

# वार्षिक रिपोर्ट ANNUAL REPORT 1997-98

MD	/	BKC	/
CS	/	DPY	/
RO	/	DIV	/
TRA	/	AC	/
AGM	/	SHI	/
YE	/		/

10/10/98



REPORT

COM

हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड  
HINDUSTAN PETROLEUM CORPORATION LIMITED

# Contents

Board of Directors	2
Chairman's Message	3
Performance Profile	8
Directors' Report	10
Auditors' Report	27
Balance Sheet	30
Profit and Loss Account	31
Schedules to Accounts	32
Cash Flow Statement	51
Review of Accounts by C&AG	55
C&AG's Comments	59
Notice	67



**Registered Office and Headquarters Office**

Petroleum House,  
17, Jamshedji Tata Road  
Mumbai 400 020.

**Marketing Headquarters**

Hindustan Bhavan  
8, Shoorji Vallabhdas Marg  
Ballard Estate  
Mumbai 400 038.

**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  
Sir J.J. Road, Byculla  
Mumbai 400 008.

**North Zone**

11th Floor, Tower I  
Jeevan Bharati Building  
124, Connaught Circle  
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**

N.R. Narayanan

**Statutory Auditors**

Kalyaniwalla & Mistry  
Chartered Accountants  
Mumbai.

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

**Branch Auditors**

B.V. Rao & 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



## Board of Directors

**Shri H.L. Zutshi**

Chairman and Managing Director

**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

**Shri Devi Dayal**

Additional Secretary - Marketing, MOP&NG

**Shri Nirmal Singh**

Joint Secretary - Refineries, MOP&NG

**Shri Swarup K. Gupta**

Additional Member - Traffic, Railway Board



## CHAIRMAN'S MESSAGE

*"It is not the strongest of the species that survive, nor the most intelligent; it is the most adaptable to change."*

In present times every sphere of human enterprise is experiencing an accelerated rate of change. The same is true in the realm of business.

The onset of the process of globalisation coupled with the revolution in the area of information technology and changing demographics is but a prelude to the on-going changes that are sweeping across the global business scenario. Markets are becoming increasingly open and justifiably the customers are demanding the very best.

Things are happening in the Indian petroleum sector as well. The recent reforms have brought about fundamental changes in the oil sector. Changes that will have far reaching implications. The current decade has been a witness to a gradual opening up of the entire Indian petroleum sector; in exploration and production, refining, marketing and distribution. The recently announced de-regulation has set the tone for a period of intense competition.

The times ahead are definitely going to be extremely challenging. The going has been excellent for your Corporation and there is every reason to believe that we will even better our performances in the future. The upward trend in our performance continues to be reflected for the financial year 1997-98. The sales turnover at Rs. 20512.91 crores saw the Corporation crossing the Rs. 20,000 crore mark, reflecting an increase of 13.40% over the previous year. The Corporation has continued to gain new grounds in other areas as well. The year was, however marred by the tragic fire incident we had at our Visakhapatnam Refinery. Our solemn thoughts go to the bereaved.

I am pleased to say that the various projects that are aimed at consolidating our position in the domestic market scene are progressing well; details of these are elaborated in the Directors' Report. Strengthening our infrastructure, together with an emphasis on customer orientation, technological upgradation and increased productivity is aimed to make us competitive and robust to face up to the new challenges.

The success of any organisation is a function engineered by its core asset i.e. the human resources. The business process re-engineering exercise undertaken by your Corporation in the early part of 1997 is now at various stages of implementation. This coupled with the bringing in of the latest in Information technology, will no doubt translate our envisaged vision for the Corporation, into a reality.

With the dedicated efforts of over 11,400 employees and the continued confidence you have reposed in this Corporation, we will continue to remain a strong corporate entity. We see challenge in every change and in every change an opportunity.

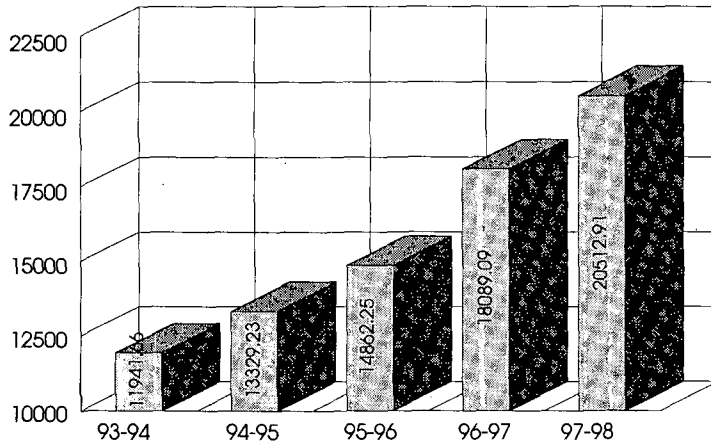
**H.L. ZUTSHI**

Chairman & Managing Director



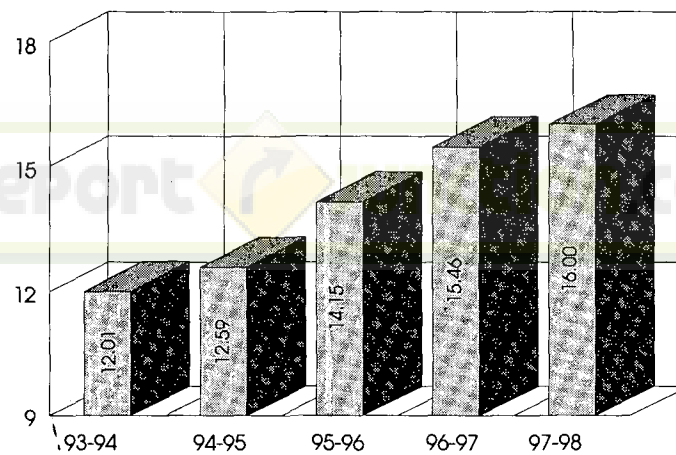


**TURNOVER**  
(Rs./Crores)

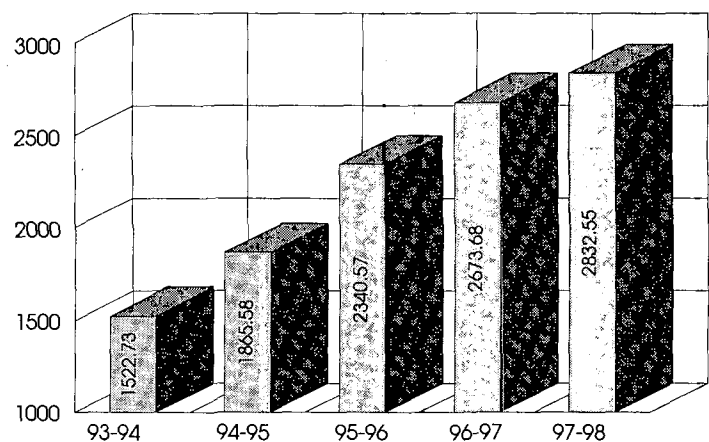


## Performance

**MARKET SALES**  
(In Million Tonnes)



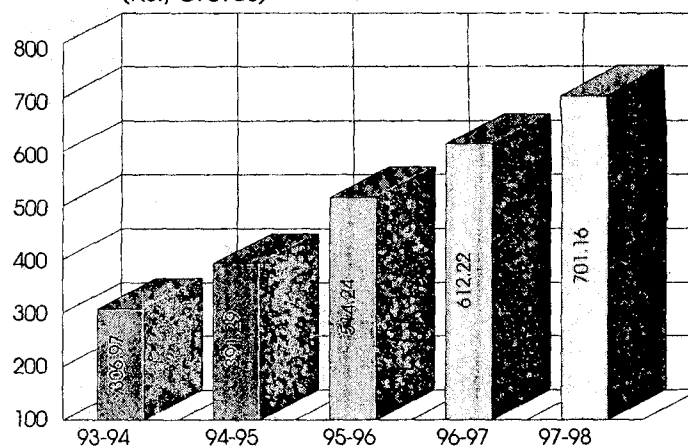
**VALUE ADDED**  
(Rs./Crores)



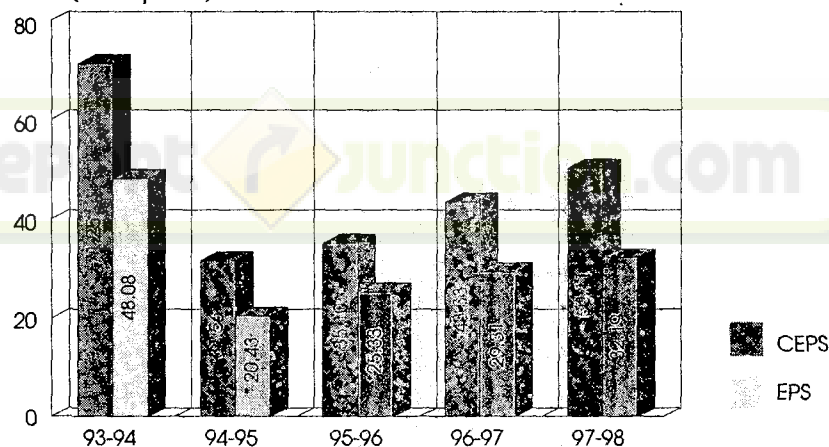


# Highlights

**NET PROFIT**  
(Rs./Crores)

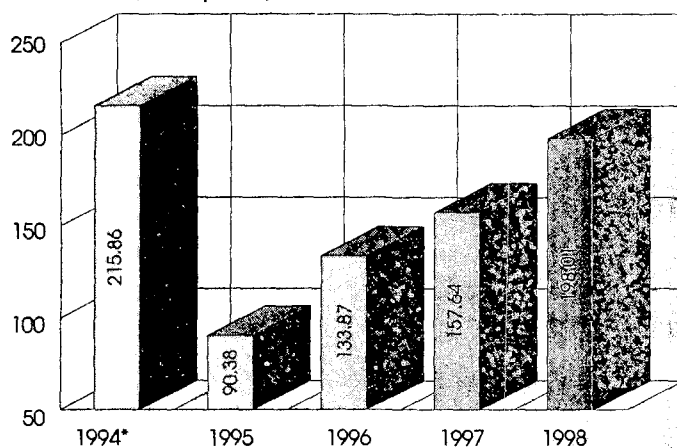


**EPS & CEPS**  
(In Rupees)



\* on post bonus (2:1)/Equity Issue

**BOOK VALUE PER SHARE AS ON 31ST MARCH**  
(In Rupees)

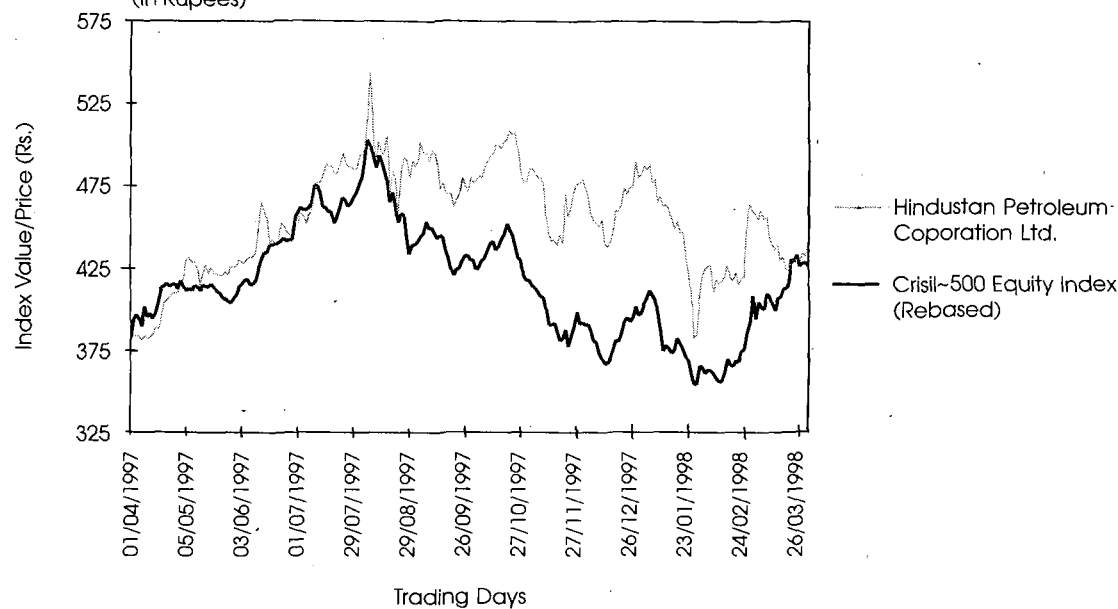


\* Before Bonus Issue in the ratio of 2:1



### Performance of HPCL share vis-à-vis CRISIL-500 1997-98

(In Rupees)



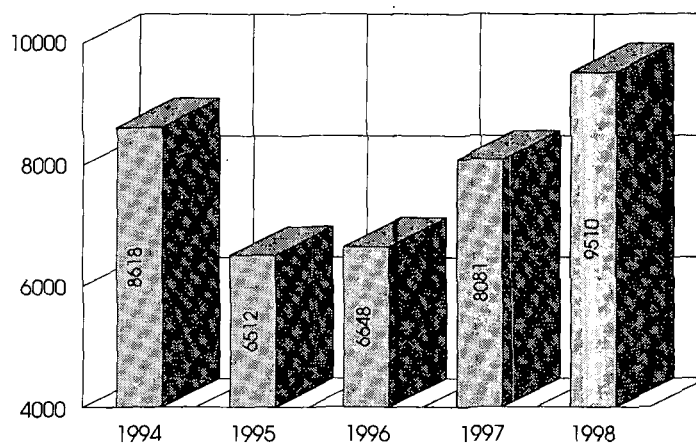
DIVIDEND		
Financial Year	Dividend %	Dividend Rs./Crores
1993-94	50	31.92
1994-95 *	20	38.30
1995-96 @	35	70.79
1996-97	40	83.55
1997-98 #	50	108.89

\* on increased share capital (post bonus)

@ includes pro-rata on Public Issue

# includes pro-rata on Warrant Conversion

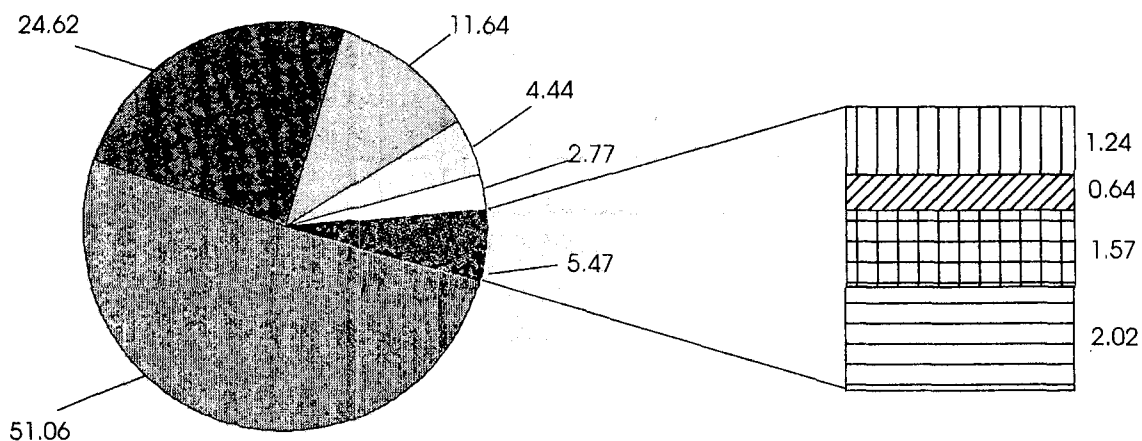
### Market Capitalisation as on 31st March (Rs./Crores)







### SHAREHOLDERS PROFILE AS ON 31ST MARCH 1998



	GOI		FIN. INST		FII/OCBs		MF		NRIs
	Employees		DOM. COM.		Banks		Others		

### DEMATERIALISATION OF SHARES

	No. of Shares	% of Share Capital
As on 31st March '98	2,68,40,500	11.86
As on 31st July '98	6,44,46,400	28.48

### TRANSFER OF SHARES

Period	No. of Shares
1995-96	3231800
1996-97	11402100
1997-98	22287650

### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 1998

Number of Shares	Number of Shareholders	% Shareholders	Total No. of Shares	% Holding
1 to 500	66,786	94.74	10,574,430	4.67
501 to 1000	2,918	4.14	1,883,600	0.83
1001 to 5000	382	0.54	824,450	0.37
5001 to 10000	74	0.11	545,300	0.24
10001 and above	332	0.47	212,392,220	93.89
	<b>70,492</b>	<b>100.00</b>	<b>226,220,000</b>	<b>100.00</b>



## PERFORMANCE PROFILE

	1997-98	1996-97	1995-96	1994-95	1993-94
<b>PHYSICAL</b>	<b>MILLION TONNES</b>				
<b>CRUDE THRUPUT</b>	<b>8.84</b>	11.39	11.01	10.25	10.47
Mumbai Refinery	<b>6.38</b>	6.54	5.97	5.24	6.02
Visakh Refinery	<b>2.46</b>	4.85	5.04	5.01	4.45
<b>MARKET SALES</b>	<b>16.00</b>	15.46	14.15	12.59	12.01
<b>FINANCIAL</b>	<b>RS./CRORES</b>				
<b>TURNOVER</b>	<b>20512.91</b>	18089.09	14862.25	13329.23	11941.66
Gross Profit	<b>1403.01</b>	1332.15	1090.62	865.02	687.65
Depreciation	<b>390.07</b>	292.93	198.46	213.10	147.89
Interest	<b>84.98</b>	97.52	46.21	76.75	74.72
Tax	<b>226.80</b>	329.48	331.71	183.88	158.07
<b>NET PROFIT</b>	<b>701.16</b>	612.22	514.24	391.29	306.97
Dividend	<b>108.89</b>	83.55	70.79	38.30	31.92
Tax on Distributed Profits	<b>10.89</b>	8.35	—	—	—
Retained Earnings	<b>581.38</b>	520.32	443.45	352.99	275.05
<b>INTERNAL RESOURCES</b>	<b>971.45</b>	813.25	641.91	566.09	422.94
<b>GENERATED</b>					
<b>VALUE ADDED</b>	<b>2832.55</b>	2673.68	2340.57	1865.58	1522.73
<b>WHAT CORPORATION OWNS</b>					
Gross Fixed Assets	<b>4861.22</b>	3776.32	3159.75	2760.84	2297.35
Depreciation	<b>2134.98</b>	1772.69	1483.36	1289.14	1086.57
Net Fixed Assets	<b>2726.24</b>	2003.63	1676.39	1471.70	1210.78
Capital Work in Progress	<b>953.14</b>	607.67	382.15	290.68	275.97
Investments - JVCs	<b>484.86</b>	121.65	120.30	109.18	108.68
- Others	<b>1156.12</b>	162.17	162.17	162.12	162.12
Net Current Assets	<b>286.27</b>	1956.70	808.96	565.35	538.98
Misc. Exps. (Public Issue exps.) to the extent not written off	<b>10.68</b>	15.19	14.16	17.49	—
<b>TOTAL</b>	<b>5617.31</b>	4867.01	3164.13	2616.52	2296.53
<b>WHAT CORPORATION OWES</b>					
<b>Net Worth</b>	<b>4312.40</b>	3292.67	2717.93	1731.01	1378.02
Share Capital	<b>221.44</b>	208.55	206.94	191.52	63.84
Reserves	<b>4090.96</b>	3084.12	2510.99	1539.49	1314.18
<b>Borrowings</b>	<b>1256.92</b>	1418.10	446.20	602.18	918.51
Share Application/Call Money pending allotment	<b>47.99</b>	156.24	—	283.33	—
<b>TOTAL</b>	<b>5617.31</b>	4867.01	3164.13	2616.52	2296.53