



We have only one home.

Let's preserve it.



वार्षिक रिपोर्ट २००८ - ०९ | Annual Report 2008 - 09

हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड | Hindustan Petroleum Corporation Limited
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Cover Theme

Striking a balance between operating the business and maintaining harmony with the surroundings is HPCL's Environment, Health and Safety Policy. It underlines HPCL's commitment to conduct its operation in such a manner so as to be compatible with the environment by ensuring related operating practices, philosophy and training. Whether it is transporting energy sources or utilization of residual fuels, it's all about being in tune with the earth's needs as well as the consumer's.

We have a duty towards preserving Nature. In Earth, we have just one home and it's our obligation to preserve the same for future.

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Our Directors

Whole Time Directors	Ex-Officio Part-Time Directors	Non-Official Part-time Directors
Shri Arun Balakrishnan Chairman & Managing Director	Shri P.K. Sinha Director	Shri P.V. Rajaraman Director
Shri S. Roy Choudhury Director - Marketing	Shri L.N. Gupta Director (From 25.06.2008)	Prof. Prakash G. Apte Director
Shri V. Viziasaradhi Director-Human Resources		Shri T. L. Sankar Director (Till 01/12/08)
Shri B. Mukherjee Director - Finance		Prof. I.M. Pandey Director (Till 08/12/08)
Shri K. Murali Director - Refineries (From 02.02.2009)		
Shri M. A. Tankiwala Director - Refineries (Till 31.01.2009)		



Chairman's Message

Dear Shareholders,

It is once again my privilege and pleasure to share the details of the performance of your Corporation for the financial year 2008-09.

The year gone by was marked by volatility and trauma with catastrophic events that have reshaped the world. Oil prices touched \$147 per barrel in July 2008. As sub-prime mortgage crisis unfolded, the global economy suffered one of the worst economic contractions since the Great Depression. Oil prices fell dramatically to \$34/bbl by December 2008 in response to the crisis. The governments all over the world have deployed a series of measures, conventional and unconventional, to stabilize the financial system and to contain the fallout on the real sector.

As oil prices rose, the Government of India increased prices of diesel and petrol in June 2008 to reduce the under-recovery/subsidy burden borne by the oil companies. Growth decelerated sharply in the third quarter as a result of uncertain economic climate. Exports as well as capital inflows were affected adversely by global economic crisis. The Indian government also introduced a series of fiscal stimulus to minimize the impact of slowdown. The Government brought down petrol and diesel prices as oil prices declined in the second half of the year. Consumption of products whose prices are controlled such as petrol, diesel and LPG has held up while demand for industrial products whose prices follow international trends such as ATF, FO/LSHS, Bitumen etc. fell due to a combination of high prices and economic slowdown.

Even under these difficult conditions, your Corporation's physical performance exceeded targets. Refineries at Mumbai (MR) and Visakh (VR) achieved a combined throughput of 15.81 million metric tonnes. Market sales (including exports) were 25.39 million metric tonnes compared with 24.47 million metric tonnes in 2007-08. The product pipelines achieved a throughput of 10.58 million metric tonnes vis-à-vis the target throughput of 9.20 million metric tonnes.

The Company achieved highest ever turnover of Rs.1,16,428 crores during the year as against Rs.1,03,837 crores in 2007-08. The profit after tax for the year is Rs.575 crores compared to Rs.1135 crores for the previous year. The financial performance of the Corporation was affected by the higher interest cost of Rs.2083 crores, an increase of Rs.1317 crores over the previous year. The increase in the interest cost was mainly on account of higher borrowings, arising due to increase in gross under-recoveries in the current year and the delay in receipt of oil bonds, to finance the working capital requirements. Borrowings at the end of the year were Rs.22,755 crores. The funds requirement was managed through a combination of short and long term loans and thru judicious treasury management.

India is a growing economy and it needs energy including oil. Hence, demand for oil will increase in foreseeable future. Oil prices have firmed up recently in the wake of OPEC output cuts. Private sector players are again focusing on domestic markets as external markets shrink due to slowdown. Volatility is an inherent trait of oil industry. Our strategy is to ensure steady capital investment for long-term growth and reduce the impact of volatility through rigorous scrutiny of costs. We have improved our competitiveness by consolidating our asset base underpinned by operational excellence. We are investing in upstream, city gas distribution, and renewable energy to diversify our revenue stream and to take advantage of emerging opportunities. We have continuously utilized technology to improve offerings to customers and to improve business processes.



Chairman's Message

The Green Fuel Projects at MR and VR are near completion and in the process of stage-wise commissioning. MR has started producing Euro III/IV quality petrol and VR will start producing the same during the second quarter of 2009-2010. Both the Refineries are also currently implementing Diesel Hydrotreater Projects at an estimated cost of Rs.6900 crores. The projects, slated for completion in 2011, will enable the Refineries to produce Euro III/IV quality diesel.

The Mumbai Refinery is also setting up a new FCCU Unit to enhance the production of LPG, Petrol and Diesel. The project is due for completion by May 2010. The Lube Oil Upgradation project at MR costing nearly Rs.1030 crores for producing lube oil base stocks of Group II/ III quality is in progress and is also scheduled for completion by May 2010.

HPCL Mittal Energy Ltd., a JV company of HPCL with M/s. Mittal Energy Limited, is in the process of setting up a 9 MMTPA grass root refinery near Bhatinda in Punjab. The project is slated for mechanical completion by Dec 2010 and commissioning by March 2011.

The Corporation has varied participating interests in 26 exploration blocks. We are rigorously looking for prospective fields domestically as well as internationally and aim to achieve the status of fully integrated Oil Company. Current downturn could provide some attractive opportunities.

Thrust for renewable energy has come from concerns about energy security and climate change. We have invested in wind energy projects in the states of Maharashtra and Rajasthan. In the initial phase, a total of 25 MW capacity projects have been commissioned. The project work for ethanol production in Bihar and Jatropha plantation in Chattisgarh is progressing. Our projects in these states while providing profitable opportunities for us also act as catalyst for new investments.

We have maintained our focus on improving service offerings to consumers. One example is "HP Anytime" launched in Kerala. The system provides 24-hour LPG refill booking facility to consumers through an interactive voice response system. We have kept our focus on rural markets with low-cost 'Hamara Pump' to meet the requirements of farmers besides catering to the new found prosperity in these areas.

Information technology has become the core of your company's operation. The Enterprise Resource Planning (ERP) system has provided essential support to main business processes of the Corporation. The availability of on-line and real time information in these systems enables speedy decision making, improved responsiveness, reduced cycle times and better customer service. IT enabled solutions are also being used to simplify and improve processes and bring in more transparency in operations.

Commitment, experience and hard work of our people have been an essential part of our success. We aim to improve capabilities of our people through training programmes and through sharing of expertise available within the Corporation. HR initiatives like Balanced Scorecard, Competency Mapping, Six Sigma have enhanced the competency and productivity levels across the organization. Our employees demonstrated their commitment by maintaining the fuel supply during the strike by officers of some of the PSU oil companies, thereby preventing total chaos in the system. Your Corporation, hence had the privilege of being the sole supplier of petroleum products to the nation for three days in January 2009.

It is a matter of pride for us that your Company is ranked 311 amongst Global Fortune 500 Companies, 1002 amongst Forbes Global 2000 Companies and 111 in the list of World's Most Reputed Companies



Chairman's Message

brought out by the Global Reputation Institute. We aim to conduct our business with highest standards of corporate governance. We have implemented the "Right to Information Act (RTI)" in letter as well as spirit. We have also implemented the Integrity Pact in liaison with "Transparency International". The Integrity Pact forbids vendors from using any type of unwarranted influence for furthering their interests while in turn ensuring them fairness, transparency and equal opportunity in their association with the Corporation.

We have reached out to the Society in general and the underprivileged in particular through our CSR initiatives by providing for education, health, water, sanitation, rural developmental activities, vocational training and income generating schemes to make them self-reliant. We have resolved to keep aside 2% of our Profit after tax (PAT) for Corporate Social Responsibility (CSR) from the current year onwards.

We thank all our shareholders for the trust reposed in us. Payout of dividend this year has been lower as compared to earlier years due to large under-recoveries. The Government of India is fully seized of the matter and has provided support to Oil Marketing Companies via a number of measures including issue of oil bonds and subsidy sharing by upstream oil companies. We are quite hopeful that in the coming years we would be in a position to improve the returns to our valued shareholders.

The support of our customers and business associates has always been a source of strength and I thank them for being part of our growth story.

The Independent directors, with their wide knowledge and experience, have been a source of wise counsel. The guidance of the Government directors has been invaluable in the progress of your company. Our Administrative Ministry, the Ministry of Petroleum & Natural Gas, has been providing continuous guidance and support in all our efforts. We look forward to their continuing support in all our endeavors.

Thank you,

Arun Balakrishnan

Senior Management Team

Shri B.R. Mandal	Chief Vigilance Officer (Till 31.05.2009)
Shri N.R. Narayanan	Company Secretary
Shri S. P. Chaudhry	Executive Director*
Shri S.V. Sahni	Executive Director – Central Engineering (Refineries)
Shri G. A. Shirwaikar	Executive Director – LPG
Shri D.K. Deshpande	Executive Director – HRD
Shri K.S. R. Prasad	Executive Director – Joint Ventures
Shri A.B. Sathe	Executive Director – International Trade & Supplies
Ms. Nishi Vasudeva	Executive Director – Information Systems
Shri A.B. Thosar	Executive Director – Projects & Pipelines
Shri O.P. Pradhan	Executive Director – Corporate Planning & Strategy
Shri R. Sudhakara Rao	Executive Director – Direct Sales
Shri P.A. B. Raju	Executive Director – Visakh Refinery
Shri S.P. Gupta	Executive Director – Finance (Marketing)
Shri K.V. Rao	Executive Director – Corporate Finance
Shri M.S. Damle	Executive Director – Retail
Shri Y.K. Gawali	Executive Director – O&D
Shri B.K. Namdeo	General Manager – RCD
Shri Sandeep Joseph	General Manager – Industrial Relations
Shri S.C. Mehta	General Manager – I/C, MR
Shri Rakesh Kumar	General Manager – HR (Compensation Management)
Shri C.S. Krishnaswamy	General Manager – R&D & QC
Shri D.M. Sabale	General Manager – SHE (Marketing)
Shri P. Rajendran	General Manager – Marketing Projects
Shri S T. Sathiavageswaran	General Manager – Information Systems
Shri R. Ganesan	General Manager – Internal Audit
Shri D.K. Hota	General Manager – MRA & P
Shri K. Srinivasan	General Manager – Technical, MR
Shri G. Sriganesh	General Manager – R&D
Shri T.K. Kalyanaraman	General Manager – Special Projects
Shri A.V. Sarma	General Manager – Natural Gas
Shri R.K. Gupta	General Manager – Materials, MR
Shri Rajan K. Pillai	General Manager *
Shri S.P. Singh	General Manager – Exploration & Production

Senior Management Team

Shri S. Jeyakrishnan	General Manager – (East Zone)
Shri R. Radhakrishnan	General Manager – (South Zone)
Shri Ajit Singh	General Manager – Delhi Coordination Office
Shri Rakesh Misri	General Manager – (North Zone)
Shri P.P. Nadkarni	General Manager*
Shri H.R. Wate	General Manager – Retail
Shri M.K. Surana	General Manager – Operations, VR
Shri V.V.R. Narasimham	General Manager – Technical, VR
Shri H. Kumar	General Manager – Retail Upgradation
Shri A. Pande	General Manager – (West Zone)
Shri V.K. Jain	General Manager – Tax
Ms. Sonal Desai	General Manager – Finance, Central Engineering
Shri J. Ramaswamy	General Manager – Commercial, Direct Sales
Shri M. Naveen Kumar	General Manager – Finance, VR
Shri Pushp Joshi	General Manager – HR (Marketing)
Shri K.C. Agarwal	General Manager – Maintenance, MR
Shri V. V. Nagada	General Manager – Projects, MR
Shri N.S.J. Rao	General Manager – Operations, MR
Shri Y.K. Rao	General Manager – Materials, VR
Shri Ramanuj Roy	General Manager – Finance, MR
Shri S. Babu Ganesan	General Manager – Engineering & Projects
Shri G. Hariharan	General Manager – Legal (Till 30.09.2008)
Shri A.B. Pai	General Manager – HRD (Till 28.02.2009)
Shri S.G. Subramoney	General Manager – Materials, MR (Till 30.04.2009)
Shri R.M.N. Marar	General Manager – Projects, VR (Till 30.06.2009)
Shri K. Srinivas	DGM (I/C) – Aviation
Shri L.M. Motwani	DGM – PR & CC
Shri S.P. Nair	DGM (I/C) - Legal

*: on deputation



Offices, Auditors and Bankers

Registered Office & Headquarters Office

Petroleum House,
17, Jamshedji Tata Road,
Mumbai - 400 020
e-mail: corphq@hpcl.co.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

6, Church Lane,
Post Box No.146,
Kolkata-700 001

North Zone

6th & 7th 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 Vishwas Khand, Gomti Nagar,
Lucknow - 226 001 (U.P.)

North West Retail Zone

C/o. Auto Care Centre
HPC Petrol Pump, Near Satyagraha Chhavani,
Judges Bungalow Road, Bodakdev,
Ahmedabad - 380 01

South Zone

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

South Central Retail Zone

111, Chandralok Complex, First Floor,
Sarojini Devi Road,
Secunderabad - 500 003 (AP)

West Zone

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

Statutory Auditors

Sudit K. Parekh & Co.
Chartered Accountants, Mumbai

V. Sankar Aiyar & Co.
Chartered Accountants, Mumbai

Branch Auditors

Grandhy & Co.
Chartered Accountants, Visakhapatnam

Cost Auditors

R. Nanabhoy & Co.
Cost Accountants, Mumbai
Rohit J. Vora
Cost Accountants, 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

Shri N.R. Narayanan



Notice of Annual General Meeting

HINDUSTAN PETROLUEM CORPORATION LIMITED

(A Government of India Enterprise)

REGISTERED OFFICE : 17 JAMSHEDJI TATA ROAD, CHURCHGATE, MUMBAI 400 020

NOTICE

NOTICE is hereby given that the 57th ANNUAL GENERAL MEETING of the Members of Hindustan Petroleum Corporation Limited will be held on Friday, August 28, 2009 at 11:00 a.m., at Y.B. Chavan Auditorium, at Yeshwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai - 400 021 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as on March 31, 2009, Profit and Loss Account for the year ended on that date and Reports of the Board of Directors and Auditors thereon.
2. To declare Equity Dividend for the Financial Year 2008-2009.
3. To appoint a Director in place of **Shri P.V. Rajaraman**, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of **Prof. Prakash G. Apte**, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of **Shri V. Viziasaradhi**, who retires by rotation and is eligible for reappointment.
6. To approve payment of Rs.17.5 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 2009-10 and to authorize the Board of Directors for fixing the remuneration of Statutory Auditors from Financial Year 2010-11 onwards.

SPECIAL BUSINESS

7. APPOINTMENT OF DIRECTOR:

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

“RESOLVED that **Shri K. Murali** who was appointed as an Additional Director of the Company by the Board of Directors under Article 112 of the Articles of Association of the Company with effect from 02.02.2009 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, 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.”

BY THE ORDER OF THE BOARD

N.R. Narayanan
Company Secretary

Date : July 28, 2009
Regd.Office : 17, Jamshedji Tata Road
Churchgate,
Mumbai - 400 020