

Committed to a green planet



वार्षिक रिपोर्ट 2010-11 | Annual Report 2010-11  
हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड | Hindustan Petroleum Corporation Limited

## Cover Theme

*Energy is a product of nature and we harness this energy with a focus on protecting nature.*

*At HPCL, a focused commitment towards the environment is what drives us.*

*It is our constant endeavour to carry out our business by adopting global best practices and implementing a stringent environmental protection policy.*

*We have only one planet and it is in our interest to ensure that we keep it clean and green for generations to come.*

## Contents

Our Directors	1
Chairman's Message	2
Senior Management Team	4
Offices, Auditors & Bankers	6
Notice of AGM	7
Performance Profile	13
Director's Report	18
Annexure to Directors' Report	21
Management Discussion & Analysis Report	28
Corporate Social Responsibility	43
Auditor's Report	45
Balance Sheet	48
Profit & Loss Account	49
Schedules to Accounts	50
Cash Flow Statement	72
C&AG's Comments	75
Human Resources Accounting	76
Consolidated Financial Statements	77
Financial Details of Subsidiaries	96
Corporate Governance Report	97
Joint Venture Companies	112

## Hindustan Petroleum Corporation Limited

### Our Directors

Whole Time Directors	Ex-Officio Part-Time Directors	Non-Official Part-time Directors
<b>Shri S. Roy Choudhury</b> Chairman & Managing Director (From 01/08/2010)	<b>Shri P.K. Sinha</b> Director	<b>Dr. Gitesh K. Shah</b> Director
<b>Dr. V. Vizia Saradhi</b> Director-Human Resources	<b>Shri L.N. Gupta</b> Director	<b>Shri Anil Razdan</b> Director (From 10/01/2011)
<b>Shri B. Mukherjee</b> Director – Finance		<b>Shri S.K. Roongta</b> Director (From 10/01/2011)
<b>Shri K. Murali</b> Director – Refineries		<b>Shri P.V. Rajaraman</b> Director (Till 19/07/2010)
<b>Smt. Nishi Vasudeva</b> Director – Marketing (From 04/07/2011)		<b>Prof. Prakash G. Apte</b> Director (Till 19/07/2010)
<b>Shri Arun Balakrishnan</b> Chairman & Managing Director (Till 31/07/2010)		

## Chairman's Message

Dear Shareholders,

It gives me great pleasure to present to you the 59th Annual Report for the year 2010-11.

The Indian economy has recovered swiftly from the slowdown resulting from the financial crisis of 2008-09. The GDP growth rate was 8.5% in 2010-11 compared to 8% in 2009-10. The growth, however, was accompanied by persistently high inflation. Inflation rate has remained above 8% throughout the year.

Global oil prices, which had remained stable within the \$75-85 per barrel range for most part of 2010, started rising in the latter part and reached \$115 per barrel by March 2011. The rise was due to strong growth in the global oil demand and the impact of turmoil in the Middle-East.

The consumption of petroleum products in India increased by 2.6% in 2010-11. A total of 143 MMT of petroleum products were consumed during the year. Increasing prosperity and rising vehicle ownership boosted the demand for transport fuels. Petrol and diesel consumption recorded growth rates of 11% and 7% respectively. Diesel prices were largely unchanged as inflation remained a major concern. Gas made further inroads in the industrial segment replacing oil demand. Demand for industrial fuels such as FO/LSHS and Bitumen declined.

India's rising energy demand will increase demand for energy sources including natural gas. Natural gas burns more cleanly than other fuels, an important attribute in an era of rising concerns about greenhouse gas emissions and its impact on climate.

The turnover of HPCL increased by 22% to ₹ 1,32,670 crores during the year. Profit after tax increased to ₹ 1539 crores during 2010-11 from ₹ 1301 crores in 2009-10 after absorbing an under recovery of ₹ 1509 crores on the sales of sensitive petroleum products. Although borrowings have increased, the interest cost has been brought down through prudent treasury management. High cost debt has been retired and substituted with low cost debt.

Our refineries achieved combined throughput of 14.75 MMT achieving nearly 100% capacity utilization despite shutdown of key units for revamp and turnaround activities. This year has seen completion of significant projects and revamp of our Refineries at Mumbai and Visakh for handling additional throughput and improved flexibility in handling different varieties of crude oil. Refining margins in both our refineries were in the \$5 to \$6 per barrel range compared to \$2.5 to \$3 per barrel last year.

The sales for HPCL in 2010-11 reached 27 MMT, including exports. In the domestic market we have grown by 5.5% recording a growth of about 3% above Industry and achieved 25.5 MMT of sales. We have increased sales of MS, HSD, LPG, FO and LDO. Naphtha sales were impacted by the availability of Natural gas. We are focused on strengthening our network in the rural markets.

We have continued to build on our pipeline capabilities. We have achieved a throughput of about 13 million tons against a target throughput of 10 million tons through our pipelines.

We have submitted bids for city gas distribution for 4 cities during the year. We are also in discussions with State Government of West Bengal to implement the CGD project in the city of Kolkata through a Joint Venture company. As a step to establish presence in the growing field of alternate energy, we have commissioned additional 25 MW capacity in Wind Farm project taking the total capacity to 50 MW of power generation.

We have leveraged ICT tools and the platform provided by the ERP extensively to bring in process efficiency, better control and transparency during the year.

We have completed several important projects during the year.

## Hindustan Petroleum Corporation Limited

### Chairman's Message

We have commissioned a new Fluidized Catalytic Cracking Unit (FCCU-II) of capacity 1.45 MMTPA at Mumbai Refinery and revamped the second FCCU at Visakh Refinery from 0.6 to 1.0 MMTPA. These projects will help in maximizing production of MS and LPG. The Single Point Mooring (SPM) facilities at Visakh have been completed which will result freight savings.

The Lube Oil Base Stock (LOBS) project at Mumbai Refinery has been commissioned enhancing LOBS production capacity to 400 TMTA. We have also commissioned a new Grease & Specialty Product Plant at Silvassa with a capacity of 4.7 TMTA.

The mechanical completion of 250 Km. long Bathinda – Ramanmandi – Bahadurgarh pipeline has been achieved during the year. We have commissioned the World's largest Flex Speed Carousel at Cherlapally LPG plant and the largest exclusive fully automated Black Oil terminal in the country at Visakhapatnam.

The Sugar Mills at Sugauli & Lauriya have been completed and commissioned in March 2011. The construction of the Cogen and Ethanol plants is in advanced stage and commissioning is expected during 2011-12.

The HMEEL Refinery project is nearing completion and commissioning is expected in the current financial year. This is our first refining project in the northern part of the country and will ease product availability issues in the region.

We have a large pool of experienced and dedicated manpower whose hard work has been instrumental in achieving our goals. I would like to acknowledge their effort in all that we have achieved so far. We will continue to provide a productive working environment and ensure that our people continue to deliver the best performance.

HPCL has a great history for meeting the fuel and energy needs of our country. We have a responsibility to cater to the increasing domestic fuel demand. We are focused on making HPCL financially safe and secure by planning for the future and balancing the business portfolio to insulate the company from the impact of increasing crude oil prices.

To build value to the shareholders, we have identified five strategic areas as our priority over the next few years, viz.

1. Improve profitability & Build the upstream business.
2. Increase the Refining capacity to meet the marketing demand.
3. Achieve sustained Sales growth above industry.
4. Provide differentiated customer experience through strong operational excellence.
5. Aggressively pursue growth opportunities in Natural Gas & Alternate Energy.

Our customers, business associates and shareholders have always been a source of strength and I thank them for their support. The Ministry of Petroleum & Natural Gas has guided and supported us in all our efforts. We look forward to their continued support in all our endeavors.

Thank you,

**S. Roy Choudhury**

## Senior Management Team

Shri Suneet Mohan Misra	Chief Vigilance Officer
Shri S. V. Sahni	ED – Central Engg. (Refineries)
Shri D K Deshpande	ED – SHE Corporate & Refinery Advisor to C & MD
Shri K.S.R Prasad	ED – Joint Ventures
Shri A. B. Thosar	ED – LPG
Shri R. Sudhakara Rao	ED – Internal Audit
Shri S.P. Gupta	ED*
Shri O P Pradhan	ED – PCPIR Project
Shri P A B Raju	ED – Visakh Refinery
Shri K.V. Rao	ED – Corporate Finance
Shri M.S. Damle	ED – Retail
Shri Y.K. Gawali	ED – O&D
Shri B. K. Namdeo	ED – IT&S
Shri S.C. Mehta	ED – Mumbai Refinery
Shri Rajan K. Pillai	ED *
Shri S. Jeyakrishnan	ED – Business Development & Corporate Affairs
Shri S.P. Singh	ED – Exploration & Production
Shri G. Sriganesh	ED – Refineries (R&D Corporate)
Shri H. Kumar	ED – Corp. Strategy & Planning
Shri Anil Pande	ED – Projects & Pipelines
Shri S.T. Sathivageeswaran	ED – Information Systems
Shri Ajit Singh	ED – Co-ordination, DCO
Shri Rakesh Misri	ED – Direct Sales
Shri Pushp Joshi	ED - HRD
Shri Sandeep Joseph	GM – Industrial Relations
Shri D.M. Sable	GM – SHE (Marketing)
Shri P. Rajendran	GM – Marketing Projects
Shri R. Ganesan	GM – Finance, MR
Shri Rakesh Kumar	GM – HR (Comp. Management)
Shri D.K. Hota	GM*
Shri K. Srinivasan	GM – SHE (Refineries)
Shri A. V. Sarma	GM – Natural Gas
Shri P.P. Nadkarni	GM *
Shri R. Radhakrishnan	GM – Aviation
Shri H.R. Wate	GM – Retail
Shri M.K. Surana	GM – Projects, VR
Shri V.V.R. Narasimhan	GM – Operations, VR

## Hindustan Petroleum Corporation Limited

### Senior Management Team

Shri V.K. Jain	GM – Tax
Ms. Sonal Desai	GM – Finance (Risk Management)
Shri J. Ramaswamy	GM – Finance (Marketing)
Shri M. Naveen Kumar	GM – Finance, VR
Shri V.V. Nagada	GM – Projects, MR
Shri N.S. Jagannadharao	GM – Maintenance, MR
Shri Y.K. Rao	GM – Materials, VR
Shri Ramanuj Roy	GM – Commercial, LPG
Shri S. Babu Ganesan	GM – Engg. & Projects
Shri A.K. Bhan	GM – Retail, SZ
Ms. Geeta M. Jerajani	GM – Finance, CP&S
Shri H.C. Mehta	GM – O&D
Shri R. Kesavan	GM – Finance, CEC
Shri B. Ravindran	GM – Commercial, Retail
Shri M. Rambabu	GM – Materials
Shri MVR Krishna Swamy	GM*
Shri S.P. Nair	GM – Legal
Shri L.M. Motwani	GM – PR&CC
Shri U.K. Vishwekar	GM – Shipping
Shri Anil Khurana	GM – Retail, NZ
Shri G S V S S Sarma	GM – Technical, VR
Shri S.P. Gaikwad	GM – CEC (Maharashtra Refinery)
Shri Rajnish Mehta	GM – Retail, WZ
Shri J.S. Prasad	GM – Pipelines
Shri N.S. Mane	GM – HR, MR
Shri V.S. Shenoy	GM – Technical, MR
Shri S. Paul	GM – Commercial, DS
Shri M D Pawde	GM – Operations, MR
Shri N.V. Choudhury	GM – Process Technologies, Corporate R&D
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: corphqo@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 VishwasKhand, Gomti Nagar,  
Lucknow - 226 001 (U.P.)

#### North West Retail Zone

Auto Care Centre  
Judges Bungalow Road,  
Bodakdev, Near Satyagraha Chav,  
Ahmedabad - 380 054

### South Zone

ThalamuthuNatarajan 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

**V. Sankar Aiyar & Co.**  
Chartered Accountants, Mumbai

### Om Agrawal & Co.

Chartered Accountants, Jaipur

### Branch Auditors

**Grandhy & Co.**  
Chartered Accountants, Visakhapatnam

### Cost Auditors

**R. Nanabhoy & Co.**  
Jer Mansion, 1st Floor,  
70 August KrantiMarg,  
Mumbai - 400 036

### CMA Rohit J. Vora

1103 Raj Sunflower,  
Royal Complex,  
Eksar Road,  
Borivali (West),  
Mumbai - 400 092

### 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 PETROLUUM CORPORATION LIMITED

(A Government of India Enterprise)

REGISTERED OFFICE : 17 JAMSHEDJI TATA ROAD, MUMBAI 400 020

#### NOTICE

NOTICE is hereby given that the **59th ANNUAL GENERAL MEETING** of the Members of Hindustan Petroleum Corporation Limited will be held on September 22, 2011 at 11.00 A.M at Y.B. Chavan Auditorium, at Yeshwantrao Chavan Paratishthan, General Jagannathrao Bhonsle Marg, Mumbai – 400 021 to transact the following business :

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2011, 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 2010-11.
3. To appoint a Director in place of **Dr. V. Vizia Saradhi**, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of **Shri K. Murali**, who retires by rotation and is eligible for reappointment.

#### SPECIAL BUSINESS :

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

“RESOLVED that **Shri S.K. Roongta** who was appointed as Additional Director of the Company by the Board of Directors under Article 112 of the Articles of Association of the Company with effect from 10.01.2011 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”.

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

“RESOLVED that **Shri Anil Razdan** who was appointed as Additional Director of the Company by the Board of Directors under Article 112 of the Articles of Association of the Company with effect from 10.01.2011 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”.



## Notice of Annual General Meeting

7. To consider and, if thought fit, to pass with or with modification(s) the following resolution as Ordinary Resolution.

“RESOLVED that **Smt. Nishi Vasudeva** who was appointed as Additional Director of the Company by the Board of Directors under Article 112 of the Articles of Association of the Company with effect from 04.07.2011 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 her 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**

**Shrikant M. Bhosekar**  
Company Secretary

Date : August 05, 2011  
Regd.Office : 17, Jamshedji Tata Road  
Churchgate,  
Mumbai - 400 020