



Energy for tomorrow

हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
वार्षिक रिपोर्ट 2011-12

Hindustan Petroleum Corporation Limited
Annual Report 2011-12



Energy for tomorrow

Energy is vital for our daily lives. It is as important to us as air and water. Today, energy enriches people's lives more than ever before. It is central to all development.

As the quality of life improves and the world consumes more and more energy, we need to secure enough supplies. The issues of energy access and efficiency need to be addressed. We need to connect the dots, repower and empower the planet. Harnessing energy supplies and enabling energy security remains a key concern.

At HPCL, we are doing our bit to create a safe, secure, sustainable and equitable future. We are working towards securing the nation's fuel supplies and improving our operational efficiency. Conducting business by ensuring a strong focus on preserving the environment has become our moral imperative.

Sustainable energy for all is our call to action to make the development goals possible. We are constantly engendering ways to align our energy and sustainability goals. We are redefining our vision, objectives and business processes to move towards energy security.

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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	Dr. S.C. Khuntia Director (From 03.08.2012)	Dr. Gitesh K. Shah Director
Shri B. Mukherjee Director – Finance	Shri L.N. Gupta Director	Shri Anil Razdan Director
Shri K. Murali Director – Refineries	Shri P.K. Sinha Director (Till 29.02.2012)	Shri S.K. Roongta Director
Smt. Nishi Vasudeva Director – Marketing (From 04.07.2011)		Shri G.K. Pillai Director (From 09.04.2012)
Shri Pushp Kumar Joshi Director – Human Resources (From 01.08.2012)		Shri A.C. Mahajan Director (From 09.04.2012)
Dr. V. Viziasaradhi Director – Human Resources (Till 31.07.2012)		Dr. G. Raghuram Director (From 09.04.2012)



Chairman's Message

Dear Shareholders,

It gives me great pleasure to present to you the 60th Annual report for the year 2011-12.

The Indian economy slowed down perceptibly in 2011-12. The GDP growth was estimated to be 6.5% during 2011-12 compared to 8.4% in 2010-11. The economy witnessed slowdown in agricultural & manufacturing sectors, increasing inflation and weakening of the Indian rupee. The high oil prices have contributed to the widening of the current account deficit.

Oil production in the country increased marginally and oil imports have increased over the years. The trend of increasing import dependence is unlikely to be reversed in near future given the current reserves of oil in India and increasing demand for oil. This in turn means continued exposure to international price trends. Throughout the last year, global crude prices remained above US \$ 100 per barrel, fluctuating in the \$100/bbl to \$125/bbl band despite subdued global economy and oil demand due to turbulence in the Middle East and crisis in Europe.

The consumption of petroleum products in India despite the slowdown in the economy, increased by 4.9% in 2011-12 compared to 2.6% in 2010-11. Petroleum products consumption in 2011-12 was about 151 million tons. Consumption of all products increased in 2011-12 except SKO, LDO, FO and LSHS. HSD grew at 8%, almost double the annual average growth rate of 4.7% during the last decade.

The Gross Sales of your Corporation (inclusive of excise duty) increased by 32% to ₹ 1,88,131 Crore during the year. Profit after Tax was ₹ 911 Crore during the year. The lower PAT is due to higher interest cost which increased to ₹ 2,139 Crore from ₹ 892 Crore in 2010-11. The higher interest cost was due to delayed compensation for increased under-recoveries on sale of sensitive petroleum products.

With pan-India presence in refining and marketing, we are supplying about 25% of the country's retail demand for petrol, diesel and LPG. Retail sales of petrol and diesel by the company in 2011-12 increased by 7.5% and 14.7% respectively. These growth rates were far ahead of the industry growth rates. The total sale of products (including exports) for 2011-12 was 29.48 MMT as against 27.03 MMT during 2010-11. Our performance in the year 2011-12 validates the robustness of our strategy which was co-created by the employees.

The sales are backed by strong physical performance from our refineries. During the year 2011-12, HPCL's refineries at Mumbai and Visakh maximized crude processing and achieved combined refining throughput of 16.19 MMT with a capacity utilization of 109%. Refining margins were lower this year as the crude and product prices have not moved in tandem. Our refineries have maximized the MS production meeting Euro III /Euro IV fuel specifications through newly commissioned clean fuel projects. The Clean Fuel project at Visakh Refinery was dedicated to the nation by the Hon'ble Minister of Petroleum & Natural Gas by Shri S. Jaipal Reddy on February 20th, 2012.

Crude supplies from Iran were affected by the US Sanctions but we managed the impact by increased quantities from other term suppliers. Since sales of industrial products such as naphtha have been affected by availability of cheaper alternatives, we have reduced production of naphtha by converting it to MS to the maximum possible extent, the balance surplus Naphtha was exported. To cater to the bunkering fuel market, our refineries have started producing fuel oil with less than 3.5% Sulphur content. We have achieved highest ever Lube Oil Base Stock (LOBS) production of 382 TMT during the year representing an increase 27%.

We have expanded our pipeline network during the year. The 30 km long Ramanmandi-Bathinda pipeline has been commissioned. To facilitate evacuation of MS, HSD, SKO and ATF products to Bahadurgarh, pre-commissioning activities of the 250 km long cross country pipeline have been completed. We have achieved a throughput of about 13.6 million tons against a target throughput of 11 million tons through our pipelines.

Apart from our core business of refining and marketing, we have invested in other ventures such as exploration & production, renewables, biofuels and gas to diversify our revenue stream and to gain foothold in emerging sectors. Integrated sugar-cum-ethanol plants have been commissioned in Sugauli and Lauriya in Bihar and have started commercial production of sugar, ethanol and power. A total of 816 Lakh KWH of wind power energy was generated during the year through our 50 MW capacity wind farms located in the states of Rajasthan and Maharashtra.

To build a strong foundation for the E&P business, M/s Prize Petroleum Company Limited (Prize) has been converted into a wholly owned subsidiary during 2011-12. In future, M/s Prize Petroleum Company Limited shall be the upstream arm of HPCL

Chairman's Message

and all the exploration and production activities, which were being carried out by HPCL and Prize separately, will be carried out by the subsidiary.

To ensure transparency and visibility of information across the Corporation, end-to-end processes have been configured in our ERP systems for reducing cycle times and providing better management control.

The infrastructure has been augmented during the year by commissioning additional product tankages and tank truck gantries at various locations.

The commissioning of 9 MMTPA Guru Gobind Singh Refinery, a Joint Venture Company operated by HPCL – Mittal Energy Limited (HMEL) at Bhatinda during the year 2011-12 is an important first step towards achieving our objective of achieving product sufficiency by bridging the gap between refining capacity and the product demand catered to by the marketing SBUs. Guru Gobind Singh Refinery at Bhatinda was dedicated to the nation by Hon'ble Prime Minister of India, Dr. Manmohan Singh on April 28th, 2012. The refinery would further strengthen product availability in northern markets.

Over the years, we have shouldered our responsibility of meeting the nation's fuel and energy needs through our highly qualified, experienced and dedicated manpower who have constantly strived to realize our vision to be a World Class Energy Company. I would like to acknowledge the effort put in by all the employees for ensuring above industry performance while ensuring highest standards in safety, occupational health, environment protection and profitable operations.

For guiding the collective effort of organizational members towards the common goal of being a World Class Energy Company, we have undertaken a unique leadership development initiative, christened "Project Akshay" based on experiential learning model. Culture is the foundation for all successful enterprises. To ensure long term and sustainable decisions we have adopted the concept of "HP First" as our culture. We are committed to improving employee engagement, productivity and promotion of industrial harmony.

We will continue to work on the strategic areas that have been identified for building value to the shareholders and achieve equitable balance in all Business Lines for safe guarding the company against all volatilities in the external environment.

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 D.K. Deshpande	ED – SHE (HSE Corporate)& Refinery Advisor to C&MD
Shri P A B Raju	ED – Visakh Refinery
Shri A. B. Thosar	ED – O & D
Shri O.P. Pradhan	ED – PCPIR Project & Additional Charge of CEC(Refineries)
Shri R. Sudhakara Rao	ED – Audit
Shri K.V. Rao	ED – Corporate Finance
Shri S.P. Gupta	ED*
Shri M.S. Damle	ED – Retail
Shri Y.K. Gawali	ED – LPG
Shri Rajan K. Pillai	ED *
Shri B.K. Namdeo	ED – IT&S
Shri S.C. Mehta	ED – Mumbai Refinery
Shri S. Jeyakrishnan	ED – Direct Sales
Shri S.P. Singh	ED *
Shri G. Sriganesh	ED – Refineries (R&D Corporate)
Shri H. Kumar	ED – Corp. Strategy & Planning
Shri Anil Pande	ED – Projects & Pipelines
Shri S.T. Sathiavageswaran	ED – Information Systems
Shri Ajit Singh	ED – Co-ordination, DCO
Shri Rakesh Misri	ED – Human Resources
Shri Sandeep Joseph	GM – Industrial Relations
Shri P. Rajendran	GM – Marketing Projects
Shri K. Srinivasan	GM – SHE (Refinery)
Shri R. Ganesan	GM – Finance, MR
Shri Rakesh Kumar	GM – HR (Comp. Management)
Shri A. V. Sarma	GM – Commercial, P&P
Shri D.K. Hota	GM – Natural Gas
Shri S. Babu Ganesan	GM – Engg.& Projects
Shri Y.K. Rao	GM – Materials, VR
Shri N.S. Jagannadharao	GM – Maintenance, MR
Shri P.P. Nadkarni	GM – Retail, South Zone
Shri Ramanuj Roy	GM – Commercial, LPG
Shri R. Radhakrishnan	GM – Aviation
Shri H.R. Wate	GM – Retail, HQO
Shri M.K. Surana	GM – Projects, VR
Shri V.V.R. Narasimhan	GM – Operations, VR

Senior Management Team

Shri V.K. Jain	GM – Tax
Ms. Sonal Desai	GM – Finance, CSR
Shri J. Ramaswamy	GM – Finance (Marketing)
Shri M. Naveen Kumar	GM – Finance, IT&S
Shri A.K. Bhan	GM – Lubes
Shri M. Rambabu	GM – Materials, CEC
Shri S.K. Kulkarni	GM – Materials, MR
Ms. Geeta M. Jerajani	GM – Finance, CP&S
Shri MVR Krishna Swamy	GM *
Shri S.P. Nair	GM – Legal
Shri H.C. Mehta	GM – O&D
Shri R. Kesavan	GM – Finance, CEC
Shri B. Ravindran	GM – Commercial, Retail SBU
Shri U.K. Vishwekar	GM – Shipping
Shri Anil Khurana	GM *
Shri G S V S S Sarma	GM – Technical, VR
Shri S.P. Gaikwad	GM – CEC (Maharashtra Refinery)
Shri Rajnish Mehta	GM – Retail, West Zone
Shri J.S. Prasad	GM – Pipelines
Shri N.S. Mane	GM – HR, MR
Shri V.S. Shenoy	GM – Technical, MR
Shri M.D. Pawde	GM – Operations, MR
Shri S. Paul	GM – Commercial, Direct Sales
Shri N.V. Choudhury	GM – Process Technologies, Corporate R&D
Shri Venugopal Lekshman	GM – Project Materials, VR
Shri S Raja	GM – Maintenance, VR
Shri G Chiranjeevi	GM – Retail, North Zone
Shri Dilip Kumar Pattanaik	GM – Retail, East Zone
Shri S Bhattacharjee	GM – Joint Venture
Shri K Daniel Santosh	GM – Finance, VR
Shri Shrikant M. Bhosekar	Company Secretary

*on deputation



Offices, Auditors & Bankers

Registered Office & Headquarters Office

Petroleum House,
17, Jamsheedji 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

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

Om Agarwal & Co.

Chartered Accountants, Jaipur

B. K. Khare & Co.

Chartered Accountants, Mumbai

Branch Auditors

Sriramamurthy & Co.

Chartered Accountants, Visakhapatnam.

Cost Auditors

R. Nanabhoy & Co.

Jer Mansion, 1st Floor,
70, August Kranti Marg,
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

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 **60th ANNUAL GENERAL MEETING** of the Members of Hindustan Petroleum Corporation Limited will be held on September 18, 2012 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, 2012, 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 2011-12.
3. To appoint a Director in place of Shri L.N. Gupta, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Dr. Gitesh K. Shah, 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.
6. To appoint a Director in place of Shri Anil Razdan, who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution
“RESOLVED that Shri G.K. Pillai 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 09.04.2012 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”.
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution
“RESOLVED that Shri A.C. Mahajan 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 09.04.2012 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”.
9. To consider and, if thought fit, to pass with or with modification(s) the following resolution as Ordinary Resolution.
“RESOLVED that Dr. G. Raghuram 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 09.04.2012 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”.
10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution
“RESOLVED that Shri Pushp Kumar Joshi 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 01.08.2012 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”.
11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution
“RESOLVED that Dr. S. C. Khuntia 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 03.08.2012 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”.

BY THE ORDER OF THE BOARD

Date : August 10, 2012
Regd.Office : 17, Jamshedji Tata Road
Churchgate, Mumbai - 400 020

Shrikant M. Bhosekar
Company Secretary

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. 7 to 11 of the Notice is annexed herewith.
3. Dividend on Equity Shares as recommended by the Board of Directors for the year ended March 31, 2012, if approved at the meeting, will be payable to those eligible members whose names appear :
 - (1) As Beneficial owners, as on August 31, 2012 as per the list to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. in respect of shares held in Dematerialised form, and
 - (2) As Members in the Register of Members of the Company as on September 18, 2012 after giving effect to all valid share transfers in physical form lodged with the Company or its R & T Agents on or before August 31, 2012.
 - (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 furnish copy of PAN card alongwith Transfer Deed duly completed & 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 & Transfer Agents 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 are also requested to inform their valid E-mail ID to **M/s. Link Intime India Pvt.Ltd.**, the R & T Agents by post quoting their Folio Number and also any change therein from time to time.
 - (b) Shareholders holding shares in Dematerialized Form are also requested to inform/update their valid E-mail ID to their respective **Depository Participants only**, and any change therein from time to time.
 - (c) In support of the "Green Initiative" measure taken by Ministry of Corporate Affairs, Government of India, New Delhi enabling electronic delivery of documents, E-mail ID's so provided will be used for sending documents in the electronic form at their E-mail address. However, an option is available to the shareholders to continue to receive the physical copies of the documents/Annual Report by making a specific request quoting their Folio No./Client ID & DP ID.
7.
 - (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 August 31, 2012.
 - (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.
8. 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 Fund of the Central Government if they remain unencashed.

Date of declaration of Dividend	Dividend for the year	Month & year of transfer to the Fund
21.09.2005	2004-05 (Final)	Oct. 2012
14.09.2006	2005-06 (Final)	Oct. 2013
20.12.2006	2006-07 (Interim)	Jan. 2014
06.09.2007	2006-07 (Final)	Oct. 2014
22.09.2008	2007-08 (Final)	Oct. 2015
28.08.2009	2008-09 (Final)	Sept. 2016
16.09.2010	2009-10 (Final)	Oct. 2017
22.09.2011	2010-11 (Final)	Oct. 2018

It may please be noted that no claim can be made by the shareholders for the unclaimed Dividends which have been transferred to the credit of the Investor Education & Protection Fund (IEPF) of the Central Government under the amended provision of Section 205B of the Companies (Amendment) Act, 1999.