



Enhancing capabilities. Delighting customers.



वार्षिक रिपोर्ट 2009-10 | Annual Report 2009-10

हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड | Hindustan Petroleum Corporation Limited

Cover Theme

Today, India is one of the fastest growing economies in the World. As the economy grows, so does the demand for Petroleum Products. Ensuring an uninterrupted supply of products to fuel the economy in a manner that is both responsible and sustainable is a constant endeavour of Hindustan Petroleum.

The same is reflected in our Vision statement.

“To be a World Class Energy Company known for caring and delighting the customers with high quality products and innovative services across domestic and international markets with aggressive growth and delivering superior financial performance.

The Company will be a model of excellence in meeting Social commitment, Environment, Health and Safety norms and in Employee welfare and relations.”

HPCL is committed to environment protection and constantly endeavours to ensure that its increasing scale of operations does not lead to environment degradation. In line with the “Environment Policy” adopted by it, HPCL is committed to conduct all its operations in such a manner as to be compatible with the Environment.

ENVIRONMENT - OUR NEED, OUR COMMITMENT.

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Our Directors

Whole Time Directors	Ex-Officio Part-Time Directors	Non-Official Part-time Directors
Shri S Roy Choudhury Chairman & Managing Director (From 01/08/2010)	Shri P.K. Sinha Director	Shri P.V. Rajaraman Director (Till 19/07/2010)
Dr. V. Vizia Saradhi Director-Human Resources	Shri L.N. Gupta Director	Prof. Prakash G. Apte Director (Till 19/07/2010)
Shri B. Mukherjee Director – Finance		Dr. Gitesh K. Shah Director (From 07/12/2009)
Shri K. Murali Director – Refineries		
Shri Arun Balakrishnan Chairman & Managing Director (Till 31/07/2010)		



Chairman's Message

Dear Shareholders,

It gives me immense pleasure to present you the 58th Annual Report 2009-10.

The year 2009 -10 saw recovery of global economy from the lows of previous year. The extraordinary measures taken by policymakers all over the world contained the fallout of the financial crisis of 2008. India was not immune to the crisis though impact was muted as evident from the relatively modest slowdown in the growth rates of the economy from 9% to about 7%. The growth rate for the economy is slowly edging higher. In 2009-10, the Indian economy grew at 7.4%. Oil prices, after hovering around US \$50-60 per barrel in the early part of the financial year, have been steady at US \$70-80 per barrel. Aggressive production cuts by OPEC provided support to prices despite fall in the global oil demand in 2009.

Oil demand in India increased at a steady 3% to 138 MMT. Sales of transport fuels were quiet robust despite the fact that prices of petrol and diesel were increased twice in response to rising crude prices. Rising incomes and thus, vehicle ownership appear to offset the price impact. Kerosene and LPG prices were untouched. Gas started flowing from D-6 field in KG basin increasing domestic production by a significant 45%. Greater availability of competitively priced gas reduced the demand for naphtha.

Our sales increased by 3.5% to reach 26 MMT during the year 2009-10. In line with the overall trend, auto fuel sales increased by about 9%. Naphtha sales, however, were substantially down. Our refineries processed about 16 MMT of crude achieving capacity utilization above 100%. Turnover for the year was over Rs. 108000 crores. Profit after tax for 2009-10 is about Rs. 1300 crores compared to Rs. 575 crores in 2008-09. Under-recoveries absorbed by the company were to the tune of about Rs. 1,200 crores. The interest cost was brought down through judicious treasury management.

In the current uncertain global economic environment, the performance of Indian economy has been quite strong. As per capita incomes rise, demand for oil will also increase be it transport, industry or residential demand. The Government of India has recently decided to move towards market determined pricing of petrol. This will enable the private sector to re-enter the retail market for automotive fuels. Thus the space which was left to PSU marketing companies will become more dynamic once again.

We aim to capture the growth in the sector by improving our customer reach and extending our offerings backed by an efficient capital base. The Green fuels projects for production of petrol at our Mumbai and Visakh refineries have been completed and are producing Euro III/IV quality petrol. Mumbai refinery became the first Indian PSU refinery to commence production of Euro IV quality petrol and the project was dedicated to the nation in January 2010 by Shri Jairam Ramesh, Hon'ble Minister of State (Independent Charge) Ministry of Environment & Forests, in the function presided by Shri Murli Deora, Hon'ble Minister of Petroleum & Natural Gas. As regards diesel, both the refineries have commenced production of Euro III quality diesel by changing over to higher grade activity catalyst. To produce Euro IV quality diesel both the refineries are currently implementing Diesel Hydrotreater Projects at an approved cost of Rs. 6900 Crores. To take full advantage of Single point mooring facilities project at Visakhapatnam, we have tied up with Indian strategic Petroleum Reserves Limited (ISPRL) for 300 TMT crude storage in the cavern project being executed by them. This will provide us the required storage space to unload VLCC. Our joint venture refinery in Bathinda Punjab is slated for commissioning next year. Associated distribution infrastructure



Chairman's Message

for product evacuation including pipelines is also being executed as per schedule. Reach to rural customers is being achieved through schemes like "HP Gas Rasoi Ghar" and "Rajiv Gandhi Gramin LPG Vitarak". We always had a strong presence in lubricants markets and we have maintained it by continuously upgrading product range in line with changing customer requirements and also tailoring our product to specific customer needs. Increasing demand is not the only element in our operating environment. The other factor is increasing concerns about environmental impact of increased fossil usage and about energy security. These two concerns have dovetailed into greater push for renewable energy. In pursuit of opportunities thus opened, we are investing in ethanol and biodiesel production and also in wind energy projects. We are also active in upstream sector and in city gas distribution projects to diversify our revenue portfolio.

All our plans are dependent on the commitment, experience and hard work of our people. We aim to nurture this talent by creating a work environment conducive to greater productivity and by continuous up-gradation of skills.

Our customers, business associates and shareholders have always been a source of strength and I thank them for their support. The Independent Directors have provided critical input based on their vast knowledge & experience. The government directors and the Ministry of Petroleum & Natural Gas, has guided and supported 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 (From 16/12/2009)
Shri G.A. Shirwaikar	ED - Maharashtra Refinery Project
Shri S.V. Sahni	ED - Central Engineering (Refineries)
Shri D.K. Deshpande	ED - HRD
Shri K.S. R. Prasad	ED - Joint Ventures
Ms. Nishi Vasudeva	ED - LPG
Shri O.P. Pradhan	ED - Corporate Planning & Strategy
Shri P.A.B. Raju	ED - Visakh Refinery
Shri K.V. Rao	ED - Corporate Finance
Shri R. Sudhakara Rao	ED - Direct Sales
Shri A.B. Thosar	ED - Projects & Pipelines
Shri S.P. Gupta	ED*
Shri M.S. Damle	ED - Retail
Shri Y.K. Gawali	ED - O&D
Shri Rajan K. Pillai	ED*
Shri B.K. Namdeo	ED - IT & S
Shri S.C. Mehta	ED - Mumbai Refinery
Shri Sandeep Joseph	General Manager - Industrial Relations
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 K. Srinivasan	General Manager - Technical, MR
Shri R. Ganesan	General Manager - Internal Audit
Shri Rakesh Kumar	General Manager - HR (CM)
Shri A.V. Sarma	General Manager - Natural Gas
Shri S.T. Sathiavageeswaran	General Manager - Information Systems
Shri G. Sriganesh	General Manager - R&D, Corporate
Shri D.K. Hota	General Manager - MRA & P
Shri K.C. Agarwal	General Manager - Maintenance, MR
Shri V.V. Nagada	General Manager - Projects, MR
Shri Y.K. Rao	General Manager - Materials, VR
Shri Ramanuj Roy	General Manager - Finance, MR
Shri S.P. Singh	General Manager - Exploration & Production

Senior Management Team

Shri N.S.J. Rao	General Manager - Operations, MR
Shri S. Babu Ganesan	General Manager - Engineering & Projects
Ms. Sonal Desai	General Manager - CSR
Shri M. Naveen Kumar	General Manager - Finance, VR
Shri P.P. Nadkarni	General Manager*
Shri H. Kumar	General Manager - Retail Upgradation
Shri S. Jeyakrishnan	General Manager - East Zone
Shri H.R. Wate	General Manager - Retail
Shri A. Pande	General Manager - West Zone
Shri J. Ramaswamy	General Manager - Commercial, Direct Sales
Shri R. Radhakrishnan	General Manager - Aviation
Shri V.K. Jain	General Manager - Tax
Shri V.V.R. Narasimham	General Manager - Technical, VR
Shri M.K. Surana	General Manager - Operations, VR
Shri Ajit Singh	General Manager - Delhi Coordination Office
Shri Rakesh Misri	General Manager - North Zone
Shri Pushp Joshi	General Manager - HR (Marketing)
Shri L.M. Motwani	General Manager - PR & CC
Shri A.K. Bhan	General Manager - South Zone
Ms. Geeta Jerajani	General Manager - Corporate Planning & Strategy
Shri S.P. Nair	General Manager - Legal
Shri B. Ravindran	General Manager - Commercial, LPG
Shri M. Rambabu	General Manager - CEC
Shri MVR Krishna Swamy	General Manager*
Shri R. Kesavan	General Manager - Commercial, Retail
Shri H.C. Mehta	General Manager - O & 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 Vishwas Khand, Gomti Nagar,
Lucknow - 226 001 (U.P.)

North West Retail Zone

C/o. Auto Care Centre
Judges Bungalow Road,
Bodakdev, Near Satyagraha Chavani,
Ahmedabad - 380 054

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

M/s. V. Sankar Aiyar & Co.
Chartered Accountants, Mumbai

M/s. Om Agarwal & Co.

Chartered Accountants, Jaipur

Branch Auditors

M/s. Grandhy & Co.
Chartered Accountants,
Visakhapatnam

Cost Auditors

M/s. R. Nanabhoy & Co.
Jer Mansion, 1st Floor, 70 August Kranti
Marg, Mumbai - 400 036

M/s. CMA Rohit J. Vora

1103 Raj Sunflower,
Royal Complex, Eksar Road, Borivali (W)
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



58th Annual Report 2009-2010

Notice of Annual General Meeting

HINDUSTAN PETROLEUM CORPORATION LIMITED
(A Government of India Enterprise)
REGISTERED OFFICE : 17 JAMSHEDJI TATA ROAD, MUMBAI 400 020

NOTICE

NOTICE is hereby given that the **58th ANNUAL GENERAL MEETING** of the Members of Hindustan Petroleum Corporation Limited will be held on Thursday, September 16, 2010 at 11.00 A.M. at Y.B. Chavan Auditorium, at Yeshwantrao Chavan Pratishthan, 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, 2010, 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 2009-2010.
3. To appoint a Director in place of **Shri P.K. Sinha**, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of **Shri L.N. Gupta**, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of **Shri B. Mukherjee**, who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS :

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

“RESOLVED that **Dr. Gitesh K. Shah** 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 07.12.2009 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 re-appointment 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

Shrikant M. Bhosekar
Company Secretary

Date : August 05, 2010
Regd. Office : 17, Jamshedji Tata Road
Churchgate,
Mumbai - 400 020



Notice of Annual General Meeting

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. 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.
2. The Explanatory Statement made pursuant to Section 173(2) of the Companies Act, 1956 in respect of the item No. 6 of the Notice is annexed herewith.
3. Dividend on Equity Shares as recommended by the Directors for the year ended March 31, 2010, if approved at the meeting, will be payable to those eligible members whose names appear:
 - (1) As Beneficial owners, as on September 06, 2010 as per the list to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. in respect of shares held in electronic form, and
 - (2) As Members in the Register of Members of the Company as on September 06, 2010 after giving effect to all valid share transfers in physical form lodged with the Company on or before September 06, 2010.
 - (3) In terms of circular no. MRD/DoP/Cir-05/2009 dated 20th May, 2009 issued by Securities and Exchange Board of India (SEBI), it is now mandatory for the transferee of the physical shares to furnish copy of PAN card to R&T Agents for registration of transfer of shares. Transferees are requested to submit copy of PAN card alongwith Transfer Deed duly completed and physical share certificate(s).
4. Members are requested to bring their copies of the Annual Report to the Meeting. Members / Proxies attending the Meeting should bring the Attendance Slip, duly filled, for handing over at the venue of the meeting.
5. (a) Members holding shares in physical form are requested to advise immediately change in their address, if any, quoting their Folio number(s), to **M/s. Link Intime India Pvt. Ltd.**, the Registrars at their address given below.
(b) Shareholders holding shares in dematerialised form are requested to advise immediately change in address, if any, quoting their respective Client ID / DP ID Nos., to their respective **Depository Participants only** and not to M/s. Link Intime India Pvt. Ltd., or to the Company.
6. (a) Members holding shares in physical form, who have not given the **Bank Particulars / Mandate, ECS Mandates** earlier or if there is any change in the details, are requested to send the same quoting the Folio number(s), to our Registrars **M/s. Link Intime India Pvt. Ltd. on or before September 06, 2010.**
(b) All Shareholders who are holding shares in Dematerialised form are requested to advise change, if any, in details of their **bank account / ECS mandates** to their respective **Depository Participants** immediately to enable the company to pay the dividend accordingly.
7. Members are hereby informed that Dividends which remain unclaimed / unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956.

We give below the details of Dividends paid by the Company and their respective due dates of transfer to the said Fund of the Central Government if they remain unencashed.