuit of growth and thereby the transition from a Downstream Company to an Integrated Energy Company.

Chairman's Message

The details of various ongoing major and other projects including the prestigious Joint Venture LPG Cavern project which is nearing completion at Visakh have been given in the report. Your Corporation is contemplating several new projects both in Refineries as well as Marketing with an outlay of Rs.30000 crores over the next 5 years. This would include Lube Oil Base stocks upgradation at MR, new VR expansion project, SPM facilities at Visakh for importing crude oil in large carriers, mixed xylene and propylene production at Mumbai and Visakh Refineries, petro-chemical complex at APSEZ at Visakhapatnam. These projects when completed would bring in significant revenue contribution to the Corporation. These projects would be financed both thru internal resources and borrowings.

Quality / Quantity assurances to customers, automation of facilities, increased thruput per retail outlet, penetrating to rural and highway segments, aggressive marketing in the area of Lubricants, Industrial and Consumer Business, Aviation, Bitumen which are non subsidy products, penetration to rural and highway segment etc will be the focus area of Marketing Division in the coming period.

The Corporation's 9 MMTPA grassroot Refinery project at Bhatinda, Punjab has received significant boost in the form of the globally well known Mittals joining as a JV partner for implementing the project. M/s. Mittal Energy Investments Pte Ltd., also received approval from the Government for their equity investment through one of their Affiliate Company. Various critical project related activities are in an advanced stage of finalization which includes financial closure, refinery configuration, selection of process packages, engagement of various Consultants for the project. This project which is estimated to cost close to Rs.18000 crores would be completed in a period of about 4 years from now. This will enable HPCL to have independent source of products to cater to its requirement in the North and any excess would be exported. The Mundra Delhi Pipeline which would be commissioned shortly would enable the Corporation to move its products from Mundra to cater to its requirement in several areas in the North. It could be also utilized to move the product from the Refinery at Punjab to other Market locations and also for exports, if required.

We are grateful to all our esteemed Shareholders, our Stakeholders like dealers, customers, vendors, contractors business associates, employees and all others who have reposed their faith in HPCL. Our Administrative Ministry, Ministry of Petroleum & Natural Gas, has been providing continuous guidance and support in our efforts. We, on our part, would continue to take HPCL further towards growth and profitability by meeting the challenges that we face and on capitalizing the opportunities that arise. We look forward to your continued support in this ongoing journey.

Thank you,

ARUN BALAKRISHNAN

Our Directors



Shri Arun Balakrishnan
Chairman & Managing Director
(From 01.04.2007)



Shri M B Lal
Chairman & Managing Director
(Till 31.03.2007)



Shri P K Sinha
Director



Shri C Ramulu
Director - Finance



Shri T L Sankar
Director



Shri Prabh Das
Director



Shri S Roy Choudhury
Director - Marketing



Shri Rajesh V Shah
Director



Shri P.V. Rajaraman
Director (From 20.07.07)



Shri M A Tankiwala
Director - Refineries



Shri M Nandagopal
Director



Prof. Prakash G. Apte
Director (From 20.07.07)



Shri V Viziasaradhi
Director - HR
(From 03.08.2007)



Prof. I M Pandey
Director

Senior Corporate Officers



Shri B.R. Mandal
Chief Vigilance Officer



Shri S.K. Mukherjee
Executive Director - SH&E**



Shri K. Murali
Executive Director - R&D



Shri N.R. Narayanan
Company Secretary



Shri A.K. Bhide
Executive Director - CF**



Shri K.S.R. Prasad
Executive Director - IA & JVC



Ms. Nishi Vasudeva
Executive Director - IT & ERP



Shri B. Mukherjee
Executive Director - T & T



Shri O.P. Pradhan
General Manager - CP & S



Shri S.P. Gupta
Financial Controller



Shri K.V. Rao
General Manager - IA & JVC



Shri A.B. Pai
General Manager - HRD



Shri Sandeep Joseph
General Manager - IR



Shri G. Hariharan
General Manager - Legal



Shri D.M. Sabale
General Manager - SH&E



Shri S.T. Sathiavageswaran
General Manager - ERP



Shri M.V. Sreeram
General Manager - IT (Corp.)



Shri R. Ganesan
General Manager - Tax



Shri D.K. Hota
General Manager - MRA & P



Shri Ajit Singh
DGM (I/C), DCO



Shri L.M. Motwani
DGM - PR&CC

** : Retired from the services of the Corporation