

वार्षिक रिपोर्ट १९९९-२०००
Annual Report 1999-2000





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Our Vision is to be a leading World Class Company in Hydrocarbons and Energy related Sectors with a Global Presence.

The cover depicts the embodiment of HPCIL's thrust to emerge as a front-runner amongst leading Hydrocarbon companies... carving out a "future full of energy".



Registered Office and Headquarters Office

Petroleum House,
17, Jamshedji Tata Road,
Mumbai 400 020.
e-mail : corphqo@hpcl.co.in
website : www.hindpetro.com

Marketing Headquarters

Hindustan Bhavan,
8, Shoorji Vallabhdas Marg,
Ballard Estate,
Mumbai 400 001.

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,
Shri J.J. Road, Byculla,
Mumbai 400 008.

North Zone

11th Floor, Tower I,
Jeevan Bharati Building,
124, Indira Chowk,
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

Shri N.R. Narayanan

Statutory Auditors

Batliboi & Purohit
Chartered Accountants
Mumbai.

Ford, Rhodes, Parks & Co.

Chartered Accountants
Mumbai.

Branch Auditors

Sriramamurthy & 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

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Board of Directors

| | |
|------------------------------|--|
| SHRI H.L. ZUTSHI | Chairman and Managing Director |
| SHRI SWARUP K. GUPTA | Director Additional Member - Traffic, Railway Board |
| SHRI NARESH NARAD | Director Additional Secretary - Marketing MOP & NG |
| DR. B. MOHANTY | Director Joint Adviser - Finance MOP & NG |
| SHRI T.L. SANKAR | Director Principal, Administrative Staff College of India, Hyderabad |
| SHRI RAJA G. KULKARNI | Director |
| SHRI RAJESH V. SHAH | Director Managing Director, Mukand Ltd. |
| SHRI M. NANDAGOPAL | Director Managing Director, Mohan Breweries & Distilleries Ltd. |
| 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 |



Chairman's Message

One more eventful financial year came to a close in March 2000. As you are aware, last year your Corporation completed 25 years as a PSU and will now be progressing towards completing 50 years since the formation of the Company in 1952. Over the period, activities of your Corporation have been growing steadily in terms of volume, diversifications, profitability and complexity.

The process of partial disinvestment of your Corporation's shares by Government during 1993-94 as part of the Government's economic liberalisation programme was the first step towards ushering in a period which would see market forces influencing the performance of the Corporates. The Public Issue in two phases, during 1995 and 1997, widened the shareholders' base, making your Corporation as the only PSU where Government of India's holding is close to the threshold limit of 51%, the balance being distributed among FIs, Flls, MFs, NRIs, Employees and Public. With the Economic indices showing a positive trend, energy demand in various forms showing steady increase in the period to come, Government of India's Hydrocarbon Vision 2000-2025 envisaging inter-alia, full dismantling of APM by April 2002, your Corporation is gearing up to meet the requirements of the changing environment.

Expansions, Diversifications, Consolidations are becoming commercial compulsions globally to sustain growth and profitability. Your Corporation has been going through this process through its own activities as well as in terms of formation of joint ventures, for establishing new projects, both in the downstream as well as upstream areas. The Joint Venture approach has benefitted the Corporation in terms of shared approach to investments, avenues to receive expertise and achieving synergy in skills. This approach will be sustained to exploit the growth potential in the areas of exploration and production, improved marketing infrastructure and export opportunities etc.

The significant areas of performance during the financial year 1999-2000 were sales turnover of Rs. 34,368 crores, net profit of Rs. 1,057 crores, crude thruput of 10.55 Million tonnes, internal resource generation of Rs. 1,036 crores, and contribution to exchequer of Rs. 8,732 crores. For the 9th year in succession, your Corporation recorded an 'Excellent' rating on the performance MOU signed with the Government of India. The Corporation



paid an interim dividend of 80% on the increased equity after issue of Bonus shares. With the proposed 30% final dividend, the total dividend for 1999-2000 will be 110%.

Other achievements during the year included the capacity expansion of Visakh Refinery from 4.5 MMT to 7.5 MMT per annum and completion of the Diesel Hydro De-Sulphurisation project at Mumbai and Visakh Refineries at a total cost of Rs. 1500 crores. Both the Refineries are now supplying unleaded petrol and extra low sulphur diesel.

Implementation of (a) the 9 million tonnes Punjab Refinery Project, (b) the 500 MW VTB based Power Plant at Visakh, (c) the 60,000 tonnes LPG cavern storage facility at Visakh, (d) the enterprise wide information system and (e) the Stabilisation of the newly constituted SBU Units of Marketing Division will be the important activities in the next few years. These activities are expected to provide considerable value addition to the Corporation.

The emerging competition in marketing of Petroleum products has intensified with the customers expecting not only quality products but extended range of services. The Corporation has embarked upon upgradation and modernisation of its Retail Outlets. Facilities such as Convenience Stores, Cyber kiosks, Automated Teller Machines are being introduced in a gradual manner. This initiative has already evoked positive response from the customers.

Continued success in performance requires concerted efforts and commitment to the Organisational goals coupled with endeavour towards achieving high standards of performance and productivity. Your Corporation strives constantly towards this. The confidence and support of our large base of customers, business associates, loyal shareholders and dedicated employees gives us the required impetus to continue with the high level of performance.

Specific details of performance are given herein.

H.L. ZUTSHI
Chairman & Managing Director

Mumbai



Equity History

| Year | Particulars | No. of shares Issued | Total No. of shares | Face value per share Rs. | Total Share Capital Rs. |
|-----------|---|----------------------|---------------------|--------------------------|-------------------------|
| 1973 | Equity Shares (Before take over by Government of India) | — | 11,25,000 | 20 | 2,25,00,000 |
| 1974 | Issue of equity shares on takeover of ESSO Eastern Inc and amalgamation of Lube India Limited | 1,00,000 | 1,00,000 | 1,000 | 10,00,00,000 |
| 1978-1979 | Issue of equity shares to the President of India on amalgamation of CORIL | 52,000 | 1,52,000 | 1,000 | 15,20,00,000 |
| 1983-1984 | Issue of equity shares to the President of India | 2,50,000 | 4,02,000 | 1,000 | 40,20,00,000 |
| 1985-1986 | Issue of Bonus shares to the President of India (17:10) | 2,36,400 | 6,38,400 | 1,000 | 63,84,00,000 |
| 1991-1992 | Sub-division of equity shares | — | 6,38,40,000 | 10 | 63,84,00,000 |
| 1994-1995 | Issue of Bonus shares (2:1) | 12,76,80,000 | 19,15,20,000 | 10 | 1,91,52,00,000 |
| 1995-1996 | Public Issue - Phase I | 1,73,50,000 | 20,88,70,000 | 10 | 2,08,87,00,000 |
| 1997-1998 | Public Issue - Phase II (Warrant Conversion) | 1,73,50,000 | 22,62,20,000 | 10 | 2,26,22,00,000 |
| 1999-2000 | Issue of Bonus shares (1:2) | 11,31,10,000 | 33,93,30,000 | 10 | 3,39,33,00,000 |

Disinvestment by Government of India

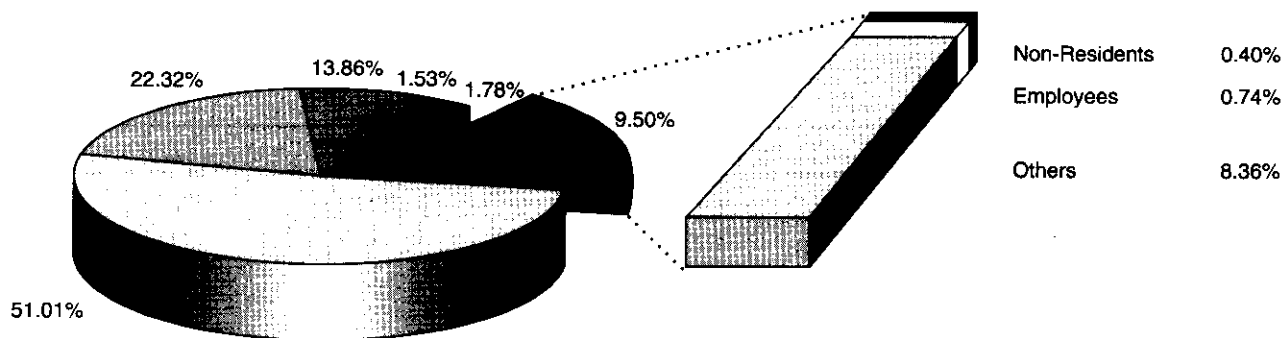
| Period | Details | No. of Shares |
|------------------|--|---------------|
| March 1992 | Phase I | 1,27,68,000 |
| October 1992 | Phase II | 31,92,000 |
| December 1992 | Phase III* | 31,92,000 |
| March/April 1994 | Phase IV | 44,68,800 |
| May 1994 | Issue of Shares to Employees | 17,57,700 |
| May 1995 | Public Issue - Phase I | 1,73,50,000 |
| April 1997 | Public Issue - Phase II (Warrant Conversion) | 1,73,50,000 |

* includes 40000 shares transferred in May 1999.

After Disinvestment / Public issue, Government of India's share holding stands at 51.01% of total issued Share Capital.



Shareholders' Profile As On 31st March, 2000



Government of India



Financial Institutions



Foreign Institution Investors/OCB



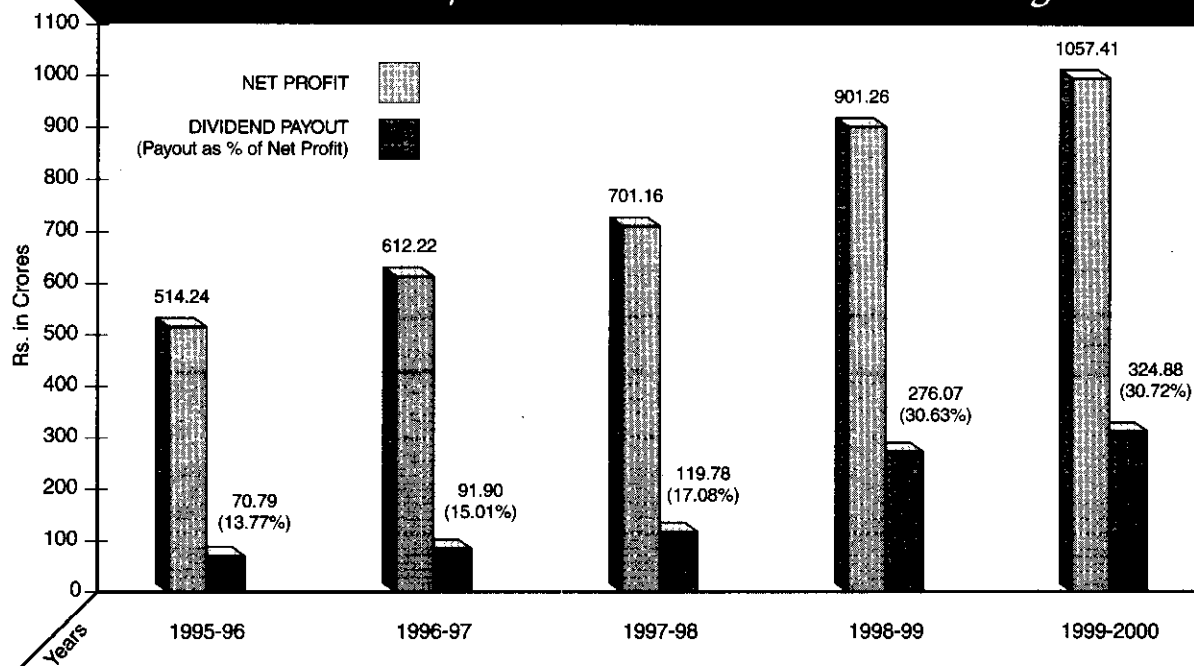
Mutual Funds



Banks



Net Profit And Dividend Payout





Performance Profile

| | 1999-2000 | 1998-1999 | 1997-1998 | 1996-1997 | 1995-1996 |
|--|-----------------|-----------------------|-----------|-----------|-----------|
| PHYSICAL | | MILLION TONNES | | | |
| CRUDE THRUPUT | 10.55 | 9.07 | 8.84 | 11.39 | 11.01 |
| Mumbai Refinery | 6.00 | 5.21 | 6.38 | 6.54 | 5.97 |
| Visakh Refinery | 4.55 | 3.86 | 2.46 | 4.85 | 5.04 |
| PIPELINE THRUPUT | 6.18 | 5.05 | 3.98 | 3.76 | 3.68 |
| MARKET SALES | 17.50 | 16.98 | 16.00 | 15.46 | 14.15 |
| FINANCIAL | | Rs./CRORES | | | |
| TURNOVER | 34368.03 | 25994.56 | 20512.91 | 18089.09 | 14862.25 |
| Gross Profit | 1727.88 | 1804.05 | 1403.01 | 1332.15 | 1090.62 |
| Depreciation | 303.91 | 404.61 | 390.07 | 292.93 | 198.46 |
| Interest | 150.40 | 118.88 | 84.98 | 97.52 | 46.21 |
| Tax | 216.16 | 379.30 | 226.80 | 329.48 | 331.71 |
| NET PROFIT | 1057.41 | 901.26 | 701.16 | 612.22 | 514.24 |
| Dividend | 284.98 | 248.71 | 108.89 | 83.55 | 70.79 |
| Tax on Distributed Profits | 39.90 | 27.36 | 10.89 | 8.35 | — |
| Retained Earnings | 732.53 | 625.19 | 581.38 | 520.32 | 443.45 |
| INTERNAL RESOURCES GENERATED | 1036.44 | 1029.80 | 971.45 | 813.25 | 641.91 |
| VALUE ADDED | 3541.69 | 3164.91 | 2832.56 | 2673.69 | 2340.56 |
| WHAT CORPORATION OWNS | | | | | |
| Gross Fixed Assets | 8431.07 | 5710.36 | 4861.22 | 3776.32 | 3159.75 |
| Depreciation | 2809.94 | 2515.96 | 2134.98 | 1772.69 | 1483.36 |
| Net Fixed Assets | 5621.13 | 3194.40 | 2726.24 | 2003.63 | 1676.39 |
| Capital Work- in-Progress | 474.57 | 1761.43 | 953.14 | 607.67 | 382.15 |
| Investments - JVCs | 495.34 | 491.34 | 484.86 | 121.65 | 120.30 |
| - Others | 85.36 | 442.64 | 1156.12 | 162.17 | 162.17 |
| Net Current Assets | 1995.08 | 570.74 | 266.85 | 1938.58 | 792.79 |
| Misc. Expenses (Public Issue Expenses to the extent not written off) | 1.70 | 6.21 | 10.68 | 15.19 | 14.16 |
| TOTAL | 8673.18 | 6466.76 | 5597.89 | 4848.89 | 3147.96 |
| WHAT CORPORATION OWES | | | | | |
| Net Worth | 5771.69 | 5037.21 | 4292.97 | 3274.55 | 2701.76 |
| Share Capital | 338.75 | 225.59 | 221.44 | 208.55 | 206.94 |
| Reserves | 5432.94 | 4811.62 | 4071.53 | 3066.00 | 2494.82 |
| Borrowings | 2901.49 | 1429.55 | 1256.93 | 1418.10 | 446.20 |
| Share Application/Call Money | — | — | 47.99 | 156.24 | — |
| Pending Allotment/Appropriation | — | — | — | — | — |
| TOTAL | 8673.18 | 6466.76 | 5597.89 | 4848.89 | 3147.96 |

Performance Profile



| | 1999-2000 | 1998-1999 | 1997-1998 | 1996-1997 | 1995-1996 |
|---|----------------|-------------------|----------------|----------------|----------------|
| FUND FLOW STATEMENT | | Rs./CRORES | | | |
| Sources of Funds : | | | | | |
| Profit after Tax | 1057.41 | 901.26 | 701.16 | 612.22 | 514.24 |
| Depreciation | 303.91 | 404.61 | 390.07 | 292.93 | 198.46 |
| LPG Deposits | 354.54 | 204.49 | 193.05 | 105.06 | 81.50 |
| Borrowings (Net) | 644.23 | — | 224.57 | 262.75 | — |
| Share Application Money/Call Money | — | — | — | 156.24 | — |
| Share Capital | 0.06 | 4.15 | 12.89 | 1.61 | 15.43 |
| Share Premium | 1.88 | 136.86 | 425.46 | 52.81 | 528.05 |
| Redemption of Oil Bonds | 283.00 | 711.00 | — | — | — |
| Redemption/Sale of Investment | 74.91 | — | — | — | — |
| Adj on account of sale/ deletion of Assets & Prov. for diminution in Investment | 21.02 | 9.39 | 34.83 | 4.27 | 28.03 |
| TOTAL | 2740.96 | 2371.76 | 1982.03 | 1487.89 | 1365.71 |
| Utilisation of Funds : | | | | | |
| Dividend | 284.98 | 248.71 | 108.89 | 83.55 | 70.79 |
| Tax on Distributed Profits | 39.90 | 27.36 | 10.89 | 8.35 | — |
| Capital Expenditure | 1465.44 | 1687.93 | 1492.98 | 849.96 | 522.66 |
| Working capital : Inc/ (Dec) | 853.01 | 331.70 | (961.63) | 413.64 | 687.61 |
| Repayment of Loans (Net) | 91.89 | 21.65 | — | — | 76.87 |
| Investment - JVCs (Incl. Adv. against Equity) | 10.25 | 10.89 | 233.16 | 131.35 | 11.12 |
| Investment- Others | — | — | 994.00 | — | — |
| Share Application/Call money | — | 47.99 | 108.25 | — | — |
| Misc. Exps. (Public Issue exps.) | (4.51) | (4.47) | (4.51) | 1.04 | (3.34) |
| TOTAL | 2740.96 | 2371.76 | 1982.03 | 1487.89 | 1365.71 |
| CONTRIBUTION TO EXCHEQUER | | | | | |
| Excise Duty | 3308.93 | 2214.89 | 1588.71 | 1302.96 | 819.99 |
| Customs Duty | 1335.17 | 1199.10 | 1698.24 | 2341.50 | 2048.95 |
| Sales Tax | 3920.23 | 2869.65 | 2712.13 | 2093.54 | 1744.71 |
| Income Tax | 167.91 | 293.34 | 271.52 | 396.35 | 292.82 |
| TOTAL | 8732.24 | 6576.98 | 6270.60 | 6134.35 | 4906.47 |
| RATIOS | | | | | |
| Gross Profit/Sales (%) | 5.03 | 6.94 | 6.84 | 7.36 | 7.34 |
| Net Profit/Sales (%) | 3.08 | 3.47 | 3.42 | 3.38 | 3.46 |
| Earnings Per Share (Rs.) | 40.82 # | 39.84 | 32.19 @ | 29.31 | 25.33* |
| Cash Earnings Per Share (Rs.) | 52.55 # | 57.73 | 50.11 @ | 43.33 | 35.10* |
| Debt Equity Ratio | 0.06 :1 | 0.14:1 | 0.18:1 | 0.16:1 | 0.09:1 |
| MANPOWER | 11584 | 11583 | 11489 | 11221 | 11209 |

* On average Share Capital of Rs.203.02 crores

@ On average Share Capital of Rs.217.79 crores

On average Share Capital of Rs. 259.07 crores