



हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
वार्षिक रिपोर्ट 2014-15

Hindustan Petroleum Corporation Limited
Annual Report 2014-15



Touching Lives Everyday
In Every Way

Touching Lives Everyday In Every Way

For millions of Indians, we are transforming the nation's landscape with our energy solutions across a spectrum of needs, everyday.

Welcome to the world of HP. With our myriad solutions for myriad needs. With a wide compass of offerings that touch your life.

A world bursting with diverse solutions to cater to your energy needs, every day.

A world steered by innovative technology to create value for you, in every way.

Where we consider it our duty to keep your kitchen stoves alight with clean and safe gas, all through the day.

Where we take the lead to extend personalised vehicle & customer care through our retail outlets, round the clock.

Where we provide the necessary thrust for your dreams to take flight, quite literally!

From the food you eat to the clothes you wear, from the cosmetics you adorn to the CDs you love to listen to, there is a touch of HP in every facet of your life. We are helping the nation move ahead by addressing its energy needs with our portfolio of Power packed & Turbo charged solutions.

Ours is a world where we believe in erasing the boundaries and welcoming everyone with open arms to be a part of our family – from differently-abled children to the elderly away from home, from girls deprived of education to youth who yearn for an opportunity for skill building. We always consider it a privilege to reach out to the communities that surround us and lend a helping hand in their development.

In our world, we walk hand in hand with nature and live the mantra of delivering happiness, safety and sustainable growth, night and day!



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Our Directors

Whole Time Directors	Ex-Officio Part-Time Directors	Non-Official Part-Time Directors
Ms. Nishi Vasudeva Chairman & Managing Director (DIN:03016991)	Dr. S. C. Khuntia Director (Upto 15.06.2015) (DIN:05344972)	Dr. Gitesh K. Shah Director (DIN:02330569)
Shri Pushp Kumar Joshi Director - Human Resources (DIN:05323634)	Shri Sandeep Poundrik Director (From 16.10.2014) (DIN:01865958)	Shri A. C. Mahajan Director (Upto 08.04.2015) (DIN:00041661)
Shri K. V. Rao Director - Finance (DIN:05340626)	Shri R. K. Singh Director (Upto 15.10.2014) (DIN:05193269)	Dr. G. Raghuram Director (Upto 08.04.2015) (DIN:01099026)
Shri B. K. Namdeo Director - Refineries (DIN:06620620)		Shri G. K. Pillai Director (Upto 08.04.2015) (DIN:02340756)
Shri Y. K. Gawali Director-Marketing (From 10.10.2014) (DIN:05294482)		Shri Rohit Khanna Director (Upto 05.09.2014) (DIN:00004072)



Chairman's Message 2014-15

Dear Shareholders,

It gives me immense pleasure to present the 63rd Annual Report for the year 2014-15.

HPCL registered its best ever performance since its formation in 1974, recording the highest ever profit of ₹ 2733 Crores for the financial year 2014-15 which has significantly surpassed the decade's highest profit of ₹ 1734 Crores during the previous year. This increase in profit is especially significant given the huge volatility in the crude and product prices in the international markets and its consequent impact on petroleum companies worldwide.

As you may be aware, international crude oil price has dropped by more than half, from over US\$ 100 per barrel prevailing in the previous years. While global prices of almost all commodities have fallen during last year due to factors such as reduced demand from China, crude oil prices have been influenced by many other factors also. These include the resilience shown by US shale oil producers who responded to crude oil price drop by a combination of improved operational efficiency and financial planning, and maintained their production volumes during the year. The attempt of OPEC countries led by Saudi Arabia to maintain their market share by sustaining their production resulted in international crude oil price dropping to US\$ 45 per barrel levels, before recouping to the levels prevailing now.

Your corporation has consolidated its position in this scenario through consistent focus on operational efficiencies in the core downstream refining and marketing activities and on the innovations required to keep ahead of the curve. Our two refineries and our business verticals in marketing have individually pursued every opportunity available to scale greater heights during the year and synergised their efforts for the corporation's all round excellent financial and physical performance.

The Indian economy demonstrated its resilience during the year 2014-15, and overcame the adverse impact of a sub-optimal monsoon on the agricultural sector by better performance in the industrial and service sectors. The economy grew at 7.3% during the year led by the services and manufacturing sectors which grew by 10% and 6% respectively in 2014-15 compared to 9% and 4.5% in 2013-14. The Indian Rupee fared well during 2014-15 as it saw the lowest depreciation in the last four years.

Growth in agricultural sector was 0.2% as a result of the poor monsoon in many important agricultural zones of the country and due to deflationary price trends experienced by many agricultural products caused by similar trends across the globe. Many experts believe that the sustained efforts of the government to increase the GDP growth rate will soon trickle down to the agricultural sector and this will lead to rural demand picking up once again across sectors including petroleum products. This combined with the government's efforts on 'Skill India' is expected to leverage the rural demographics significantly and thereby accelerate the country's growth in the coming years.

The Petroleum product demand in the country increased by about 3% to reach about 165 MMT during the year. The growth was mainly due to increase in Petrol, LPG and Diesel consumption. Consistent positive growth in 2 wheeler segment and increase in passenger vehicles sales from June 2014 on the back of expectations from new government and excise duty cuts have contributed to the growth in Petrol sales. Diesel which witnessed a continuous decline during 2013-14, saw a reversal of declining demand from May 2014 onwards owing to higher vehicular movement due to increased economic activities, power deficit and resumption of mining activities. The deregulation of diesel prices in October 2014 coupled with steep fall in crude price gave an immediate relief to the retail consumers and diesel consumption returned to positive growth in November 2014. The positive growth in the medium and heavy commercial vehicles sales during second half of the year and rising demand for logistics and transportation services helped increase diesel sales during the year. Fuel Oil (FO) consumption fell for the seventh consecutive year. Naphtha and Bitumen consumption also declined during 2014-15.

The Corporation has secured 'Excellent' rating in terms of the Memorandum of Understanding (MOU) signed with the Government of India for the year 2013-14 with an MOU score of 1.257.

During 2014-15, HPCL registered a gross sales of ₹ 2,17,061 crore. And posted its highest ever profit after tax of ₹ 2,733 crore resulting in a significant increase in the earning per share to ₹ 80.72. The market capitalization of your company increased by ₹ 11,500 crore during the year.

Your company maintained its superior physical performance during 2014-15. HPCL refineries processed a total of 16.18 MMT crude corresponding to 109% capacity utilisation and achieved a highest ever combined distillate yield of 77.5%. This performance is remarkable given the shutdown of key units for revamps, turnaround activities and precautionary shutdown of Visakhapatnam refinery operations during Cyclone Hudhud. The year also marked a milestone for the company with regard to production of HSD meeting Euro IV specifications by both the refineries, with the commissioning and stabilised operation of Diesel Hydro Treater (DHT) units.



Chairman's Message 2014-15

Amidst increasing competitive intensity in the market due to re-entry of private players, HPCL has registered excellent sales performance. The market sales including exports increased by about 3% in 2014-15 to reach about 32 MMT. Domestic sales were about 31 MMT registering a growth of 2.3% against PSU industry growth of 2.2%. Petrol and LPG sales recorded double digit growth rates and Diesel sales growth was maintained despite re-entry of private players. We bucked the industry trend by achieving FO/LSHS sales growth of 4%. While Aviation Fuel consumption in the country increased only marginally by 1%, we achieved an excellent growth of 13%. Your company has forged further ahead in the highly competitive lubricants segment, and we remained the largest lube marketer of India for second consecutive year with sales of 478 TMT during the year.

Your corporation has acquired a high level of competency in managing the pipeline network for optimizing distribution cost and achieved a combined pipeline throughput of 14.9 MMT. During the year HPCL commenced operations of Awa-Salawas Pipeline and commissioned Bahadurgarh- Tikrikalan pipeline taking the total cross country pipeline network to 2572 Kms with a capacity of 23.57 MMTPA.

Logistics remains the critical dimension in petroleum marketing, and the primary distribution infrastructure of your company has been further strengthened during the year through various projects. These include addition of 300 Thousand KL of product storage capacity by commissioning of new depots and revamping of existing facilities. New depots at Patna (Bihar), Kadapa (Andhra Pradesh) and new terminals at Salawas (Rajasthan), Tikrikalan, (Delhi) and Bokaro (Jharkhand) were commissioned during the year while additional tankages were commissioned at Kolkata and Paradeep terminals.

LPG operations and logistics is another strength of your company, and constant efforts led to significant increase in capacities during the year. A state-of-the-art new LPG bottling plant has been commissioned at Yediyur (Bangalore) with a 72 head flex speed carousel, the largest carousel in the world. We also commissioned the connection of Jetty no 12 to the existing Mangalore LPG Import Facility (MLIF) at Mangalore to receive Very Large Gas Carriers (VLGC) with resultant optimisation of freight costs. Your corporation is also on track with regard to its ambitious plans to expand its presence in natural gas sector. During the year, HPCL commenced its maiden RLNG sales to with a volume of 10.87 million metric standard cubic meter (MMSCM).

Your company has been in the forefront in the government's programme titled 'PAHAL' to switch over to Direct Benefit Transfer in domestic LPG segment, which has a salutary effect on the country's subsidy outgo. Another important government initiative supported by your company is the 'Swachh Bharat Abhiyan', through a number of initiatives undertaken across the country during the year.

Subsidiaries and Joint venture companies of HPCL have steadily created shareholder value through continuous focus on core businesses. In the upstream business, HPCL's wholly owned subsidiary Prize Petroleum Company Limited has performed well and reported three times higher total revenue of ₹ 33.45 crore on consolidated basis during the year.

One of the important strategic initiatives of your company which started bearing fruit during the year is the Integrated Margin Management programme. This is aimed at optimising the processes across the entire value chain, from crude procurement to product sales. Another strategic initiative successfully undertaken was the setting up of a Central Procurement Cell, staffed by domain experts, for optimising the procurement cost.

To prepare for the future challenges, we have formulated our Vision 2030 that charts our road map for the future. This strategic initiative is expected to help your company achieve sustainable competitive advantage in the continuously changing market and business environment.

HPCL is committed to provide a safe workplace to its employees and contractors and safety to the communities wherever it operates. Surveillance audits and benchmarking were undertaken to strengthen HSE governance and compliance systems across all businesses and functions

We are fortunate to have a dedicated team who are passionate about their work and spare no effort in striving for excellence in all their endeavours. We will continue to nurture the talent and capabilities of our people by creating a work environment conducive to innovation and growth.

The Ministry of Petroleum & Natural Gas, Government of India, other Ministries / Departments of the Government of India and various State Governments have guided us in all our efforts, and I sincerely acknowledge their support in this regard. Our customers, business associates and shareholders have always been a source of strength and I thank them for their support.

We look forward to your continued support in all our endeavours.

Thank you

Nishi Vasudeva

**Senior Management Team**

(Positions as on 30.06.2015)

Shri Manoj Pant	Chief Vigilance Officer
Shri A.B. Thosar	ED - HSE (Marketing)
Shri R.S. Rao	ED - Finance (Refineries)
Shri S.P. Gupta	ED - HPCL Biofuels Limited
Shri S.C. Mehta	ED - Refineries Project Process
Shri S. Jeyakrishnan	ED - Retail
Shri G. Sriganesh	ED - Visakh Refinery
Shri A. Pande	ED - O&D with additional charge of Projects & Pipelines
Shri S.T. Sathiavageeswaran	ED - Information System
Shri Ajit Singh	ED - LPG
Shri Rakesh Misri	ED - Human Resource
Shri S.I. Joseph	ED - Employee Relations
Shri H.R. Wate	ED - Gas, Renewables & BD
Shri M.K. Surana	ED*
Shri Rakesh Kumar	ED - Compensation Management
Shri V.V.R. Narasimham	ED - HSE
Shri J. Ramaswamy	ED - Corporate Finance
Shri H.C. Mehta	ED - Direct Sales
Shri N.S.J. Rao	ED - Mumbai Refinery
Shri A.V. Sarma	Chief Finance Officer Cum CS Rajasthan Refinery Project
Shri P.P. Nadkarni	GM - Pipeline Operations
Shri R. Radhakrishnan	GM - IS (Functional)
Shri V.K. Jain	GM - Tax
Ms. Sonal Desai	GM - CSR
Shri M. Naveen Kumar	GM - Finance, IT & S
Shri S. Babu Ganesan	GM - Facilities Planning & Engineering
Shri R. Kesavan	GM - CS& P
Shri B. Ravindran	GM - Finance (Marketing)
Shri M. Rambabu	GM - Operations & Maintenance
Shri S.K. Kulkarni	Head - Central Procurement (Refineries) & Additional Charge of GM Materials - MR
Shri M.V.R. Krishna Swamy	Head - Central Procurement Marketing
Shri S.P. Nair	GM - Legal
Shri Anil Khurana	GM*
Shri GSVSS Sarma	GM - Operations, Visakh Refinery
Shri S.P. Gaikwad	GM - Rajasthan Refinery
Shri Ranjish Mehta	GM - Aviation
Shri J.S. Prasad	GM - Pipeline Projects



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Shri V.S. Shenoy	GM - Projects, Visakh Refinery
Shri S. Paul	GM - Internal Audit
Shri M.D. Pawde	Head - Economic Planning & Optimization
Shri N.V. Choudary	GM - I/C Corporate R&D Bengaluru
Shri L. Venugopal	GM - Initiative Management Office
Shri S. Raja	GM - Maintenance - Visakh Refinery
Shri S. Chiranjeevi	GM - Special Projects
Shri D.K. Pattanaik	GM - Retail, East Zone
Shri S. Bhattacharjee	GM - Joint Ventures
Shri K. Daniel Santhosh	GM - Commercial - LPG SBU
Shri S. Biswas	GM - LPG (Sales & Marketing)
Shri K. Ananda Rao	GM - Refinery Coordination
Shri A.S.V. Ramanan	GM - HR, Visakh Refinery
Shri G.S.V. Prasad	GM - Retail, South Central Zone
Shri C. Rama Krishnan	GM - Retail, West Zone
Shri K. Radhakrishnan	GM*
Shri Vikram Gulati	GM - Treasury & Pricing
Shri A.V. Narayana Rao	GM - Corporate Accounts
Shri Rajiv Chandra	GM - Information System
Shri R. Sudheendranath	GM - Lubes
Shri S.K. Suri	GM - Coordination - DCO
Shri Shyam Mustyalwar	GM*
Shri V.S. Agashe	GM - HR, Mumbai Refinery
Shri Ahishek Datta	Deputy Chief Vigilance Officer
Shri K. Srinivas	GM - Retail, South Zone
Shri Rajneesh Narang	Executive Assistant to C&MD
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: corphpcl.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

771, Anandpur
Off EM By - Pass
Kolkata - 700 107.

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 - 226 010 (U.P.)

North West Retail Zone

1st Floor, Alpha Bazaar
Opp. Thakorjibhai Desai Hall
High Street - 1, Law Garden
Ahmedabad - 380 006.

South Zone

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

South Central Zone

Parishram Bhavan, 7th floor
Door No. 5-9-58/B
Fateh Maidan Road, Basheer Bagh
Hyderabad 500 004.

West Zone

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

Statutory Auditors

CVK & Associates

Chartered Accountants, Mumbai

G. M. Kapadia & Co.

Chartered Accountants, Mumbai

Branch Auditors

Sriramamurthy & Co.

Chartered Accountants, Visakhapatnam

Cost Auditors

R. Nanabhoy & Co.

Mumbai

CMA Rohit J. Vora

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

Shrikant M. Bhosekar



Hindustan Petroleum Corporation Limited

Notice of Annual General Meeting

HINDUSTAN PETROLEUM CORPORATION LIMITED
(A Government of India Enterprise)
REGISTERED OFFICE: 17 JAMSHEDJI TATA ROAD, MUMBAI 400 020
Website: www.hindustanpetroleum.com E-mail: corphqo@hpcl.co. in
Tel: (022) 22863900 Fax: (022) 22872992
(CIN : L23201MH1952GOI008858)

NOTICE

NOTICE is hereby given that the 63rd ANNUAL GENERAL MEETING of the Members of Hindustan Petroleum Corporation Limited will be held on September 10, 2015 at 11.00 A.M. at Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, General Janannathrao Bhonsle Marg, Mumbai – 400 021 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Corporation for the Financial Year ended March 31, 2015 and Reports of the Board of Directors and Auditors thereon.
2. To declare Equity Dividend for the Financial Year 2014-15
3. To appoint a Director in place of Shri K.V. Rao (DIN:05340626), who retires by rotation and is being eligible offer himself for reappointment.
4. To appoint a Director in place of Shri B.K. Namdeo (DIN:06620620) who retires by rotation and is being eligible offer himself for reappointment.
5. To approve payment of ₹ 30 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 2015-16 and to authorize the Board of Directors for fixing the remuneration of Statutory Auditors from Financial Year 2016-17 onwards.

SPECIAL BUSINESS:

6. **Appointment of Shri Y.K. Gawali (DIN 05294482) as Director of the Corporation.**

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

“**RESOLVED that** pursuant to the provisions of Section 149, 152, 160 and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and also under the provisions of Articles of Association of the Company, Shri Y.K. Gawali (DIN:05294482) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 10.10.2014 and who holds office under the said Article and pursuant to the provisions of Section 161 of the Companies Act, 2013 upto the date of this Annual General Meeting, and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, 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 an Director of the Company, liable to retire by rotation”.

7. **Appointment of Shri Sandeep Poundrik (DIN 01865958) as Director of the Corporation.**

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

RESOLVED that pursuant to the provisions of Section 149, 152, 160 and other applicable provisions of the Companies Act, 2013, and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and also under the provisions of Articles of Association of the Company, Shri Sandeep Poundrik (DIN:01865958) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 16.10.2014 and who holds office under the said Article and pursuant to the provisions of Section



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161 of the Companies Act, 2013 upto the date of this Annual General Meeting, and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, 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”.

8. Payment of Remuneration to Cost Auditors for Financial Year 2015-16

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

“**RESOLVED** that pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and such other permissions as may be necessary, the payment of the remuneration of ₹ 2,95,000/- with applicable Service Tax plus reimbursement of out of pocket expenses at actuals plus applicable Service Tax payable to M/s. R. Nanabhoy & Company & Rohit J. Vora, who were appointed as “Cost Auditors” to conduct the audit of cost records maintained by the Company for Financial Year ending March 31, 2016, pertaining to various units as applicable and detailed in the statement annexed to the item 8 of the said notice, be and is hereby ratified and approved.

9. Approval for Material Related Party Transactions:

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

“**RESOLVED THAT** pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 and in terms of applicable provisions of the Listing Agreement (including any statutory modification(s) or enactment thereof for the time being in force), and also pursuant to the consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, the approval of the Company be and is hereby accorded to the Material Related Party Transactions as entered by the company for the Financial Year 2014-15 of a value of ₹ 24,102.68 Crores and transactions to be entered for Financial Year 2015-16 of a value of ₹ 50,473.18 Crores as per details as set out under item no. 9 of the Statement annexed to this Notice and that the Board of Directors be and are hereby authorized to perform and execute all such deeds, matters and things including delegate such authority as may be deemed necessary or expedient to give effect to this resolution and for the matters connected therewith or incidental thereto.

BY THE ORDER OF THE BOARD,

Date: 07.08.2015
Regd. Office: 17, Jamshedji Tata Road
Churchgate,
Mumbai - 400 020

Shrikant M. Bhosekar
Company Secretary

NOTES :

1. 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 COMPANY.
2. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
3. In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.