

Committed to a green planet



वार्षिक रिपोर्ट 2010-11 | Annual Report 2010-11
हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड | Hindustan Petroleum Corporation Limited

Cover Theme

Energy is a product of nature and we harness this energy with a focus on protecting nature.

At HPCL, a focused commitment towards the environment is what drives us.

It is our constant endeavour to carry out our business by adopting global best practices and implementing a stringent environmental protection policy.

We have only one planet and it is in our interest to ensure that we keep it clean and green for generations to come.

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Hindustan Petroleum Corporation Limited

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	Dr. Gitesh K. Shah Director
Dr. V. Vizia Saradhi Director-Human Resources	Shri L.N. Gupta Director	Shri Anil Razdan Director (From 10/01/2011)
Shri B. Mukherjee Director – Finance		Shri S.K. Roongta Director (From 10/01/2011)
Shri K. Murali Director – Refineries		Shri P.V. Rajaraman Director (Till 19/07/2010)
Smt. Nishi Vasudeva Director – Marketing (From 04/07/2011)		Prof. Prakash G. Apte Director (Till 19/07/2010)
Shri Arun Balakrishnan Chairman & Managing Director (Till 31/07/2010)		

Chairman's Message

Dear Shareholders,

It gives me great pleasure to present to you the 59th Annual Report for the year 2010-11.

The Indian economy has recovered swiftly from the slowdown resulting from the financial crisis of 2008-09. The GDP growth rate was 8.5% in 2010-11 compared to 8% in 2009-10. The growth, however, was accompanied by persistently high inflation. Inflation rate has remained above 8% throughout the year.

Global oil prices, which had remained stable within the \$75-85 per barrel range for most part of 2010, started rising in the latter part and reached \$115 per barrel by March 2011. The rise was due to strong growth in the global oil demand and the impact of turmoil in the Middle-East.

The consumption of petroleum products in India increased by 2.6% in 2010-11. A total of 143 MMT of petroleum products were consumed during the year. Increasing prosperity and rising vehicle ownership boosted the demand for transport fuels. Petrol and diesel consumption recorded growth rates of 11% and 7% respectively. Diesel prices were largely unchanged as inflation remained a major concern. Gas made further inroads in the industrial segment replacing oil demand. Demand for industrial fuels such as FO/LSHS and Bitumen declined.

India's rising energy demand will increase demand for energy sources including natural gas. Natural gas burns more cleanly than other fuels, an important attribute in an era of rising concerns about greenhouse gas emissions and its impact on climate.

The turnover of HPCL increased by 22% to ₹ 1,32,670 crores during the year. Profit after tax increased to ₹ 1539 crores during 2010-11 from ₹ 1301 crores in 2009-10 after absorbing an under recovery of ₹ 1509 crores on the sales of sensitive petroleum products. Although borrowings have increased, the interest cost has been brought down through prudent treasury management. High cost debt has been retired and substituted with low cost debt.

Our refineries achieved combined throughput of 14.75 MMT achieving nearly 100% capacity utilization despite shutdown of key units for revamp and turnaround activities. This year has seen completion of significant projects and revamp of our Refineries at Mumbai and Visakh for handling additional throughput and improved flexibility in handling different varieties of crude oil. Refining margins in both our refineries were in the \$5 to \$6 per barrel range compared to \$2.5 to \$3 per barrel last year.

The sales for HPCL in 2010-11 reached 27 MMT, including exports. In the domestic market we have grown by 5.5% recording a growth of about 3% above Industry and achieved 25.5 MMT of sales. We have increased sales of MS, HSD, LPG, FO and LDO. Naphtha sales were impacted by the availability of Natural gas. We are focused on strengthening our network in the rural markets.

We have continued to build on our pipeline capabilities. We have achieved a throughput of about 13 million tons against a target throughput of 10 million tons through our pipelines.

We have submitted bids for city gas distribution for 4 cities during the year. We are also in discussions with State Government of West Bengal to implement the CGD project in the city of Kolkata through a Joint Venture company. As a step to establish presence in the growing field of alternate energy, we have commissioned additional 25 MW capacity in Wind Farm project taking the total capacity to 50 MW of power generation.

We have leveraged ICT tools and the platform provided by the ERP extensively to bring in process efficiency, better control and transparency during the year.

We have completed several important projects during the year.

Hindustan Petroleum Corporation Limited

Chairman's Message

We have commissioned a new Fluidized Catalytic Cracking Unit (FCCU-II) of capacity 1.45 MMTPA at Mumbai Refinery and revamped the second FCCU at Visakh Refinery from 0.6 to 1.0 MMTPA. These projects will help in maximizing production of MS and LPG. The Single Point Mooring (SPM) facilities at Visakh have been completed which will result freight savings.

The Lube Oil Base Stock (LOBS) project at Mumbai Refinery has been commissioned enhancing LOBS production capacity to 400 TMTA. We have also commissioned a new Grease & Specialty Product Plant at Silvassa with a capacity of 4.7 TMTA.

The mechanical completion of 250 Km. long Bathinda – Ramanmandi – Bahadurgarh pipeline has been achieved during the year. We have commissioned the World's largest Flex Speed Carousel at Cherlapally LPG plant and the largest exclusive fully automated Black Oil terminal in the country at Visakhapatnam.

The Sugar Mills at Sugauli & Lauriya have been completed and commissioned in March 2011. The construction of the Cogen and Ethanol plants is in advanced stage and commissioning is expected during 2011-12.

The HMEL Refinery project is nearing completion and commissioning is expected in the current financial year. This is our first refining project in the northern part of the country and will ease product availability issues in the region.

We have a large pool of experienced and dedicated manpower whose hard work has been instrumental in achieving our goals. I would like to acknowledge their effort in all that we have achieved so far. We will continue to provide a productive working environment and ensure that our people continue to deliver the best performance.

HPCL has a great history for meeting the fuel and energy needs of our country. We have a responsibility to cater to the increasing domestic fuel demand. We are focused on making HPCL financially safe and secure by planning for the future and balancing the business portfolio to insulate the company from the impact of increasing crude oil prices.

To build value to the shareholders, we have identified five strategic areas as our priority over the next few years, viz.

1. Improve profitability & Build the upstream business.
2. Increase the Refining capacity to meet the marketing demand.
3. Achieve sustained Sales growth above industry.
4. Provide differentiated customer experience through strong operational excellence.
5. Aggressively pursue growth opportunities in Natural Gas & Alternate Energy.

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 S. V. Sahni	ED – Central Engg. (Refineries)
Shri D K Deshpande	ED – SHE Corporate & Refinery Advisor to C & MD
Shri K.S.R Prasad	ED – Joint Ventures
Shri A. B. Thosar	ED – LPG
Shri R. Sudhakara Rao	ED – Internal Audit
Shri S.P. Gupta	ED*
Shri O P Pradhan	ED – PCPIR Project
Shri P A B Raju	ED – Visakh Refinery
Shri K.V. Rao	ED – Corporate Finance
Shri M.S. Damle	ED – Retail
Shri Y.K. Gawali	ED – O&D
Shri B. K. Namdeo	ED – IT&S
Shri S.C. Mehta	ED – Mumbai Refinery
Shri Rajan K. Pillai	ED *
Shri S. Jeyakrishnan	ED – Business Development & Corporate Affairs
Shri S.P. Singh	ED – Exploration & Production
Shri G. Sriganesh	ED – Refineries (R&D Corporate)
Shri H. Kumar	ED – Corp. Strategy & Planning
Shri Anil Pande	ED – Projects & Pipelines
Shri S.T. Sathivageeswaran	ED – Information Systems
Shri Ajit Singh	ED – Co-ordination, DCO
Shri Rakesh Misri	ED – Direct Sales
Shri Pushp Joshi	ED - HRD
Shri Sandeep Joseph	GM – Industrial Relations
Shri D.M. Sable	GM – SHE (Marketing)
Shri P. Rajendran	GM – Marketing Projects
Shri R. Ganesan	GM – Finance, MR
Shri Rakesh Kumar	GM – HR (Comp. Management)
Shri D.K. Hota	GM*
Shri K. Srinivasan	GM – SHE (Refineries)
Shri A. V. Sarma	GM – Natural Gas
Shri P.P. Nadkarni	GM *
Shri R. Radhakrishnan	GM – Aviation
Shri H.R. Wate	GM – Retail
Shri M.K. Surana	GM – Projects, VR
Shri V.V.R. Narasimhan	GM – Operations, VR

Hindustan Petroleum Corporation Limited

Senior Management Team

Shri V.K. Jain	GM – Tax
Ms. Sonal Desai	GM – Finance (Risk Management)
Shri J. Ramaswamy	GM – Finance (Marketing)
Shri M. Naveen Kumar	GM – Finance, VR
Shri V.V. Nagada	GM – Projects, MR
Shri N.S. Jagannadharao	GM – Maintenance, MR
Shri Y.K. Rao	GM – Materials, VR
Shri Ramanuj Roy	GM – Commercial, LPG
Shri S. Babu Ganesan	GM – Engg. & Projects
Shri A.K. Bhan	GM – Retail, SZ
Ms. Geeta M. Jerajani	GM – Finance, CP&S
Shri H.C. Mehta	GM – O&D
Shri R. Kesavan	GM – Finance, CEC
Shri B. Ravindran	GM – Commercial, Retail
Shri M. Rambabu	GM – Materials
Shri MVR Krishna Swamy	GM*
Shri S.P. Nair	GM – Legal
Shri L.M. Motwani	GM – PR&CC
Shri U.K. Vishwekar	GM – Shipping
Shri Anil Khurana	GM – Retail, NZ
Shri G S V S S Sarma	GM – Technical, VR
Shri S.P. Gaikwad	GM – CEC (Maharashtra Refinery)
Shri Rajnish Mehta	GM – Retail, WZ
Shri J.S. Prasad	GM – Pipelines
Shri N.S. Mane	GM – HR, MR
Shri V.S. Shenoy	GM – Technical, MR
Shri S. Paul	GM – Commercial, DS
Shri M D Pawde	GM – Operations, MR
Shri N.V. Choudhury	GM – Process Technologies, Corporate R&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 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

ThalamuthuNatarajan 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

V. Sankar Aiyar & Co.
Chartered Accountants, Mumbai

Om Agrawal & Co.

Chartered Accountants, Jaipur

Branch Auditors

Grandhy & Co.
Chartered Accountants, Visakhapatnam

Cost Auditors

R. Nanabhoy & Co.
Jer Mansion, 1st Floor,
70 August KrantiMarg,
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



Hindustan Petroleum Corporation Limited

Notice of Annual General Meeting

HINDUSTAN PETROLUUM CORPORATION LIMITED

(A Government of India Enterprise)

REGISTERED OFFICE : 17 JAMSHEDJI TATA ROAD, MUMBAI 400 020

NOTICE

NOTICE is hereby given that the **59th ANNUAL GENERAL MEETING** of the Members of Hindustan Petroleum Corporation Limited will be held on September 22, 2011 at 11.00 A.M at Y.B. Chavan Auditorium, at Yeshwantrao Chavan Paratishthan, 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, 2011, 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 2010-11.
3. To appoint a Director in place of **Dr. V. Vizia Saradhi**, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of **Shri K. Murali**, who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS :

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

“RESOLVED that **Shri S.K. Roongta** 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 10.01.2011 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”.

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

“RESOLVED that **Shri Anil Razdan** 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 10.01.2011 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”.



Notice of Annual General Meeting

7. To consider and, if thought fit, to pass with or with modification(s) the following resolution as Ordinary Resolution.

“RESOLVED that **Smt. Nishi Vasudeva** 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 04.07.2011 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 her 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, 2011
Regd.Office : 17, Jamshedji Tata Road
Churchgate,
Mumbai - 400 020



Hindustan Petroleum Corporation Limited

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. 5 to 7 of the Notice is annexed herewith.
3. Dividend on Equity Shares as recommended by the Board of Directors for the year ended March 31, 2011, if approved at the meeting, will be payable to those eligible members whose names appear :
 - (1) As Beneficial owners, as on September 09, 2011 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 22, 2011 after giving effect to all valid share transfers in physical form lodged with the Company or its R & T Agents on or before September 09, 2011.
 - (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 deeds 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 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** from time to time.
(c) In support of the "Green Initiative" measure taken by MCA, GOI, 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 September 09, 2011
(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.

Notice of Annual General Meeting

Date of declaration of Dividend	Dividend for the year	Month & year of transfer to the Fund
09.09.2004	2003-04 (Final)	Oct. 2011
09.12.2004	2004-05 (Interim)	Jan. 2012
26.09.2005	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

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.

In view of the above regulation, the shareholders who are yet to encash the dividend are advised to send requests for duplicate dividend warrants in case they have not received/encashed the Dividend Warrants for any of the above mentioned financial years and/ or send for revalidation of unencashed Dividend Warrants still held by them to the Registrars and Transfer Agents of the Company.

9. The address of Registrars and Transfer Agents of the Company is as follows:

M/s. LINK INTIME INDIA PVT. LTD.

Unit:HINDUSTAN PETROLEUM CORPORATION LTD.

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (West), Mumbai - 400 078

Telephone No.: 022 - 25963838.

Fax No.: 022 - 25946969

E-mail : mumbai@linkintime.co.in

10. Appointment / Re-appointment of Directors

At the ensuing Annual General Meeting, Dr. V. Vizia Saradhi and Shri K. Murali retire by rotation and being eligible, offer themselves for re-appointment.



Hindustan Petroleum Corporation Limited

Notice of Annual General Meeting

EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173(2) OF THE COMPANIES ACT, 1956.

Explanatory Statement with respect to items covered under Special Business covered in the Notice of Meeting is given below:

5. Shri S.K. Roongta was appointed as an Additional Director on the Board effective 10.01.2011. In terms of Section 260 of the Companies Act, 1956 and Article 112 of the Articles of Association of the Company, he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice proposing the candidature of Shri S.K. Roongta for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956. Shri S.K. Roongta is the former Chairman of SAIL. The Board recommends appointment of Shri S.K. Roongta.

None of the Directors other than Shri S.K. Roongta is interested in the resolution.

6. Shri Anil Razdan was appointed as an Additional Director on the Board effective 10.01.2011. In terms of Section 260 of the Companies Act, 1956 and Article 112 of the Articles of Association of the Company, he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice proposing the candidature of Shri Anil Razdan for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956. Shri Anil Razdan is retired IAS Officer. The Board recommends appointment of Shri Anil Razdan.

None of the Directors other than Shri Anil Razdan is interested in the resolution.

7. Smt. Nishi Vasudeva was appointed as an Additional Director on the Board effective 04.07.2011 consequent to her appointment as Director (Marketing) of HPCL by the Government of India. Smt. Nishi Vasudeva assumed charge of Office of Director (Marketing) on 04.07.2011. In terms of Section 260 of the Companies Act, 1956 and Article 112 of the Articles of Association of the Company, she holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice proposing the candidature of Ms. Nishi Vasudeva for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956.

Smt. Nishi Vasudeva prior to her appointment as Director (Marketing) was Executive Director – Marketing Co-ordination. The Board recommends appointment of Smt. Nishi Vasudeva.

None of the Directors other than Smt. Nishi Vasudeva is interested in the resolution.

BY THE ORDER OF THE BOARD

Shrikant M. Bhosekar
Company Secretary

Date : August 05, 2011
Regd.Office : 17, Jamshedji Tata Road
Churchgate,
Mumbai - 400 020



Notice of Annual General Meeting

ANNEXURE TO ITEMS 3 TO 7 OF THE NOTICE

Details of Directors seeking appointment / reappointment at the 59th Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Name of the Director	V. Vizia Saradhi	K. Murali	Anil Razdan	S.K. Roongta	Nishi Vasudeva
Date of Birth	19.07.1952	02.06.1953	07.12.1948	09.05.1950	30.03.1956
Nationality	Indian	Indian	Indian	Indian	Indian
Date of Appointment on the Board	03.08.07	02.02.09	10.01.2011	10.01.2011	04.07.2011
Qualifications	B.Sc., Post Graduate – Industrial Relations & Personnel Management	B.Tech (Chemical Engg.)	IAS	B.E. (Electrical) PGDBM (IIFT)	B.A., PGDBM (IIM Kolkata)
List of Directorships held in other Companies	1. CREDA – HPCL Biofuel Ltd. 2. Bhagyanagar Gas Ltd. 3. Aavantika Gas Ltd.	1. HPCL – MITTAL Energy Ltd. 2. Mangalore Refinery & Petrochemicals Ltd. 3. CREDA-HPCL Biofuel Ltd. 4. HPCL Biofuels Ltd.	1. Bharat Electronics Ltd. 2. ERA Infra Engineering Ltd. 3. Green Vally Engg. Venture (P) Ltd. 4. Era Khandwa Power Ltd.	1. The Shipping Corporation of India Ltd. 2. Neyveli Lignite Corpn. Ltd. 3. Jubilant Industries Ltd. 4. ACC Ltd. 5. Vedanta Aluminium Ltd.	1. SA LPG Co. Pvt Ltd.

Hindustan Petroleum Corporation Limited

Performance Profile

	2010-11	2010-11	2009-10	2008-09	2007-08	2006-07
	US\$ Million	₹ /Crores				₹ /Crores
FINANCIAL						
Sales / Income from Operations	31,546	142,396.49	114,888.63	131,802.65	112,098.27	96,918.15
Gross Profit	1,027	4,637.09	4,193.18	3,776.36	2,725.59	3,094.14
Depreciation	312	1,406.95	1,164.40	981.29	850.82	704.00
Interest	196	884.00	903.75	2,082.84	766.10	422.98
Tax Inclusive Deferred Tax	179	807.14	823.61	123.23	(39.34)	386.15
Provision for Fringe Benefit Tax	-	-	0.05	14.03	13.13	9.84
Net Profit	341	1,539.01	1,301.37	574.98	1,134.88	1,571.17
Dividend	105	474.08	406.35	177.78	101.59	610.80
Tax on Distributed Profits	17	76.91	67.49	30.21	17.26	97.75
Retained Earnings	219	988.02	827.53	366.99	1,016.03	862.62
INTERNAL RESOURCES GENERATED	617	2,785.93	2,196.53	1,382.56	2,069.38	1,603.08
VALUE ADDED	2,219	10,017.94	9,365.26	8,267.54	6,045.40	6,209.19
WHAT CORPORATION OWNS						
Gross Fixed Assets	6,568	29,648.39	24,988.37	20,208.83	19,570.05	15,638.48
Depreciation	2,438	11,003.86	9,681.70	8,554.08	7,640.77	6,817.64
Net Fixed Assets	4,130	18,644.53	15,306.67	11,654.75	11,929.28	8,820.84
Capital Work in Progress	842	3,798.70	3,887.59	5,001.07	3,315.94	4,243.56
Investments - JVCs & Subsidiaries	846	3,819.30	2,623.83	1,493.07	1,077.24	1,029.73
- Others	1,665	7,515.73	8,763.39	12,703.40	5,759.82	6,097.74
Net Current Assets	1,547	6,984.38	4,086.83	4,237.21	6,863.70	1,345.21
Deferred Tax Liability	(708)	(3,195.63)	(1,807.97)	(1,603.37)	(1,595.98)	(1,420.90)
Total	8,322	37,567.00	32,860.34	33,486.13	27,350.00	20,116.18
WHAT CORPORATION OWES						
Net Worth	2,779	12,545.80	11,557.97	10,730.63	10,563.30	9,598.64
Share Capital	75	339.71	339.71	339.71	339.71	338.95
Share Forfeiture	0	(0.70)	(0.70)	(0.70)	(0.70)	-
Reserves	2,704	12,206.79	11,218.96	10,391.62	10,224.28	9,259.69
Borrowings	5,543	25,021.19	21,302.37	22,755.51	16,786.70	10,517.54
Total	8,322	37,567.00	32,860.34	33,486.13	27,350.00	20,116.18
PHYSICAL						
CRUDE THRUPUT		14.75	15.76	15.81	16.77	16.66
- Mumbai Refinery		6.55	6.96	6.65	7.36	7.42
- Visakh Refinery		8.20	8.80	9.16	9.41	9.24
PIPELINE THRUPUT		12.98	11.95	10.58	7.83	6.73
MARKET SALES		27.03	26.27	25.39	24.47	21.69

Notes:

1. Previous year figures regrouped/reclassified wherever necessary

2. 1 US\$ = ₹ 45.14 (Exchange Rate as on 31.03.2011)

FUND FLOW STATEMENT						
Sources of Funds :						
Profit after Tax	341	1,539.01	1,301.37	574.98	1,134.88	1,571.17
Depreciation	312	1,406.95	1,164.40	981.29	850.82	704.00
LPG Deposits	154	694.18	515.68	193.98	189.59	152.55
Borrowings (Net)	704	3,177.02	(1,270.19)	6,173.46	6,301.17	3,784.38
Share Capital	-	-	-	-	0.07	0.01
Share Premium	-	-	-	-	2.05	0.47

Performance Profile

	2010-11	2010-11	2009-10	2008-09	2007-08	2006-07
	US\$ Million	₹ /Crores				₹ /Crores
Redemption of Oil bonds	329	1,486.00	5,270.27	9,238.92	4,535.00	1,950.73
Amortisation of Capital Grant received from OIDB	(0)	(0.19)	(0.19)	(0.19)	(0.20)	(0.19)
Amortisation from General Reserve on account of Transitional Liab of AS-15R	-	-	-	-	(53.31)	-
Exchange Rate Variation on Restatment of ECB of 2007-08 in line with transitional provisions of AS-11	-	-	-	(199.46)	-	-
Oil bond receivable	-	-	-	2,033.99	3,448.45	-
Provision for Deferred Tax	307	1,387.66	204.60	7.39	175.08	36.46
Adjustment on account of sale/ deletion of Assets & Provision for diminution in Investment	(53)	(238.33)	703.73	(75.28)	62.42	99.30
Total	2,094	9,452.30	7,889.67	18,929.09	16,646.02	8,298.88
Utilisation of Funds :						
Dividend	105	474.08	406.35	177.78	101.59	610.80
Tax on Distributed Profits	17	76.91	67.49	30.21	17.26	97.75
Capital Expenditure	1,031	4,655.92	3,712.68	2,372.80	3,077.16	4,096.30
Working capital : Increase/ (Decrease)	760	3,431.07	141.74	(1,999.74)	5,497.52	(1,607.02)
Investment - JVCs (Including Advance towards Equity & Share Application Money pending allotment)	180	814.32	1,527.41	206.82	249.49	171.16
Investment Oil Bonds	-	-	2,033.99	18,141.22	7,703.00	4,929.89
Total	2,094	9,452.30	7,889.67	18,929.09	16,646.02	8,298.88
CONTRIBUTION TO EXCHEQUER						
Excise Duty	1,903	8,589.25	7,121.14	6,463.49	7,422.32	7,349.34
Customs Duty	707	3,192.08	564.74	2,094.37	3,256.14	2,575.38
Sales Tax	3,501	15,804.52	12,583.82	12,352.48	10,964.99	9,416.65
Service Tax	16	70.32	55.41	51.13	38.07	23.57
Income Tax	120	542.00	382.32	11.86	61.17	72.29
Fringe Benefit Tax	-	-	0.05	17.00	10.64	9.82
Others *	148	665.98	448.54	369.42	602.86	510.39
Total	6,394	28,864.15	21,156.02	21,359.75	22,356.19	19,957.44
* Figures for Previous Year regrouped						
RATIOS						
Gross Profit/Sales (%)		3.26	3.65	2.87	2.43	3.19
Net Profit/Sales (%)		1.08	1.13	0.44	1.01	1.62
Earnings Per Share (₹)		45.45	38.43	16.98	33.48	46.35
Cash Earnings Per Share (₹)		98.54	78.86	46.92	64.55	68.20
Avg. Sales/Employee (₹ Crores)		11.79	9.62	10.35	9.48	8.40
Avg. Net Profit/Employee (₹ Crores)		0.14	0.11	0.05	0.11	0.14
Debt Equity Ratio (Long term debt to equity)		0.54:1	0.30:1	0.30:1	0.26:1	0.24:1
MANPOWER (NOs.)		11,248	11,291	11,246	10,949	10,891

Hindustan Petroleum Corporation Limited

Performance Profile

	2010-11	2010-11	2009-10	2008-09	2007-08	2006-07
	US\$ Million	₹ /Crores				₹ /Crores
How Value is Added:						
Income:						
Sales / Income from Operations	31,546	142,396.49	114,888.63	131,802.65	112,098.27	96,918.15
Add: Increase/(Decrease) in Inventory	762	3,438.78	3,249.96	(1,836.78)	2,359.59	243.55
	32,307	145,835.27	118,138.59	129,965.87	114,457.86	97,161.70
Cost of Raw materials:						
Raw Material Consumption	8,942	40,362.01	37,722.89	40,995.22	38,024.65	35,816.79
Purchase for resale	18,918	85,396.86	62,677.82	73,394.61	62,205.94	46,850.22
Packages	32	143.42	136.39	127.12	111.91	105.11
Stores & Spares	26	116.66	174.27	121.36	93.86	103.57
Utilities	136	615.68	473.71	192.19	190.82	160.58
	28,054	126,634.63	101,185.08	114,830.51	100,627.18	83,036.27
Duties applicable to products:	2,034	9,182.70	7,588.25	6,867.83	7,785.28	7,916.24
Total Value Added:	2,219	10,017.94	9,365.26	8,267.54	6,045.40	6,209.19
How Value is Distributed:						
Operating & Service Costs	745	3,363.69	3,551.24	3,355.65	2,448.56	2,385.63
Employees' Benefits	447	2,017.16	1,617.32	1,135.53	871.26	729.42
Providers of Capital:						
Interest on borrowings	196	884.00	903.75	2,082.84	766.10	422.98
Dividend	122	550.99	473.84	207.99	118.85	708.55
Income Tax/Fringe Benefit Tax	179	807.14	823.66	137.25	(26.21)	395.99
Re-deployment in Business:						
Retained Profit	219	988.02	827.53	366.97	1,016.03	862.62
Depreciation	312	1,406.95	1,167.92	981.29	850.82	704.00
Total Value Distributed	2,219	10,017.94	9,365.26	8,267.54	6,045.40	6,209.19



Performance Profile

	2010-11	2009-10	2008-09	2007-08	2006-07
SALES VOLUME *					'000 Tonnes
Light Distillates					
Liquified Petroleum Gas	3,700.04	3,317.66	3,024.78	2,872.13	2,650.51
Naphtha	875.69	1,341.85	2,102.40	2,295.97	2,223.37
Motor Spirit	3,599.97	3,247.14	2,843.57	2,525.20	2,377.89
Hexane	14.77	16.58	27.81	35.09	29.40
Propylene	41.44	23.21	31.48	35.51	33.37
Sub-total	8,231.91	7,946.44	8,030.04	7,763.90	7,314.54
Middle Distillates					
Mineral Turpentine Oil	42.67	59.83	53.59	58.42	50.06
Aviation Turbine Fuel	698.56	744.12	682.12	738.16	596.83
Superior Kerosene Oil	1,685.29	1,798.48	1,769.03	1,790.84	1,793.02
High Speed Diesel	12,328.00	11,747.13	10,807.11	9,551.72	7,907.08
JBO/WO	2.25	1.54	1.69	3.47	3.57
Light Diesel Oil	157.95	121.09	130.88	147.51	154.74
Sub-total	14,914.72	14,472.19	13,444.43	12,290.12	10,505.31
Lubes & Greases	413.57	469.67	337.37	491.62	320.23
Heavy Ends					
Furnace oil	2,008.04	1,778.01	2,037.79	2,472.75	2,256.13
Low Sulphur Heavy Stock	273.76	393.46	449.86	325.56	351.15
Bitumen	810.17	906.41	880.11	909.78	756.54
Others	379.89	306.12	213.66	211.16	181.62
Sub-total	3,471.86	3,384.00	3,581.41	3,919.23	3,545.44
Total	27,032.06	26,272.30	25,393.26	24,464.88	21,685.52
* Including Exports					
MARKETING NETWORK (Nos.)					
Regional Offices	101	101	90	91	86
Terminals/Installations/TOPs	32	31	31	42	37
Depots (including Exclusive Lube Depots)	93	92	100	93	93
LPG Bottling Plants	44	44	43	43	42
ASFs	32	31	21	16	13
Retail Outlets	10,212	9,127	8,539	8,329	7,909
SKO/LDO Dealers	1,638	1,638	1,638	1,648	1,648
LPG Distributors	2,633	2,404	2,250	2,232	2,238
LPG Customers (in crores)	3.28	2.92	2.70	2.52	2.39
PRODUCTION VOLUME - MUMBAI REFINERY					'000 Tonnes
Light Distillates					
Liquified Petroleum Gas	253.70	257.80	226.30	250.98	250.80
Naphtha	390.90	549.30	742.20	927.75	936.00
Motor Spirit	935.40	727.50	374.40	413.51	418.20
Hexane	12.60	17.60	26.10	36.69	27.00
Solvent 1425	4.10	6.10	5.20	9.10	7.80
Sub-total	1,596.70	1,558.30	1,374.20	1,638.03	1,639.80

Hindustan Petroleum Corporation Limited

Performance Profile

	2010-11	2009-10	2008-09	2007-08	2006-07
					'000 Tonnes
Middle Distillates					
Mineral Turpentine Oil	44.20	62.90	54.90	60.18	50.60
Aviation Turbine Fuel	543.30	580.00	580.96	610.62	659.90
Superior Kerosene Oil	69.30	142.10	155.30	152.72	239.00
High Speed Diesel	1,902.40	2,211.40	2,050.65	2,133.20	1,988.10
Light Diesel Oil	87.90	46.20	59.30	87.71	108.30
Sub-total	2,647.10	3,042.60	2,901.11	3,044.43	3,045.90
LOBS/TOBS	300.20	347.00	312.40	351.36	338.10
Heavy Ends					
Furnace Oil	1,034.70	857.80	854.80	1,003.93	1,256.90
Low Sulphur Heavy Stock	48.20	68.10	129.20	138.06	111.20
Bitumen	430.20	559.60	551.50	631.55	499.20
Others (Including input of BH Gas)	(58.90)	(19.90)	81.50	98.86	73.40
Sub-total	1,454.20	1,465.60	1,617.00	1,872.40	1,940.70
Total	5,998.20	6,413.50	6,204.71	6,906.22	6,964.50
Intermediate Stock Differential	146.70	19.50	5.20	(55.08)	(16.00)
Fuel & Loss	505.10	532.10	441.80	504.25	470.30
Total*	6,650.00	6,965.10	6,651.71	7,355.39	7,418.80
* Includes Processing of 96 TMT other inputs					
PRODUCTION VOLUME - VISAKH REFINERY					'000 Tonnes
Light Distillates					
Liquified Petroleum Gas	281.10	310.05	363.92	369.09	343.60
Naphtha	448.20	734.04	1,148.36	1,264.23	1,195.20
Motor Spirit	1,097.30	932.16	779.36	827.79	811.20
Propylene	41.90	23.15	31.59	34.94	33.20
Sub-total	1,868.50	1,999.40	2,323.23	2,496.05	2,383.20
Middle Distillates					
Mineral Turpentine Oil	-	-	(0.01)	-	-
Aviation Turbine Fuel	57.50	79.87	57.67	41.35	13.80
Superior Kerosene Oil	704.90	720.33	832.25	897.09	1,016.00
High Speed Diesel	3,233.60	3,441.39	3,610.71	3,586.81	3,728.90
JBO/WO	2.30	1.83	1.75	4.23	3.80
CO	-	-	-	4.96	-
Light Diesel Oil	93.00	70.73	104.32	90.77	70.90
Sub-total	4,091.30	4,314.15	4,606.69	4,625.21	4,833.40
Heavy Ends					
Furnace Oil	1,020.50	1,033.74	1,175.72	1,295.07	989.50
Low Sulphur Heavy Stock	150.20	340.33	186.14	153.52	221.00
Bitumen	295.90	328.51	337.56	307.54	230.80
Others	205.80	101.41	24.86	31.92	20.90
Sub-total	1,672.40	1,803.99	1,724.28	1,788.05	1,462.20
Total	7,632.20	8,117.54	8,654.20	8,909.31	8,678.80
Intermediate Stock Differential	(28.30)	83.05	(20.12)	(25.44)	29.30
Fuel & Loss	595.80	595.87	520.76	525.61	536.40
Total	8,199.70	8,796.46	9,154.84	9,409.48	9,244.50



Directors' Report

TO THE MEMBERS

On behalf of the Board of Directors, I have great pleasure in presenting to you the fifty ninth Annual Report on the working of the Company, together with the Audited Accounts for the year ended 31st March 2011.

HIGHLIGHTS

	(₹ Crores)	
	2010-11	2009-10
FINANCIAL		
Sales/Income from Operations	1,42,396.49	1,14,888.63
Profit before Depreciation, Interest and Tax	4,637.09	4,193.18
Depreciation	(1,406.95)	(1,164.40)
Interest	(884.00)	(903.75)
Profit before Tax	2,346.14	2,125.03
Provision for Tax		
♦ Current Tax	(425.52)	(561.50)
♦ Deferred Tax	(390.96)	(204.61)
♦ Taxation of earlier years written back	(82.17)	(57.51)
♦ MAT Credit Entitlement	91.51	-
♦ Fringe Benefit Tax	-	(0.05)
Profit after Tax	1,539.01	1,301.37
Balance brought forward from previous year	8,715.15	8,104.16
Appropriations:		
General Reserve	(153.90)	(130.14)
Debenture Redemption Reserve	(176.15)	(86.40)
Proposed Dividend	(474.08)	(406.35)
Tax on distributed profits	(76.91)	(67.49)
Balance carried forward	9,373.12	8,715.15
PHYSICAL PERFORMANCE (MMT)		
Market Sales (Including Exports)	27.03	26.27
Crude Thruput:		
Mumbai Refinery	6.55	6.96
Visakh Refinery	8.20	8.80
SHAREHOLDERS' VALUE (Rupees)		
Earnings per Share	45.45	38.43
Cash Earnings per Share	98.54	78.86
Book Value per Share	386.76	341.32

DIVIDEND

Your Directors, after taking into account the financial results of the Company during the year, have recommended dividend of ₹ 14 per share for the year 2010-11 as against ₹ 12 per share paid for the year 2009-10. The dividend for 2010-11, including dividend tax provision will absorb ₹ 550.99 crores (2009-10 : ₹ 473.84 crores).

SALES/INCOME FROM OPERATIONS

Your Company has achieved sales/income from operations of ₹ 1,42,396.49 crores as compared to ₹ 1,14,888.63 crores in 2009-10.

PROFIT

Your Company has earned gross profit of ₹ 4,637.09 crores as against ₹ 4,193.18 crores in 2009-10 and profit after tax of ₹ 1,539.01 crores as compared to ₹ 1,301.37 crores in 2009-10.

INTERNAL RESOURCES GENERATION

The Internal Resources generated were ₹ 2,785.93 crores as compared to ₹ 2,196.53 crores in 2009-10.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed a sum of ₹ 28,864.15 crores to the exchequer by way of duties and taxes, as compared to ₹ 21,156.02 crores in 2009-10.

Hindustan Petroleum Corporation Limited

Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- (i) In the preparation of the Annual Accounts, all the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- (ii) The Company has selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31st March 2011 and of the Profit & Loss Account of the company for the year ended on that date.
- (iii) The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) These Accounts have been prepared on a going concern basis.

MEMORANDUM OF UNDERSTANDING (MOU) WITH GOVERNMENT OF INDIA

Your Corporation has been signing a Memorandum of Understanding (MOU) with the Ministry of Petroleum & Natural Gas. The performance of the Corporation of the year 2010-11 qualifies for "Excellent" rating basis self evaluation.

REFINERY PERFORMANCE

HPCL refineries processed a combined throughput of 14.75 MMT (15.76 MMT in 2009-10) against combined installed capacity of 14.80 MMT.

HPCL refineries achieved overall MOU Very Good Rating with respect to production parameters viz. Crude throughput, Distillate Yields and Specific Energy Consumption.

Gross refining margins of Mumbai Refinery averaged at US\$ 4.65 per barrel as against US\$ 2.80 per barrel for the year 2009-10.

Gross refining margins of Visakh Refinery averaged at US\$ 5.81 per barrel as against US\$ 2.59 per barrel for the year 2009-10.

Mumbai Refinery:

During the year, Mumbai Refinery achieved crude throughput of 6.55 MMT as against installed capacity of 6.50 MMT.

The fuel and loss of 7.6 wt% for the year was lower than Annual Plan of 8.8% the year.

The Adjusted Distillate yield at 72.4% was higher than MoU Excellent target of 70%.

Mumbai Refinery achieved Specific Energy Consumption (MBTU/BBL/NRGF) of 91.1 against MoU Excellent target of 97.0 for the current year.

Visakh Refinery :

During the year, Visakh Refinery achieved crude throughput of 8.20 MMT as against installed capacity of 8.3 MMT.

The fuel and loss of 7.3 wt% for the year was lower than Annual Plan of 7.7 %.

The Adjusted Distillate yield at 71.5% was higher than MoU Excellent target of 70%.

Visakh Refinery achieved Specific Energy Consumption (MBTU/BBL/NRGF) of 86.3 against MoU Excellent target of 90.0 for the current year.

The particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earning & Outgo are detailed in **Annexure I**.

The particulars relating to control of Pollution and other initiatives by Refineries are listed in **Annexure II** of Directors' Report.

MARKETING PERFORMANCE

The market sales (including exports) were 27.03 million tonnes as against 26.27 million tonnes recorded in 2009-10.

VIGILANCE

Vigilance Department in the current year has strived to emphasize in its activities, an environment of proactive vigilance, the importance of transparency, adherence to professionalism and high standards in customer service and project execution.

Vigilance Awareness Week was observed from 25.10.2010 to 01.11.2010 all over India, wherein, various competitions like slogan, quiz, essay writing contests etc. were organized among the employees.

INDUSTRIAL RELATIONS

Industrial Relations climate during the year 2010-11 continued to be harmonious across all locations.

The Competency Mapping and Development process was further strengthened.

During the year, Organisation wide culture survey-Darpan 2010 was administered for all management employees as an endeavour towards building high performance culture.

Further, Employee Self Contributory Death Relief Scheme was introduced. Under this scheme, employees voluntarily make a one-time contribution of ₹ 50/- per death. The amount collected is paid to the beneficiary nominated while in service.

OFFICIAL LANGUAGE IMPLEMENTATION

Official Language Implementation has been given the utmost importance in the Corporation.

SC / ST LIAISON

The overall representation of SC / ST employees in the Corporation is 27.73%. During the year, your Corporation has carried out a number of Welfare / Development activities such as primary education, scholarships, drinking water facilities, health care, income generating schemes / vocational training, rehabilitation of persons with disabilities & other welfare activities.



Directors' Report

CORPORATE GOVERNANCE

The Corporation has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors to the level of 50% of the total strength of the Board. This matter is being pursued with the Administrative Ministry. The detailed Corporate Governance Report forms part of this Annual Report separately.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report has been given separately.

PARTICULARS OF EMPLOYEES

A statement providing the information as required under Section 217 (2A) of the Companies Act, 1956 is annexed herewith (Annexure III). The details regarding the number of women employee's vis-à-vis the total number of employees in each group is also annexed. (Annexure IV).

CONSOLIDATED FINANCIAL STATEMENTS OF SUBSIDIARIES

In accordance with the general exemption granted by the Ministry of Corporate Affairs, Government of India, the Annual Accounts and related information of the subsidiary companies are not being attached with the Balance Sheet of the Company. The company will make available the Annual Accounts of the Subsidiary companies and the related detailed information to any member of the company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the registered office of the company and that of the respective subsidiary companies.

COST AUDIT

The cost audit for the financial year 2009-10 was carried out and the Cost Audit Reports were filed with the Ministry of Corporate Affairs on September 24, 2010 as against the due date for filing of September 28, 2010.

DIRECTORS

HPCL Board presently comprises of 9 Directors. The Whole Time Directors are S/Shri S. Roy Choudhury, Chairman & Managing Director, Dr. V. Vizia Saradhi, Director-Human Resources, B. Mukherjee, Director-Finance and K. Murali, Director-Refineries.

The Part-time Directors are S/Shri P.K. Sinha, L.N. Gupta, Dr. Gitesh K. Shah, Anil Razdan and S.K. Roongta.

The following are the details of their appointment:-

- Shri P.K. Sinha, Special Secretary and Financial Adviser, MOP&NG who joined HPCL Board on March 1, 2006 continues to be the Ex-Officio Part-time Director of the Corporation. Shri L.N. Gupta, Joint Secretary (Refineries), MOP&NG who joined HPCL Board on June 25, 2008 continues to be the Ex-Officio Part-time Director of the Corporation.
- Dr. Gitesh K. Shah, joined HPCL Board as a Part-time Non-Official Director on December 7, 2009. S/Shri Anil Razdan and S.K. Roongta have joined HPCL Board as Part-time Non-Official Directors on January 10, 2011. Shri P.V. Rajaraman and Prof. P.G. Apte, who joined HPCL Board on July 22, 2007, as Part-Time Non-Official Directors have ceased to be the Directors of the Corporation on completion of their tenure effective July 19, 2010.
- Shri S. Roy Choudhury, Director (Marketing) was appointed as Chairman and Managing Director effective August 1, 2010. S/Shri Dr. V. Vizia Saradhi (Director-Human Resources), B. Mukherjee (Director-Finance) and K. Murali (Director-Refineries) continue as whole Time Directors of the Corporation.
- Shri Arun Balakrishnan, Chairman and Managing Director, retired from the services of the Corporation effective July 31, 2010 on attaining the age of superannuation. The Board placed on records its sincere appreciation to Shri Balakrishnan for the valuable services rendered by him during his tenure as C&MD of the Corporation.

As per the provisions of Section 256 of the Companies Act, 1956, Dr. V. Vizia Saradhi & Shri K. Murali, retire by rotation at next Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the valuable guidance and support extended by the Government of India, Ministry of Petroleum and Natural Gas, other Ministries, Petroleum Planning & Analysis Cell and the State Governments.

The Directors also acknowledge the contribution made by the large number of dealers and distributors spread all over the country towards improving the service to our valued customers as well as for the overall performance of the Company.

The employees of the Company have continued to display their total commitment towards the pursuit of excellence. Your Directors take this opportunity to place on record their appreciation for the valuable contribution made by the employees and look forward to their services with zeal and dedication in the years ahead to enable the Company to scale even greater heights.

Your Directors are thankful to the shareholders for their faith and continued support in the endeavors of the Company.

For and on behalf of the Board of Directors

S. ROY CHOUDHURY
Chairman & Managing Director

May 26, 2011

Hindustan Petroleum Corporation Limited

Annexure to Directors' Report

Annexure-I

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earning/ Outgo as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

ENERGY CONSERVATION & TECHNOLOGY ABSORPTION

I) CONSERVATION OF ENERGY

- a) **Energy Conservation measures undertaken and Additional Investment / proposals for implementation on conservation of energy**
Mumbai and Visakh Refineries have undertaken several energy conservation measures during 2010-11, the major among them are as follows:

Mumbai Refinery

- Two separate flares of Fuels and Lube refineries were merged into one Single Flare system, thus reducing the overall flare purge gas requirement.
- Furnace of the FRE vacuum distillation unit was converted from natural to balanced draft, rotary air pre-heater was changed to stationary, and new tubes were added, which has increased their efficiencies and reduced the overall fuel consumption.
- Additional heat exchangers were installed in the Solvent Extraction Units (SEU-I and III) and Pressure Reducing and Desuperheating (PRDS) system were installed in the Light Ends Units. This has reduced steam consumption in these units.
- Savings envisaged from proposals under implementation, like installation of heat exchangers, revamp of furnaces, utilization of off-gases, solar water heating, etc. is around 47130 SRFT/year. This is equivalent to ₹ 131.20 Crores/ annum approximately.

Visakh Refinery

- Furnaces of the second crude distillation unit (CDU-II) were modified by adding new tubes and replacing conventional stack dampers with multi-leaf tight shut-off dampers; this has increased their fuel efficiency.
- Turbine driven Main Air Blower (MAB) and Wet Gas Compressor (WGC) in Fluidized Catalytic Cracking Unit (FCCU-II) were replaced with motor driven MAB & WGC, thus reducing the energy consumption.
- Savings envisaged from proposals under implementation, like condensate recovery, IBH Boilers, Online Chemical Cleaning of furnaces, Implementation of Air-Fuel Ratio control etc. is around 7907 SRFT/year. This is equivalent to ₹ 28.2 Crores/ annum approximately. Oil and Gas Conservation Fortnight was observed both at Mumbai and Visakh refineries from January 15 to 31, 2011 to create awareness among the public for conservation of petroleum products.

- b) **Impact of above on energy conservation measures and consequent impact on cost of production of goods.**
Refineries estimated energy saving from various ENCON measures undertaken during the year 2010-11 is as follows:
Mumbai Refinery : 13989 SRFT, which is equivalent to ₹ 36 Crores/year.
Visakh Refinery : 17818 SRFT, which is equivalent to ₹ 51.40 Crores/year.

- c) **Total energy consumption and energy consumption per unit of production :**
Please refer Form-A of the Annexure I to the Directors Report.

II) TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- a) Efforts made towards technology absorption, adaptation & innovation information is given in **Form-B of the Annexure I** to the Directors Report.
- b) Imported Technology (Imported during last 5 years)

Technology Imported	Year of Import	Whether fully absorbed or not	If not absorbed, Reasons
Mumbai Refinery			
Isomerisation Unit	2004	Yes	
Fluidized Catalytic Cracking Unit (New)	2004	Yes	
Flue Gas Desulphurization	2005	Yes	
Lube Iso-Dewaxing Unit	2006	No	Project is under commissioning
Diesel Hydro Treater (DHT)	2008	No	Project is under implementation

Annexure to Directors' Report

Technology Imported	Year of Import	Whether fully absorbed or not	If not absorbed, Reasons
Visakh Refinery			
Isomerisation Unit	2004	Yes	
Fluidized Catalytic Cracking Unit (Revamp)	2004	Yes	
APC by M/s HoneyWell-RMPCT	2005	Yes	
Online Cleaning of Heaters	2006	Yes	
Use Of Regen Flue Gas Sulfur Reduction Additive	2006	Yes	
New catalyst in FCCU-II (UOP) to improve LPG yield	2007	Yes	
New ZSM-5 additive in FCC-I to improve propylene yields and CRN octane	2007	Yes	
New type Nozzles in Wash Oil Distributor in Vacuum column (CDU-I)	2008	Yes	
Refractro type Skin Thermocouples in Furnaces (CDU-I)	2008	Yes	
Diesel Hydro Treater (DHT)	2008	No	Project is under implementation

III. FOREIGN EXCHANGE EARNING AND OUTGO

a) Activities relating to exports:

Various initiatives have been taken to increase exports and for development of new Export markets for products and services. Efforts are on to access international markets and to tap export potential for free trade products and lubricants.

b) Total Foreign Exchange used and earned:

Please refer Notes to Accounts – Schedule 20B, Note 15 F, G, H & I.

Hindustan Petroleum Corporation Limited

Annexure to Directors' Report

Form A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

MUMBAI REFINERY

	2010-11	2009-10
(A) Power and Fuel Consumption		
1 (a) Electricity Purchased		
Units (Million KWH)	169.98	132.61
Total Amount (₹ / Crores)	98.69	71.46
Rate Per Unit (Excluding demand charges) (₹ /KWH)	5.36	4.86
Maximum Demand Charges (₹/Crores)	7.52	7.01
(b) Own Generation		
Through Steam Turbine / Generator		
Units (Million KWH)	307.67	298.15
Units per tonne of fuel	2762.97	2636.67
Cost per unit (₹ /KWH)	1.31	2.20
2 Furnace Oil/ Liquid Fuel (LSHS/HSD)		
Quantity (Thousand tonnes)	142.59	168.15
Total amount (₹ / Crores)	366.19	368.21
Average rate (₹ / tonne)	25681	21898
3 Other/Internal Generation :		
i. Naphtha		
Quantity (Thousand tonnes)	0.07	24.00
Total amount (₹ / Crores)	0.23	70.55
Average rate (₹ / tonne)	34788	29394
ii. LPG		
Quantity (Thousand tonnes)	2.26	8.63
Total amount (₹ / Crores)	7.77	23.70
Average rate (₹ / tonne)	34350	27467
iii. Refinery Gas		
Quantity (Thousand tonnes)	82.70	71.94
Total amount (₹ / Crores)	212.39	157.53
Average rate (₹ / tonne)	25681	21898
iv. BH Gas		
Quantity (Thousand tonnes)	7.76	8.03
Total amount (₹ / Crores)	7.81	6.46
Average rate (₹ / tonne)	10064	8043
v. RLNG		
Quantity (Thousand tonnes)	170.31	129.51
Total amount (₹ / Crores)	355.76	252.40
Average rate (₹ / tonne)	20889	19489
vi. Coke		
Quantity (Thousand tonnes)	32.19	34.50
Total amount (₹ / Crores)	82.66	75.55
Average rate (₹ / tonne)	25681	21898
(B) Consumption per Unit of Production		
Electricity (KWH/ Tonne of Crude)	72.88	61.85
Liquid Fuel (Ton/ Thousand Tonnes of Crude)	21.77	27.59
Fuel Gas (Ton/ Thousand Tonnes of Crude)	14.15	12.72
Coke (Ton/ Thousand Tonnes of Crude)	4.91	4.95
VISAKH REFINERY		
(A) Power and Fuel Consumption		
1 (a) Electricity Purchased		
Units (Million KWH)	12.32	6.83
Total amount (₹ / Crores)	7.84	5.20
Rate Per Unit (Excluding demand charges) (₹ /KWH)	3.78	3.04
Electricity Exported (Million KWH)	0.13	0.26
Maximum Demand Charges (₹/Crores)	3.17	3.12

Annexure to Directors' Report

	2010-11	2009-10
(b) Own Generation (CPP)		
Units (Million KWH)	437.09	355.74
Units Per Tonne of Fuel	2559.03	2363.96
Cost Per Unit (₹ /KWH)	7.00	6.93
2 Furnace Oil/LSHS		
Quantity (Thousand Tonnes)	119.11	131.48
Total amount (₹ /Crores)	309.71	292.60
Average Rate per unit (₹ /Tonne)	26003	22253
3 Other/Internal Generation :		
i. CPP Fuel (HSD/Naphtha)		
Quantity (Thousand Tonnes)	170.80	150.48
Total amount (₹ /Crores)	605.79	449.81
Average Rate per unit (₹ /Tonne)	35467	29891
ii. Naphtha (DHDS)		
Quantity (Thousand Tonnes)	37.55	45.05
Total amount (₹ /Crores)	131.65	132.27
Average Rate per unit (₹ /Tonne)	35064	29358
iii. Refinery Gas		
Quantity (Thousand Tonnes)	152.29	141.50
Total amount (₹ /Crores)	402.47	322.01
Average Rate per unit (₹ /Tonne)	26427	22757
iv. Coke		
Quantity (Thousand Tonnes)	58.03	73.79
Total amount (₹ /Crores)	154.01	163.90
Average Rate per unit (₹ /Tonne)	26541	22212
(B). Consumption per unit of production:		
Electricity KWH/Tonne of Crude	54.79	41.19
Liquid fuel (Tonnes/Thousand Tonnes of Crude)	39.94	37.18
Gas fuel (Tonnes/Thousand Tonnes of Crude)	18.57	16.09
Coke Fuel (Tonnes / Thousand Tonnes of Crude)	7.08	8.39

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ADAPTATION & INNOVATION

1. RESEARCH & DEVELOPMENT (R&D)

A) Green R&D Centre, Bangalore

An investment of ₹ 210 Crores has been outlined for setting up a Green R&D Centre at Bangalore. The state-of-the-art Centre, with an eco-friendly design, will consist of nine research labs on Crude Oil Evaluation and Fuels, Hydro Processing, Catalytic Cracking, Catalysis, Bio Processes, Process Modeling and Simulation, Standard Testing, Analytical Labs and Nanotechnology. Master plan has been developed and detailed engineering is in progress. Completion is expected in about 30~36 months.

B) Collaborative R&D Projects with Institutions:

Following are the ongoing collaborative projects with prestigious organizations/ institutes:

- Project on 'Hydrogen Production from Natural Gas (Methane) by Catalytic Decomposition' with IIT Delhi & Centre for High Technology (CHT) with a project cost of ₹ 51 lakhs. This project was initiated in May, 2010 and its expected completion is in April, 2013.
- Project on 'Chemical Mitigation of Carbon to Fuels & Chemicals' with IIT Madras with a project cost of ₹ 34 lakhs. This project was initiated in May, 2010 and its expected completion is in April, 2012.
- Project on 'Aqua-Conversion Process' for resid upgradation with Central Institute of Mining & Fuels Research (CIMFR), Dhanbad with a project cost of about ₹ 35 lakhs. Expected completion is in July, 2011.
- Project on setting up of a demo 'Process Intensification (Hi Gee) Unit' with IIT Kanpur with a project cost of ₹ 5 Crores. Mechanical design of this project was completed in January, 2011 and the project is expected to complete by December, 2011.
- Project on 'Nano Particle based Lubricants' including fundamental research on physics & mechanics of Nano Lubricants with Indian Institute of Science (IISc), Bangalore with a project cost of ₹ 421 lakhs. This project was initiated in December, 2007 and its expected completion is in December, 2011.
- Project on 'Effect of Nano Particle Inclusion on the Lubricating Properties of Lubricants' including field experimentation & trials on engine efficiency with various Nano-lubricant mixtures with GITAM University, Visakhapatnam with a project cost of ₹ 27 lakhs. The project was completed in September, 2010.

Hindustan Petroleum Corporation Limited

Annexure to Directors' Report

- vii) Project on 'Integrated approach for Bio-hydrogen production through combined Dark and Photo-fermentative process' with TERI, New Delhi under Hydrogen Corpus Fund Project initiated in March, 2011. Expected completion of the project is in February, 2013.
- viii) Project on 'Design and Construction of Metal-Organic Framework Materials with Tunable Physical Properties for Storage of H₂' with GITAM University under Hydrogen Corpus Fund. Project initiated in March, 2011. Expected completion of project is in February, 2013.
- ix) Status of the various projects under the Joint Research Program of HPCL, Chevron, ART & IIT Kanpur are as follows:
 - ✓ Monolithic reactors for multiphase reactions. Project completed in February, 2010.
 - ✓ Supported Ionic Liquid Catalysis & Hydrodynamics in Packed Bed. Project completed in February, 2010.
 - ✓ Modeling of mass transfer effects in Resid FCC. Project completed in September, 2010.
 - ✓ In-situ sulfiding on NiMo/Al₂O₃ catalysts. Project completed in September, 2010.
 - ✓ Slurry bubble column hydrodynamics. Expected completion is in August, 2011.

Following new projects were initiated in February, 2011 under the program.

- ✓ Nano catalysts for Hydro-desulfurization.
- ✓ Alkylation of Iso-butane with Butene for the production of gasoline.
- ✓ Performance Analysis of Fixed Bed Reactor Internals using CFD.
- ✓ CO₂ Capture Using Zeolites Functionalized with Ionic Liquids.

2. COMMISSIONING, UPGADATION & OTHER INITIATIVES

Mumbai Refinery

1. A new Fluidized Catalytic Cracking Unit (FCCU-II) with a capacity of 1.45 MMTPA was commissioned in March, 2011. This unit is designed to process heavier feedstock than the existing cracking unit. This will reduce production of heavy ends and enhance production of LPG and MS, thus improving the GRM.
2. FRE crude distillation unit was revamped to increase unit thruput from 3.0 to 3.4 MMTPA. The unit, which was originally designed to process Mumbai High crude, is now capable to process heavier crude oil from Arab/Persian Gulf. This has increased refinery crude thruput and improved its flexibility in processing different types of crudes.
3. Propane production unit was revamped and restarted. The unit caters to entire propane requirements of the refinery, which now no longer requires purchasing propane. This has reduced operating expenses of the refinery.
4. Special Cut Naphtha (SCN) was successfully tried as a plug in cross-country pipeline transfer of MS and HSD. Use of SCN as plug has made it possible to avoid any quality give-away in MS and HSD, thus increasing their production potential. Also, it has resulted in better inventory management because of reduction in the quantity of MS and HSD required for each transfer cycle.
5. Advanced Process Control system was implemented in MS production units. This has improved performance of these units and enhanced yield of MS.
6. Solvent Extraction Units (SEU-I and III) were revamped using internally developed process package, which has increased Lube Oil Base Stock production.
7. Membrane Batch Reactor (MBR) and Reverse Osmosis (RO) sections of the Integrated Effluent Treatment Plant (IETP) were commissioned during the year. This has reduced intake of fresh water by the refinery from the municipal corporation.

Visakh Refinery

1. Single Point Mooring (SPM) facility, which can receive Very Large Crude Carriers (VLCC), was commissioned in February, 2011. This will reduce the costs being incurred on crude oil freight.
2. Naphtha Isomerization Unit was commissioned in October, 2010. This has enhanced production of MS of BS-III and BS-IV quality.
3. Capacity of the second Fluidized Catalytic Cracking Unit (FCCU-II) was revamped from 0.6 to 1.0 MMTPA, thus making the secondary processing capacity commensurate with the crude distillation capacity. This will improve GRM.
4. Furnaces of the second crude distillation unit (CDU-II) were revamped which has reduced NO_x emissions and energy consumption and increased unit thruput by 0.4 MMTPA.
5. In its effort to expand its crude oil basket, Visakh refinery added 12 new crudes in the year 2010-11. Also, the metallurgy of the second crude distillation unit (CDU-II) was modified to process high acid crudes. Siri, Nowrooz and Lavan Blend crude oils from Iran, Brass Light and Antan from Nigeria were processed by the refinery during the year for the first time.
6. Integrated Refinery Business Improvement Programme (IRBIP): Of the total 23 recommendations given by M/s Shell for improving refinery profitability, 17 have been implemented. This has improved product yield and reduced operating expenditures.
7. With a view to enhance safety, mounded bullets have been commissioned for storing Propylene and LPG.

Major Ongoing Projects

1. Lube Oil Upgradation Project at Mumbai Refinery

In order to produce superior quality of Lube Oil Base Stock (Group-II and III against the existing Group - I), mechanical construction of the Lube Oil Upgradation Project (LOUP) has been completed and commissioning is in progress. Production is expected by the end of June, 2011.

2. Diesel Hydro-Treating Project (DHT) at Mumbai and Visakh Refineries

Both the refineries are setting up Diesel Hydrotreater Units of 2.2 MMTPA each with associated facilities to meet BS-IV specifications of diesel as laid down for diesel as per the Auto Fuel Policy. Expected time of mechanical completion is March, 2012.

3. Flue Gas Desulphurisation (FGD) Project at Mumbai and Visakh Refineries

As a part of their commitment towards protection of environment, both the refineries are implementing Flue Gas Desulphurisation (FGD) projects for removal of sulphur from the flue gases of the Fluidized Catalytic Cracking Units. FGD at Mumbai refinery was commissioned in March, 2011 and at Visakh it is likely to be commissioned by March, 2012.

Annexure to Directors' Report

Annexure-II

Control of Pollution & other Environment initiatives undertaken by Refineries during 2010-11:

Mumbai Refinery

A. Hazardous Waste Management

The indigenously developed 'Oil-zapper' technology of The Energy Research Institute (TERI) has been deployed to treat oil sludge generated in the refinery. Oil zapper is essentially a cocktail of five different bacterial strains that feed on hydrocarbon compounds and convert them into harmless CO₂ and water.

All spent catalysts and discarded chemicals were disposed off to the registered "Common Hazardous Wastes Treatment Storage Disposal Facility" (CHWTSDF) operated by Mumbai Waste Management Limited.

B. Air Emission Control and Monitoring

A website has been created for uploading the ambient air quality data and is being used by the Central Pollution Control Board (CPCB) to monitor the air quality on a real time basis.

All quality parameters of the ambient air were conforming to the National Ambient Air Quality Standards (NAAQS) during the year.

C. Effluent Water Treatment and Control

Membrane Batch Reactor (MBR) and Reverse Osmosis (RO) sections of the Integrated Effluent Treatment Plant (IETP) were commissioned during the year. The technology conforms to existing MINAS (environment standards) and can also cater to further stringent standards in the future. The purified treated water is being recycled for refinery consumption and has reduced intake of fresh water from the municipal corporation.

D. Other Initiatives

- ✓ Rain Water Harvesting – A dam was constructed and operationalized in the adjoining hills of the Mumbai refinery for storing rain water. Water from this dam, with some treatment, will meet the fresh water requirements of the refinery.
- ✓ Ground Water Quality Monitoring – Borewells were dug in the refinery for monitoring ground water quality. No abnormalities were detected.
- ✓ Leak Detection and Repair (LDAR) programme was carried out to identify and control fugitive emissions from equipment leaks.

Visakh Refinery

A. Hazardous Waste Management

All spent catalysts and discarded chemicals were disposed off to the authorized Central Pollution Control Board (CPCB) recyclers.

B. Air Emission Control and Monitoring

Online access facility was provided from the South Gate of the Continuous Ambient Air Monitoring Station to Andhra Pradesh Pollution Control Board (APPCB) for monitoring air quality.

C. Effluent Water Treatment and Control

'Excess Oil Ingress' project was commissioned at the Effluent Treatment Plant (ETP-II). This has significantly improved compliance to the MINAS (environment standards).

D. Other Initiatives

- ✓ ISO 14001 – Conducted internal and external audits and Management Review meetings for ensuring compliance to the ISO 14001 standards.
- ✓ Leak Detection and Repair (LDAR) programme was carried out to identify and control fugitive emissions from equipment leaks.
- ✓ World Environment Day (June 5) – was celebrated and saplings were distributed on the occasion.
- ✓ Process Safety Management – A study on 'Quantitative Risk Assessment' was commenced in February, 2011 by M/s DNV for identifying and addressing potential process risks.

Safety, Health and Environment (SHE)

Climate Change Policy – HPCL launched a policy on climate change under which a steering committee has been formed to monitor HPCL's commitment to a greener environment. A benchmark assessment of carbon footprints was carried out at Mumbai and Visakh refineries in May, 2010.

Achievements / Awards / Recognition

- ✓ Both Mumbai and Visakh Refineries were the proud recipients of the 'Greentech Environment Excellence Award-2010' in Gold Category.
- ✓ Mumbai Refinery was awarded first prize by Center for High Technology (CHT) for the refinery with Furnace/Boiler efficiency in the best category (heat duty less than 500 MMKcal/hr) for the year 2009-10.
- ✓ Visakh refinery was awarded with 'Most Innovative Environmental Project' at the CII Environment Best Practices Award, 2011.
- ✓ Mumbai Refinery Quality Control Laboratory obtained the National Accreditation Board for testing and calibration Laboratories (NABL) accreditation under 'Chemical' category.

Hindustan Petroleum Corporation Limited

Annexure to Directors' Report

Annexure - III

Information as per Section 217(2A), read with Companies (Particulars of Employment) Rules, 1975 and forming part of the Directors' Report for the period 1st April 2010 - 31st March 2011.

Sr. No.	Name	Designation / Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age	Last Employment
1	THAKUR S K	Chief Manager - IT Facilities	2,313,611	BSc, Cert Programme (Computer Application)	39	12/29/1973	60	KHETAJI DHANAJI & CO.
2	SHIRWAIKAR G A	ED - Maharashtra Refinery Project	4,643,216	BE(Mech)	38	2/1/1975	60	V.M.SALGAOCAR AND BROTHERS PVT LTD
3	BALAKRISHNAN ARUN	Chairman & Managing Director	7,036,262	BE (Chemical), PGDM - IIM Bangalore	35	8/1/1976	60	COCHIN REFINERIES LTD.
4	BASKARAN GANAPATI	Deputy General Manager-O&D	3,851,344	B Tech (Chemical)	38	3/15/1978	60	JAYANT PACKING (P) LTD
5	ACHARYA SHYAMAL	Chief Manager - O&D	3,296,571	BE(Electrical), MBA	37	5/12/1978	60	J N MARSHALL PVT LTD
6	KULKARNI PURUSHOTTAM MURLIDHAR	Senior Manager - Shipping	2,631,893	MSc	35	11/20/1978	60	AMAR DYE CHEM
7	GANDHI ASHOK KUMAR	Chief Installation Manager	2,675,811	AMIE (Electrical), DME	33	6/20/1980	55	METAL BOX INDIA LTD
8	BHOWMICK ARUN KUMAR	Senior Installation Manager	1,148,904	BSc	35	2/27/1982	60	HINDUSTAN LEVER LTD
9	GUPTA R K	General Manager - Materials	3,371,817	BSc Engg (Mechanical)	40	5/9/1983	60	FERTILIZER CORP OF INDIA
10	SHRIVASTAVA BHANU PRAKASH	Deputy General Manager - Inspection	3,042,737	BE(Mech)	37	5/6/1983	60	INDIAN PETROCHEMICALS CORP LTD
11	BHASKARARAO K V	Chief Manager - Instrument	2,524,880	MBA, MTech	27	1/16/1984	52	NA
12	WATWE DINKAR VINAYAK	Deputy General Manager - Operations	3,130,335	BSc	37	11/5/1975	60	HINDUSTAN ORGANIC CHEMICALS LTD
13	ABDULLA M A R	Deputy General Manager - Operations	2,679,017	BSc	39	11/5/1975	60	CALICO CHEMICALS PLASTICS AND FIBRES DIVISION
14	CHANDRASEKHARARAO K	Senior Manager - Operations	2,562,980	MSc	38	4/15/1976	60	KAB (PVT) CUDDAPH
15	GHATKAR D G	Chief Manager - Planning	2,446,011	BSc	40	9/4/1973	60	CANARA BANK
16	NAGENDRAM P	Manager - ATP Operations	1,914,289	BSc	33	5/5/1978	60	NA
17	NAGESWARA RAO K	Deputy Manager - Projects	1,300,743	ITI / NCTVT Machinist	33	12/20/1978	60	COROMANDEL FERTILIZERS LTD.
18	RAO V S	Officer on Special Duty	1,951,659	BE(Mech)	36	7/30/1979	60	INDIAN OIL CORP LTD.
19	S SUBBARAJU	Manager - Operations	1,915,092	BSc	36	9/5/1979	60	HIND CONTAINERS PVT LTD
20	RAMASWAMY BALASUBRAMANIAM	DGM - Product Supplies	3,697,777	BSc, BSc Tech, DBM, DMM	37	4/10/1978	60	AMAR DYE CO.

1 All the above employees were employed for part of the year and were in receipt of remuneration at the rate of not less than ₹ 5,00,000/- per month.

2 Employment in the corporation is non-contractual

3 Employment provides for termination of services by either party giving one month's notice

4 None of the Employees are related to any of the Directors.

Annexure - IV

STATEMENT SHOWING WOMEN EMPLOYEES AS ON MARCH 31, 2011

Group	Total No. of Employees	No. of Women Employees	% of Women Employees
Employees			
A	4,939	415	8.40
B*	-	-	-
C	6,211	399	6.42
D	98	6	6.12
TOTAL	11,248	820	7.29

*HPCL has no posts classified under group 'B' as the entry in non-management grades has been re-classified in group 'C' effective 1.1.1994.

Management Discussion & Analysis Report: 2010-11

DEVELOPMENTS IN THE ECONOMY AND THE OIL SECTOR

The Indian economy has recovered swiftly from the slowdown resulting from the financial crisis of 2008-09. The GDP growth rate was 8.5% in 2010-11 compared to 8% in 2009-10. Rate of growth in the industry and service sectors was at around 8% and 9% respectively which was similar to 2009-10 levels. Agricultural growth, however, was a healthy 7% following a good monsoon compared to a 0.4% growth in 2009-10. Index of industrial production moderated with all components slowing down.

The growth, however, was accompanied by persistently high inflation. Inflation rate has remained above 8% throughout the year. While initial impetus for inflation came from the primary goods sector, over the year rising input costs fed inflationary pressures in the manufactured goods segment. Rise in the global commodity prices has been a factor though pass through to domestic prices has been divergent. Global oil prices remained stable within the \$75-85 per barrel range for most part of 2010. However, oil prices started to rise in the latter part of 2010 and reached \$115 per barrel by March 2011. Behind the rise was the strong growth in the global oil demand. At 3.1%, the growth rate in 2010 was more than twice the ten-year average. Oil production, on the other hand, was affected by the turmoil in the Middle- East. Retail prices of sensitive petroleum products viz. diesel, kerosene and LPG were not increased in response to rising crude oil prices as inflation remained a major concern. The Reserve Bank of India has followed a tight monetary policy to curb inflationary pressures.

With recovery in exports, current account deficit, which had gone up to 4% of GDP in the first quarter of 2010-11, moderated to about 3.1% of GDP for April-December 2010. The Indian rupee depreciated in early part of the financial year as current account deficit widened and capital inflows barely covered the deficit. As current account deficit improved and inflation differential increased, there was a bias towards appreciation.

Demand for petroleum products in India increased by 2.6% in 2010-11 compared with 3.4% in 2009-10. About 142 million tons of petroleum products were consumed during the year. The growth in demand was confined mainly to transport and residential fuels. Petrol and diesel recorded a growth rate of about 11% and 7% respectively. Aviation fuel demand increased by about 10% reflecting turnaround in the sector. LPG demand also increased by a healthy 10% indicating rising penetration. Demand for industrial fuels such as FO/LSHS, however, declined due to availability of cheaper alternatives such as natural gas. For the first time in last five years, bitumen consumption fell by about 7%.

PERFORMANCE PROFILE

The turnover of the Corporation (inclusive of excise duty) for the year ended 31st March, 2011 was ₹ 1,32,670 crores as compared to ₹ 1,08,599 crores in the previous year. The total sale of products (including exports) for 2010-11 was 27.03 MMT as against 26.27 MMT during 2009-10. Mumbai and Visakh refineries processed 14.75 million tonnes of crude during the year. The combined Gross Refinery Margin (GRM) of the refineries was US \$ 5.30/bbl. The pipeline throughput increased to 12.98 million tonnes in 2010-11 from 11.95 million tonnes in 2009-10.

The Profit after Tax increased by 18% to ₹ 1,539 crores in 2010-11 from ₹ 1,301 crores in the previous year. The PAT was achieved after absorbing an under-recovery of ₹ 1,509 crores on sales of sensitive petroleum products during the year. The depreciation charge was ₹ 1,407 crores vis-à-vis ₹ 1,164 crores in 2009-10.

Interest cost in 2010-11 was reduced to ₹ 884 crores from ₹ 904 crores in 2009-10 despite increase in borrowings through continued judicious treasury management. High cost debts were retired and replaced with low cost debt.

The borrowings of the Corporation were ₹ 25,021 crores as on 31st March, 2011 as compared to ₹ 21,302 crores as on 31st March, 2010. Borrowings during the year were mainly through short term foreign currency loans. Long Term Loans were borrowed at competitive rates. External Commercial Borrowings (ECB) of ₹ 1,809 crores were taken in February / March, 2011 and Non-convertible debentures (NCD) worth ₹ 1,000 crores were issued in April, 2010. The long term debt to equity ratio stands at 0.54:1 as on 31st March, 2011 as against 0.31: 1 as on 31st March, 2010.

Net Fixed Assets (including Capital Work in Progress) increased from ₹ 19,194 crores as on 31st March, 2010 to ₹ 22,443 crores as on 31st March, 2011. Investments as on 31st March, 2011 were ₹ 11,335 crores as compared to ₹ 11,387 crores as on 31st March, 2010.

Net Current Assets stood at ₹ 6,984 crores as on 31st March, 2011 as against ₹ 4,087 crores as on 31st March, 2010. Earnings per share work out to ₹ 45.45 for the current year as compared to ₹ 38.43 in the previous year.

For the year 2010-11, HPCL has proposed a dividend of ₹ 14.00 per share, compared to ₹ 12.00 per share in 2009-10. The dividend would result in total payout of ₹ 551 crores, including Dividend Distribution Tax.

The 2010-11 performance of the Corporation has qualified for 'Excellent' rating in terms of the Memorandum of Understanding (MOU) signed with the Government of India.

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REFINERIES

Despite the major shutdown of key units for revamp and turnaround activities, both the refineries managed to achieve capacity utilization of nearly 100%. The combined refining throughput was 14.75 MMT. Gross refining margin (GRM) for Mumbai and Visakh refineries for the year 2010-11 were respectively \$4.65/bbl and \$5.81/bbl, almost double the GRMs for the year 2009-10. This is partly attributable to the stronger Singapore product cracks during the year.

During the year 2010-11, HPCL uplifted 4.2 MMT of indigenous crude oil (Mumbai High, Ravva and KG-D6). Balance requirement was met through import of 10.3 MMT of crude, majority of which was through term contracts with the national oil companies of Saudi, Kuwait, Iran, Iraq, UAE and Malaysia. High sulphur crude oil formed about 60 % of the total crude purchased.

To expand the crude oil basket, HPCL refineries added 12 new crudes during the year 2010-11. Siri, Nowrooz and Lavan Blend crude oils from Iran, Brass Light and Antan from Nigeria were processed by HPCL for the first time.

Post revamp, crude processing capacity of the two refineries has gone up by 0.8 MMTPA (0.4 MMTPA each in Mumbai and Visakh) and the refineries are now capable to process heavy crudes and high acid crudes. Increase in throughput and improved flexibility of the refineries in handling different varieties of crude oil is aligned towards HPCL's overall objective of bridging the gap between its refining capacity and the demand of products by the marketing SBUs.

A major achievement of Mumbai Refinery was commissioning of a new Fluidized Catalytic Cracking Unit (FCCU-II) of capacity 1.45 MMTPA. This unit is designed to process heavier feedstock than the existing cracking unit. Visakh Refinery commissioned a Naphtha Isomerization Unit of 250 TMT capacity and also revamped the capacity of its second Fluidized Catalytic Cracking Unit (FCCU-II) from 0.6 to 1.0 MMTPA. These capacity additions have made the secondary processing capacity commensurate with the increased crude distillation capacity and have enhanced production of LPG and MS, thus reducing dependence on their import.

The production of naphtha and fuel oil was minimized in view of dwindling demand in the country. Naphtha was converted to MS to maximum possible extent and the balance was exported. Naphtha and fuel oil/LSHS exports in the year were 826 TMT and 218 TMT respectively, vis-a-vis 1099 TMT and 154 TMT last year. HPCL, which is classified as a Premier Trading House by Directorate General of Foreign Trade, exported nearly ₹ 3,823 crores of oil products.

Both Mumbai and Visakh refineries have switched over to the production of Viscosity grade bitumen products viz. VG-10 and VG-30 which are superior quality bitumen products compared to the penetration grades being manufactured earlier.

HPCL reached a milestone at Mumbai Refinery with the mechanical completion of the Lube Oil Base Stock (LOBS) project by the end of March 2011 and commissioning in June 2011. Also, the existing Solvent Extraction Units (SEU-I and III) were revamped using internally developed process package. These projects have enhanced the LOBS production capacity and depending upon requirement, up to 400 TMT of API Group-I, II and III LOBS can be produced (against the current production capability of 335 TMT of Group-I only). HPCL will now be able to cater to the growing demand for superior quality lube oil base stock market, both in India and abroad.

Commissioning of the Single Point Mooring (SPM) facility at Visakh is a significant milestone. Visakh Refinery can now receive Very Large Crude Carriers (VLCC). In future, the facility can also be utilized by Indian Strategic Petroleum Reserves Ltd. (ISPRL) for its storage facility coming up nearby.

To meet the requirements of the BS-IV quality diesel as laid down in the Auto Fuel Policy, both Mumbai and Visakh refineries are setting up Diesel Hydrotreater Units of 2.2 MMTPA each with associated facilities. Expected time of mechanical completion of the projects is March 2012.

Specific energy consumption of both Mumbai and Visakh refineries in the year was significantly lower. Various energy conservation projects were implemented in the two refineries, significant among them were the revamp of furnaces at the two refineries which has reduced overall fuel consumption. These energy conservation measures have made it possible to restrict fuel and loss for Mumbai and Visakh refineries to 7.6% and 7.3% respectively. The consumption is well within the design limits despite commissioning of the new MS block units.

Implementation of recommendations under the Integrated Refinery Business Improvement Programme (IRBIP) at Visakh refinery have improved product yield and reduced operating expenditures. Estimated benefits accruing from the programme is about 0.20 \$/bbl on a recurring basis. The programme is now being extended to Mumbai refinery also.

Quality control is a key to refinery profitability. Laboratories at the two refineries conform to the highest standards of testing. An achievement of the Mumbai Refinery Quality Control Laboratory was its accreditation with the National Accreditation Board for Testing and Calibration Laboratories (NABL) certification.

Special Cut Naphtha (SCN) was successfully tried, as a pilot project for the first time in the country, as plug in cross-country pipeline transfer of MS and HSD. Use of SCN as a plug prevented any quality give-away in MS and HSD, thus increasing their

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production potential. Also, it will result in better inventory management because of reduction in the quantity of MS and HSD required for each transfer cycle.

HPCL is committed to conducting its business in a safe and healthy manner, and preserving the environment. Regular internal safety audit and the mandatory audit from Oil Industry Safety Directorate (OISD) were conducted during the year.

As a part of commitment to protection of environment, both the refineries are implementing Flue Gas Desulphurisation (FGD) projects for removal of sulphur from the flue gases of the Fluidized Catalytic Cracking Units. FGD at Mumbai refinery was commissioned in March 2011 and at Visakh will get commissioned by March 2012.

Fresh water management is especially important wherever these resources are constrained due to limited supplies. The newly commissioned Membrane Batch Reactor (MBR) and Reverse Osmosis (RO) sections of the Integrated Effluent Treatment Plant (IETP) at Mumbai refinery has reduced intake of fresh water from the municipal corporation by purifying and recycling treated water for refinery consumption.

Initiatives of rain water harvesting, ground water quality monitoring, assessment of carbon footprints, creating awareness by celebrating World Environment Day and leak detection and repair programmes demonstrate HPCL's commitment to a cleaner, greener and sustainable environment.

MARKETING

The total sale of products (including exports) by the Corporation for 2010-11 was 27.03 MMT as against 26.27 MMT during 2009-10.

Retail

Retail constitutes 65.8% of HPCL's overall marketing business. Both the Corporate and Retail Brands of HPCL enjoy high brand recall among consumers. HPC enjoys significant market share of 24% in combined petrol and diesel retail segments as of March 2011.

The Retail value proposition is to provide "Differentiated Customer experience at the point of interface, through quality products & service with a smile". The retail strategy was institutionalized through a number of processes, tools, manuals and computer based training modules and the entire SBU is aligned for delivering the Retail value proposition.

Retail sales of Motor Spirit (MS) increased by 11.7% in the year 2010-11 compared to Industry (PSU) growth of 10.3%. High Speed Diesel (HSD) sales grew by 10.2% against Industry (PSU) growth of 8%. HPCL increased its market share in MS and HSD (combined) by 0.45% during the year 2010-11 through implementation of significant initiatives at the retail outlets. Auto LPG achieved a growth of 7.9% for the year with addition of 25 Auto LPG Dispensing stations (ALDS). HPCL increased market share by 2% in ALPG during the year. Compressed Natural Gas (CNG) sales increased by 8.9% achieving a volume of 159 TMT.

NANO (No Automation No Operation), a pioneering initiative by HPCL is being rolled out pan-India. Out of a total of 1683 automated outlets, NANO has been implemented at 1660 of the automated outlets. To ensure the Brand promise of Quality & Quantity Assurance, HPCL is setting up Control rooms for monitoring the operations of automated outlets.

Management Development Program (MDP), a unique initiative of HPCL to increase the productivity of dealers by imparting both behavioral and functional skills to corpus fund dealers has been extended to new dealers also. A total of 7 training programs covering 175 dealers have been conducted. Further, to ensure delivery of services at retail outlets, third party certification has been undertaken. During 2010-11 a total of 2165 Club HP outlets have been audited and 1563 outlets i.e., 73% have been certified during third party audits.

Leveraging technology for automation, improving network productivity through unique initiatives at the outlet, developing skills of new and corpus fund dealers through Management Development Programs (MDP), institutionalizing standard operating practices (SOP) at retail outlets, 3rd party certification of outlet standards and expansion of Network in the rural markets will continue to be the key focus areas.

Aviation

Although aviation industry is on a recovery path, cash strapped full service carriers are struggling to meet their obligations particularly in view of high fuel bills. During the year 2010-11, the company focused on balancing the growth and profitability which resulted in decline in sales to 699 TMT during 2010-11.

ISO certification has been achieved at 9 locations and robust process and people management systems were implemented in the Aviation SBU. HPCL commissioned 2 new ASFs at Jammu and Indore taking the total number to 32 ASFs as of 31.3.2011. Building high performance team will be a key focus area to be the preferred jet fuel supplier.

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Industrial & Consumer

Industrial & Consumer business sales especially Naphtha and LSHS have been affected by increased availability of natural gas in the country. Excluding these two products HPCL Industrial & Consumer business line recorded a growth of 0.3%. FO/LSHS sales grew by 1.4% compared to decline of 6.1% by Industry (PSU). HPCL gained market share in products of LDO, FO, Sulphur, JBO and Propylene. Black Oil Terminal facilities at Visakh and BTPN rake loading facility at Mahul have been commissioned during the year which will help in improving sales of fuel oil to consumers. To increase Bitumen product availability in the eastern part of the country bulk Bitumen COD at Haldia has been commissioned.

Bitumen marketing through CODs at strategic location for Bulk and Packed bitumen, Key account management and emphasis on Micro, Small and Medium Enterprises (MSME) segment have been identified as the focus areas for achieving growth in fuels.

Lubes

The Indian lubricant market grew by 23% from 1500 TMTPA to a size of approximately 1850 TMTPA. The market comprises 50% of automotive segment and 50% of industrial & direct segment. The core and large sector industries like Railways, Collieries, State Transport Undertakings (STUs), Steel, Cement, Tyre etc. accounted for about 60% of the industrial and direct market, and the balance is distributed across diverse sectors such as sugar, marine, fisheries, fertilizers, etc. During 2010-11, the value added lube sales (excluding base oil sales) for HPCL have been increased to 243 TMT from 215 TMT in 2009-10 representing a growth of 13%.

The trend of continuously upgrading product range in line with evolving consumer needs and responding to specific customer requirements with support from R&D group was continued during the year. In a first time initiative in the country, HPCL has launched Nano particle based Lubricating oils, viz., HP Numaro Uno in Engine oils category and HP Rhino XP 80W90 in Gear oil category. Other notable product additions during the year are Milcy Synthetic, HP Milcy No. 1 Plus (conforming to API CI-4+), Cruise TGO for Tata Nano and Tea Spray Oil.

HPCL is focused on product development and product innovation to meet customer needs and increase sales in this profitable segment of Business.

LPG

HPCL has consolidated its position in overall LPG market through significant increase in market share from 26.1% in 2009-10 to 26.6% during 2010-11. The total LPG Sales is 3.64 MMT with growth of 11.6%. HPCL continues to maintain its market leadership position in the highly competitive non-domestic (ND) Bulk Segment with 41% market share.

In line with Vision 2015 of MOP&NG, HPCL has drawn comprehensive strategic plans to increase penetration of domestic LPG. HPCL has commissioned 118 new distributorship under Rajiv Gandhi Gramin LPG Vitaran Yojana and 102 new HP Gas Distributorship across India. HPC has enrolled all time high of 29 lakhs new domestic customers, out of which almost 12 lakhs connections have been released in rural areas and released 19 lakhs additional cylinders to existing customers. The total customer population reached 3.24 crores with 1.59 crore customers having double bottle connections. To have sustained competitive advantage in non-domestic segment, commissioned 13 new exclusive ND distributorship across India.

Development of LPG Infrastructure is a key focus area. The bottling capacity was augmented by 135 TMT and storage capacity was increased by 3.6 TMT. HPCL achieved highest ever bottling of 3.5 MMT with quantum increase in productivity. HPCL handled 59% of total LPG imports in the country by achieving throughput of 2.7 MMTPA at MLIF and VLIF.

Details of some of the new initiatives undertaken in LPG during 2010-11 are described as under:

- **Flex speed carousal at Cherlapally LPG Plant**

HPCL has commissioned Flex Speed Carousal with 66 heads and flexibility to bottle 2200-4000 cylinders per hour in the Cherlapally LPG plant. The carousel can operate at variable speed in line with the market demand and will reduce operating cost by 30% compared to traditional carousel in plants with a bottling capacity more than 150 TMTPA. One of the exceptional features of this carousel is the Vision Unit for tare weight recognition which facilitates reading of tare weight by camera thereby eliminating human intervention.

- **HPANY TIME**

HPC has implemented SMS/IVRS based refill booking service in additional eight cities, in-line with Vision 2015 of MOP&NG. These cities include Hyderabad, Vizag, Bangalore, Chennai, Chandigarh, Lucknow, Kolkata and Patna.

- **Safety awareness campaigns**

HPCL has taken various initiatives & mass campaigns for promoting safety among domestic customers. These include mass media campaigns such as "Suraksha Sanchetna" and "Art for Awareness" for generating awareness amongst LPG customers about safety.

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• Distributor customer management system

HPCL has been the pioneer in Industry to computerize all the LPG distributorship accounting operations across India. To meet the new business requirements and enhance the capabilities of distributor's software, the existing software at distributorships has been upgraded. The system has been implemented successfully at more than 1000 distributorships. The software at all distributorships shall be upgraded during 2011-12.

• Multi-function regulators (MFR)

To equip domestic LPG customer with enhanced safety features, Multi-Function Regulator (MFR) conforming to IS 9798 specification was launched during 2010-11. These safety-rich regulators are available at select distributorships in Mumbai, Pune, Delhi and Bangalore. The salient feature of MFR includes stoppage of flow of LPG in case of snapping of LPG hose and also detection of leakage through LPG hose. Another important feature of MFR is level indicator which indicates level of LPG in the cylinder to facilitate in re-ordering of next refill. A child lock feature has also been provided which restricts the knob movement towards ON position.

• Management development program for distributors

HPCL has developed a Comprehensive Training Module for Distributors, branded as Saksham, for distributors of weaker section, new distributors & RGGLVY distributors. In the financial year 2010-11, 6 programs were conducted across India covering 158 distributors.

Natural Gas

HPCL is operating a CNG network at Ahmedabad through one mother station and 15 daughter stations for general public for their vehicles. During 2010-11, HPCL has submitted bids for city gas distribution for 4 cities.

HPCL is also keen to establish a significant presence in the natural gas infrastructure segment and has formed a consortium with GSPC, IOCL and BPCL for bidding in gas pipelines notified by PNGRB. The consortium has been the successful bidder for winning all the three Pipe Lines notified by PNGRB during 2010-11 for Mallavaram-Bhilwara, Mehsana-Bathinda and Bathinda-Srinagar gas pipelines for which the formal authorisation from PNGRB is awaited.

HPCL is operating CGD projects in Andhra Pradesh through Bhagyanagar Gas Ltd and in Madhya Pradesh through Avantika Gas Ltd, both of them as Joint ventures with GAIL. HPCL is also in discussions with state government of West Bengal to implement the CGD project in the city of Kolkata through a Joint Venture company with participation from Greater Calcutta Gas Supply Corporation, an existing company distributing piped coal gas in Kolkata.

Operations & Distribution

During the year 2010-11, HPCL's POL installations, achieved a record throughput of 38.5 MMT, an increase of 7 % over historical for supporting the sales performance. HPCL's Coastal terminals handled a record input volume of 8.24 MMT through 234 Marine Tanker voyages in 2010-11 and Rail loading bases achieved an all-time high annual rail loading of 2963 BTPN White Oil Rakes. This was achieved by effective planning and execution in the areas of product procurement and distribution, enhanced level of efficiency in operations leveraging automation & improved operating processes at POL Terminals and Depots.

Carbon Footprint Study in line with global GHG protocols and UNFCCC conventions were conducted on pilot basis at two major installations. GHG emissions under scope 1, 2 & 3 have been most comprehensively assessed to deduce the Carbon Footprint, and possible reduction measures recommended. During 2010-11, 5% Ethanol Blended Petrol (EBP) program has been implemented in 13 states and 3 UTs achieving 58% EBP supplies as of March 2011. Increased controls and continuous monitoring of Ocean Loss in coastal movements resulted in reducing the losses to world class performance levels of 0.15 %.

Safety remains the focus area for operations and distribution. HPCL has been taking a leading role in the implementation of M B Lal Committee recommendations, which covers the entire gamut of plant, equipment, processes and personnel. International Safety Rating System (ISRS) Safety Certification is the single most comprehensive and integrated safety management evaluation system. HPCL is the only PSU Oil Marketing Company in India to have implemented this stringent ISRS certification at POL Locations. During the year, ISRS Level 6 was implemented at 9 major terminals, and a total of 45 POL locations have so far been awarded the ISRS Certification.

Terminal Automation System (TAS) is one of process improvements to ensure exact quantity dispensation. About 43 POL Terminals/Depots are automated and another 22 installations are under TAS implementation. Over 6000 Tank Trucks are now covered under Vehicle Management System, enabling tracking of deliveries by dealers and transporters, and the latest feature addition provides SMS alert to dealers on route deviations.

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Projects & Pipelines

A number of projects are underway and are being planned to augment HPCL's marketing infrastructure. The details of the Projects completed during 2010-11 are described as under:

- **Black Oil Terminal at Visakhapatnam**

Black Oil Terminal at Visakhapatnam was commissioned on 20th September 2010. It is the largest exclusive fully automated Black Oil terminal in the country. This is the first terminal to be constructed in Oil Industry on sustainable development basis having green building. This installation has the entire range of Black Oils along with variants. Tank truck loading, Wagon loading, Bunkering and shipping are possible from this installation. With commissioning of this terminal HPCL has huge advantage in terms of Marketing of Black oil to direct customers of emerging markets in Orissa and Andhra Pradesh. The terminal has a provision for bulk storage and electrical tracing of pipelines. The total Tankage capacity is 94 TKL. The total Cost of the project is ₹186 crores.

- **HPCL-Mittal Energy Ltd. product evacuation project**

Hindustan Mittal Energy Limited, a JV Company of HPCL, is setting up a 9 MMTPA grass root refinery near Bathinda, Punjab. HPCL has the marketing rights for the petroleum products. Following cross country pipelines have been taken up for facilitating product evacuation, namely:

- 30 km long, 10" diameter pipeline from Bathinda to Ramanmandi
- 250 km long, 18" diameter pipeline from Ramanmandi to Bahadurgarh

Both pipeline projects have been mechanically completed in Dec' 2010 at an expenditure of ₹408.9 crores.

- **Railway siding at Mahul Terminal**

New 2 Spur full rake BTPN railway siding completed at Mahul terminal and commissioned at a cost of ₹64 crores.

- **Grease and Specialty product plant at Silvassa**

Completed and commissioned new Grease & Specialty Product Plant at Silvassa with a capacity of 4700 MTPA at a cost of ₹30 crores.

- **Additional product tankages at Ghatkesar**

Construction of 4 (four) number above ground storage tanks with aggregate capacity of 54 TKL has been completed mechanically at a total cost of ₹23 crores.

- **Additive dosing system for Branded Fuels**

Additive Dosing System for Branded Fuels has been completed and commissioned at 32 Locations.

A number of projects are under construction to strengthen the distribution infrastructure to cater to the increasing demand of POL products. The details of some of the projects and the project status are described as under:

- **White Oil Terminal at Visakhapatnam**

The White Oil Terminal at Visakhapatnam will be the first fully automated white oil terminal including Tank wagon gantry. The project is proceeding as per schedule and achieved 75% physical progress. The project is expected to be mechanically complete by September '2011. The total project cost is expected to be ₹465 crores with total tankage capacity of 168 TKL. The terminal can receive product either from refinery or coastal inputs from jetty. The infrastructure contains provision for Tank truck loading, wagon loading and shipping from this installation.

- **White Oil Terminal at Ennore, Tamil Nadu**

A new green field White Oil Terminal is being constructed at Ennore which is located on the outskirts of the Chennai City for relocating the existing Chennai terminal. The project is to provide Tankage facility of 140 TKL for storage and dispatch of MS, HSD, SKO and ATF. The project is proceeding as per schedule and achieved 75% physical progress. The terminal is expected to be mechanically complete by August '2011. The total project cost is expected to be ₹299 crores.

- **LPG Terminal and Bottling Plant at Visakhapatnam**

A new LPG Terminal and Bottling Plant are being constructed at Visakhapatnam and shall be the nerve center for LPG distribution from Visakhapatnam. The storage capacity is 4.4 TMT which is the largest capacity in HPCL Marketing. The total project cost is expected to be ₹250 crores. The project was mechanically complete in June 2011.

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• Bahadurgarh-Tikrikalan Pipelines

The project includes laying of 2 numbers 12 km long product pipelines for MS and HSD/SKO of 8" and 10" diameter respectively. These pipelines are being laid from Bahadurgarh Terminal to Tikrikalan Terminal at an estimated cost of ₹ 60 crores. The pipelines are expected to be completed by Mar' 2012.

• Tikrikalan Terminal

Construction of a new grass root terminal with receipt facilities from Bahadurgarh-Tikrikalan Pipeline for handling MS, HSD, SKO and Ethanol at a revised estimated cost of ₹ 94.69 crores is under progress. The project is expected to be commissioned by March 2012.

• New POL Depot at Bihta (Near Patna)

Construction of a new grass root depot for handling White Oil (MS, HSD & SKO) & Black Oil (FO & Bitumen) including wagon unloading siding at an estimated cost of ₹ 142.50 crores is under progress. The Project is targeted for commissioning by September '2012.

• Pipelines Operations

HPCL pipelines Mumbai-Pune-Solapur pipeline (MPSPL), Visakh-Vijayawada-Secunderabad pipeline (VVSPL) and Mundra-Delhi pipeline (MDPL) achieved a record combined throughput of 12.9 MMT against the target throughput of 10.0 MMT during the financial year 2010-11. Lube Oil Pipeline achieved throughput of 286.7 TMT against the target of 250.0 TMT for the year 2010-11.

With the commissioning of Security Tracking System at VVSPL and MPPL section of MPSPL, all three pipelines of HPCL can monitor and track the movement of Line walkers on real time basis. With the accreditation of MDPL with OHSAS 18001:2007, all the 3 pipelines are accredited with ISO 14001: 2004, ISO 9001:2008 and OHSAS 18001:2007.

As per Oil Sector Infrastructure Protection Plan (OSIPP) recommendations, all pipelines have implemented and installed additional infrastructure viz. concertina coil on compound wall, CCTV camera for perimeter security, shifting of parking lot, provision of under vehicle search mirrors, night vision binoculars, hand held metal detectors and thermal imagers, as the case may be, in the locations.

RESEARCH & DEVELOPMENT (R & D)

Research and Development is envisaged to provide support to the refineries and marketing arms in terms of development, absorption of new technologies and product development. It will also initiate research in other areas like Biofuels and nanotechnology. To meet this vision, an initial investment of ₹ 210 crores has been outlined for setting up a Green R&D Centre at Bengaluru.

• Green R&D Centre Project, Bengaluru

HPCL is setting up a state of the art Green R&D Centre at Bengaluru with an objective to become a technology leader through continuous & innovative R&D efforts. The project is being executed in a phased manner with a Phase-I capital investment of ₹ 210 crores. The R&D Centre with eco-friendly design will consist of nine research labs on Crude Evaluation & Fuels Research, Hydro-processing, Catalytic Cracking, FCC/RFCC, Catalysis, Bio-processes, Process Modeling and Simulation, Standard Testing, Analytical labs and Centre for Excellence in Nano Technology under Phase I. Recruitment of Senior R&D scientists to head various Labs in the R&D Centre is in progress and currently about 15% of the total requirements have been filled with scientists having research experience in the relevant fields. Architect has been appointed for the design of R&D Centre. The expected completion / commissioning of R&D Centre is 30 months from the date of statutory clearances.

HPCL has taken up development of new products in the automotive, industrial and grease lubricants. These include products meeting the most recent and stringent demands for OEM's and other industry members including core sector like defence, mining, steel etc. The products being developed have approvals of OEM's and major industry users.

During 2010-11, collaborative projects with various institutions like NIT, IIT, Indian Institute of Petroleum Dehradun and Research & Development Center for Iron and Steel (RDCIS) Ranchi were taken up for understanding the impacts of various chemicals on different formulations as fundamental research. Preliminary studies on stability of dispersions of Nano particles in engine oils, Industrial gear oils etc. have been undertaken. The stabilised dispersions were subjected to Nano scale tribology tests and two suitable products have been launched making HPCL, the first company to launch Nano particle based engine and gear oil called HP Numaro Uno and HP Rhino respectively.

The focus is on developing environment friendly products. Biodegradable products for reducing ground water pollution, and friction modified oils for reducing noise pollution have been developed. HPCL is developing energy efficient gear oils, spindle and slide way lubricants for energy conservation and high drain oils/greases for Petroleum conservation in automotive and industrial sectors.

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To give impetus to alternate fuels development, HPCL has signed an MOU under Indo Canadian Scientific & Collaborative R&D projects for development of Bio Jet fuels for Aviation Industry. An agreement between IIT Kanpur, IISc Bengaluru, IIP Dehradun, IOCL, Pratt & Whitney (Infosys) and HPCL has been finalized.

HPCL has signed an MOU with NIT, Calicut for “Investigations on the application of Catalytic Nano particles as diesel and biodiesel additives”. HPCL R&D is well represented in technical bodies like Bureau of Indian Standards (BIS), Society of Automotive Engineers (SAE), Inter Plant Standardisation in Steel (IPSS), Society of Tribologists & Lubrication Engineers (STLE), National Lubricating Grease Institute (NLGI) and Tribology Society of India (TSI) etc. with contributions ranging from review of specifications to drafting of specifications. Technical papers in national and International seminars were published for better understanding of the subject and for better visibility of the corporation in International markets.

HPCL has taken up collaborative R&D projects in potential areas such as Catalysis, Nano-Technology, Hydrogen production & storage, Bio Fuels, Green House Gases (CHG) reduction and Process modelling apart from scaling up of novel technologies.

QUALITY CONTROL (QC)

HPCL has put in place Quality Management System for ensuring continuous vigil on all inputs and protecting the product quality at every stage of handling so that quality products are supplied to the customers all the time. Regular QC audits of locations have been carried out for improving the QC practices. Continuous training is being provided to the operating people for ensuring protection of product quality at all stages. New state-of-the-art test equipment were procured and commissioned in major laboratories. To launch the new generation BS-IV fuels throughout the country, adequate testing facilities have been set up.

The prestigious National Accreditation Board for Testing and Calibration Laboratories (NABL) accreditation was obtained for 3 more laboratories during the year, taking the total number of NABL accredited labs to 10 out of 39 laboratories. Inter-laboratory correlation Programs involving the personnel from oil industry are being held regularly for enhancing the confidence level of laboratories. Three programs were completed during the year in which nearly 100 laboratories participated.

HPCL has taken up initiatives like carrying out the Quality depletion study for all multi-product pipelines and introduction of a special product as plug material between petrol and diesel in multi-product pipelines. Substantial savings are envisaged due to these initiatives.

HEALTH, SAFETY & ENVIRONMENT

HPCL is committed to conducting business with an objective of preserving the environment, sustainable development, safe work place and enrichment of the quality of life of employees, customers and the community. HPCL endeavours continuously to implement systems and procedures for achieving the goal of highest standards in safety, occupational health and environment protection.

HPCL accords highest priority to Health, Safety & Environment (HSE). HPCL has adopted ‘Climate Change Policy’, in July 2010 to reduce Carbon Foot Print and incorporate a Green perspective in all the key organizational initiatives and processes. HPCL has carried out a benchmark assessment of ‘Carbon foot print’ at both Visakh and Mumbai refineries in May 2010.

HPCL has well equipped health care facilities / arrangements with hospitals at all major locations. Occupational Health is a key focus area for HPCL and all issues pertaining to occupational health are addressed comprehensively.

Some of the initiatives by HPCL in the area of Health, Safety & Environment are detailed as under:

- **New Integrated Effluent Treatment Plant at Mumbai Refinery**

Secondary treatment facilities & Tertiary treatment facilities have been commissioned for recycling of water for usage.

- **Web site integration with CPCB at Mumbai Refinery**

Website has been created for continuous monitoring of Ambient Air Monitoring Stations data by CPCB on real time basis.

- **Fugitive emissions control & Monitoring at Mumbai Refinery**

Leak Detection & repair program conducted at Mumbai Refinery to quantify the VOC emissions and take preventive measures.

- **Bio-remediation of sludge**

Bioremediation of sludge is being carried out using bacterial culture “Oil Zapper” with the help of M/s TERI at Mumbai Refinery and marketing locations. Oil zapper is essentially a blend of five different bacterial strains that feed on hydrocarbon compounds and convert them into harmless CO₂ and water.

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- Ground water quality monitoring at Mumbai Refinery**

11 bore-wells have been installed in the refinery to test the bore-well water samples as per IS 10500 to assess groundwater contamination. No Groundwater contamination observed.

- Rain water harvesting at Mumbai Refinery & Marketing locations**

Rainwater harvesting dam at BARC hills has been constructed and is operational. The water from the dam will be used in refinery for various purposes including feed to IETP which will help in meeting the target of treated water recycling.

- Excess Oil Ingress project at Visakh Refinery**

Excess Oil Ingress project at Visakh Refinery was commissioned at ETP-II in April 2010. TSS compliance improved to 75% in 2010-11 compared to 32% in 2009-10.

- Leak Detection & Repair (LDAR) at Visakh Refinery**

Leak Detection & Repair (LDAR) program was carried out for identifying and controlling fugitive emissions from equipment leaks.

- Joint oil conservation survey**

Joint oil conservation survey on steam leaks, as proposed by CHT, was completed in coordination with external members from IOCL, Panipat and IOCL, Haldia.

- Web site integration with APPCB**

On line connectivity of ambient air data from South gate Continuous Ambient Air Monitoring station (CAAMS) to Andhra Pradesh Pollution Control Board (APPCB) server was established on 28.01.2010 at Visakh Refinery.

- Health check-up**

Health check-up of all employees (100%) at marketing locations was completed during 2010-11. No cases of occupational illness diagnosed and reported. Special medical examination for canteen workers, welders, and fire and safety personnel is conducted periodically.

EXPLORATION & PRODUCTION (E & P)

HPCL portfolio of oil and gas assets in Exploration & production have been built and enhanced by participating in competitive bid rounds since the NELP-IV bidding round. The E&P initiatives of HPCL have been on acquiring of Participating Interests (PI) in 25 numbers assets till date. HPCL has 21 numbers E&P blocks in India, including the two blocks awarded in the recent NELP-IX bidding round of March 2011, besides acquiring PI in 4 numbers overseas blocks located at offshore Western Australia, Egypt and Oman.

Some of these assets have matured to appraisal stage after discoveries and have shown promising prospects with testing having been completed and hydrocarbon shows being recorded to take up further investments. The critical review of the existing blocks from its portfolio has enabled HPCL minimize the exploration investment risks and thus and improve the probability of success. Some of the major initiatives during 2010-11 are as under:

- Submitted documents on Declaration of Commerciality (DOC) and Initial Development Plan (IDP) for Cambay block CB-ONN-2002/3.
- Divested participating interest (PI) from 14% to 8.4% in WA-388-P Australia block in favor of M/s Apache Corporation, who joined the consortium as an operator.
- Submitted application for acquiring 25% participating interest (PI) in Rajasthan Block RJ-ONN-2005/1 of NELP-VII from existing consortium of M/s HOEC, BPRL and IMC.
- Strategic Investments and Business Plan**
HPCL strategy in E&P is to acquire control and secure supply of equity crude oil. HPCL plans to leverage expertise in downstream business units and continue with the joint collaborative approach with leading NOCs.

In view of the emerging and prospective unconventional resource of Shale Gas with commercial interests focused in USA and Coal Seam Gas (CSG) & Shale Gas in Australia, HPCL has plans to venture and diversify into this emerging business line by evaluating opportunities.

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RENEWABLE ENERGY

HPCL has undertaken the Wind Farm project to tap the vast wind potential in western parts of the country. The project will generate a total of 100 MW of electricity. Under the first two phases a total of 50 MW generation capacity has been commissioned, of which 25 MW was commissioned during this year.

INFORMATION SYSTEMS

Information systems are being used to support all business processes of HPCL. All business transactions are carried out in Enterprise Resource Planning (ERP) system & various applications which bolt on to the ERP system. Standardization of business processes in the system has resulted in better management control.

Based on the foundation of ERP system, a multitude of IT enabled solutions have been developed & implemented to help managers do their job effectively. ERP platform has made possible development of real time interfaces to the IT enabled systems with various business partners.

Various new initiatives have been implemented and sustained efforts continue to bring in more of these to reality.

- **B2B integration with OMCs**

HPCL completed the roll out of B2B integration with Oil Marketing Companies (OMC) for all oil exchange transactions. Traditionally product exchange data was settled between two Oil PSUs through manual joint certificates. With OMCs being ERP enabled, ERP has been leveraged to develop an efficient, accurate and on-line product exchange accounting and settlement mechanism.

- **e-banking**

e-banking initiative has been expanded to cover all payments to outside parties such as vendors & contractors and even HPCL employees. HPCL has tied up with multiple banks to offer the service to the various categories of payees. The payment is effected by the bank through ECS, account transfer, EFT or by cheque. e-payment is helping in bringing about transparency in the payment process and also ensures timely payment to all vendors.

HPCL has been able to achieve a high percentage (91 %) of on-line fund transfer in Sales process. On-line fund transfers now exceed ₹ 10,000 crores a month. The reconciliation process is also totally automated. This initiative has enabled HPCL faster collection & better management of funds.

- **e-procurement**

In the area of procurement, the platform provided by the ERP system is being used for bringing in transparency. e-tendering process for crude procurement, on-line registration of vendors and hosting of tenders on the internet has been implemented.

- **Information Systems Center (ISC)**

Information Systems Center (ISC) at HITEC City, Hyderabad hosts all servers that run various IT systems, Network & Operations Control Center, Security Operations Center, Development Center & Training center. HPCL has taken necessary steps to ensure security of information and infrastructure.

HUMAN RESOURCES

Some major initiatives undertaken for enhancing performance of Human Resources during the year are as under:

- **HP GAURAV**

HP Gaurav – a scheme for recognising Outstanding Performance by encouraging and sustaining excellence in work, outstanding commitment, adherence to safety measures and adherence to high standards of conduct in discharge of duties amongst Non-Management Employees. Out of numerous nominations 80 outstanding Non-Management employees were rewarded for the year 2010-11.

- **Implementation of New Health Policy**

A new Health Policy reflecting the current realities/work related stress etc. was formulated and aimed at employees Health and Well-being. The salient features of the new policy are that it addresses various health issues proactively by disseminating information on various illness and prevention through the HP Wellness Portal. Further, it is mandatory for employees to undergo a periodical medical examination. A suitable mechanism for monitoring employees with High Risk Levels is also being put in place.

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• Sada Aap Ke Liye

“Sada Aap Ke Liye” is an ambitious collaborative training initiative aimed at engaging and developing forecourt salesmen (FSM) at retail outlets into well rounded individuals aware of their commitments to the Organization they represent, to the product & services they deliver and to the families they belong to. It has been designed and conducted in-house by internal pool of trained HR officers, thereby demonstrating the ability of the Corporation to derive value by treating HR as a Strategic Partner.

During 2010-11, a total of 188 programmes were conducted and 2210 Dealers were trained. Further, 19775 FSMs were trained through 780 programmes across the country.

• Har Din Har Pal – Swasth aur Suraksha

Har Din Har Pal – Swasth aur Suraksha is a collaborative training program for training workmen at POL locations since they are the first respondents to emergency situations and the interface to customers & stakeholders.

The programme has been designed to have a motivated, dynamic and continually learning team committed to achieve excellence as a service provider. It includes all the facets of the job of a non-management employee deployed at the installations/ terminals and depots of HPCL. It helps to equip the participants with the requisite skills, knowledge and attitude required to succeed in his various roles along with brushing up their existing skill and knowledge. It aims at making them understand the business perspective and their role in achieving the same. During the year, 76 programmes were conducted and 1195 employees were trained across the country.

• Industrial Relations

The Industrial Relations climate during the year 2010-11 continued to be harmonious across all locations.

• Competency Management

The Competency Mapping and Development process was further strengthened. During 2010-11, 582 Officers attended Development Centres and Individual Development Plans were drawn up and progress reviewed. 1376 Officers in middle management attended Assessment Centres for profiling of their potential. Technical Competency Framework was developed for the Quality Control function. Organisation wide culture survey-Darpan 2010 was administered for all management employees as an endeavour towards building high performance culture and over 2000 officers participated in the Survey. An exclusive 10 day general management program was conducted at IIM-Ahmedabad for 39 top 10% achievers of Samavesh 2008 batch.

RIGHT TO INFORMATION (RTI)

The Right to Information Act, 2005 (RTI) that has become effective since October 12, 2005 is being complied by the Corporation. HPCL has hosted detailed information in its WEB portal www.hindustanpetroleum.com and updates the information from time to time. Officers across the country, representing different departments, have been appointed as Public Information Officers and Appellate Authorities to deal with the queries received under RTI.

HPCL has also leveraged technology for data management through RTI workflow portal. During 2010-11, a total of 8605 queries were handled, out of which 7993 queries were provided with information and 612 queries were not provided with information under the applicable exemptions. HPCL has also launched an Intranet portal for faster and timely resolution of RTI queries.

CORPORATE SOCIAL RESPONSIBILITY

HPCL's CSR model is based on “Creating Shared Value” implying that corporate success and social welfare are interdependent. HPCL CSR activities are twofold. The field personnel in the periphery of their function identify the needs of the community at the location and schemes are implemented to bridge the gap of the community needs and within their area of business. At the corporate level, projects are undertaken in partnership with specialized NGOs/Implementation partners with focus on health, education and child care.

• Special Component Plan

As part of Special Component Plan/Tribal Sub Plan & Welfare Plan for Weaker Sections various initiatives pertaining to Primary Education, Scholarship for Graduation & Post-Graduation Studies, Drinking Water Facilities, Health Care, Income Generating Schemes / Vocational Training and Rehabilitation of Persons with Disabilities etc. were undertaken.

OFFICIAL LANGUAGE IMPLEMENTATION

Official Language Implementation has been given the utmost importance in the Corporation.

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During the year, various workshops and conferences were conducted for Management and Non-Management employees to encourage official language and also to increase the capabilities in communicating through official language. The medium of foundation day magazine was leveraged to create awareness by providing a detailed write up on the Official language implementation progress. A unique booklet “Kab, Kyon, Kaise” has been launched during the All India official language conference. Imparted training to 15191 dealer men through 537 numbers ‘Sada Aapke Liye’ training programs in Hindi at various retail outlets. Implemented CUE-card in Hindi for dealer men to aid in conducting business at retail outlets as per standard operating practices.

HPCL continues to head the Town Official Language Implementation Committee (TOLIC) in Mumbai for Government Undertakings/Corporations since its formation. During inspections carried out by the Parliament Committee on Official Language the official language implementation at various locations in HPCL and the work done by HPCL during TOLIC discussion programs was appreciated.

AWARDS RECEIVED

- SCOPE Gold Trophy Meritorious Award for Corporate Social Responsibility & Responsiveness for the year 2009-10.
- Award in Sustainability & CSR in Special Technical Award Category during Petrotech 2010.
- Indira Gandhi Rajbhasha Puraskar for the third consecutive year in PSU category.
- Award for Excellence in Training and Talent Management at Asia’s Best Employer Brand Awards 2010-11.
- Golden Peacock Award for Corporate Social Responsibility for the year 2010-11.
- Greentech Environment Excellence Award 2010 in Gold category for Mumbai Refinery and Visakh Refinery.
- Greentech Safety Award 2010 in Bronze category for Mundra-Delhi pipeline (MDPL) for outstanding achievement in Safety Management.
- Award from National Safety Council, Maharashtra Chapter to Mumbai-Pune-Solapur pipeline (MPSPL) for Meritorious Performance in Industrial Safety for the year 2009-10.
- Reader’s Digest Trusted Brand Award Gold Award 2010.
- CMO Asia Awards for Brand Excellence and Best Loyalty program.
- Brand Leadership in Service Industry award at the World Brand Congress 2010.
- Best Customer Loyalty Program & Marketing Campaign of the Year Award at the Asia Retail Congress Awards 2010.
- Forecourt Retailer of the Year Award at the Star Retailer Awards 2010.
- PFFCA STAR 2009 Award in the category of “Structural & Graphic Design for Improved Aesthetics” for “HP Laal Ghoda Metalized Rollapack”.
- FE-EVI Green Business Leadership Award 2009-10 presented on World Environment Day to Mumbai Refinery.
- Greentech Safety Silver Award for Loni Terminal.
- Greentech Silver Award for Hoshiarpur LPG Plant.
- CIO 100 Award in recognition of CIOs and organizations who in an atmosphere of uncertainty and risk found agile solutions to take business forward through use of IT.
- India Star Award 2010 for excellence in packaging.
- National Safety Award to MLIF based on the Longest Accident Free Year.
- American Society for Training & Development (ASTD) award for Excellence in Practice for Samavesh – Induction program for new joiners.
- CII HR Excellence Award 2009.
- Greentech HR Excellence - GOLD Award for Technology Excellence in HR and PLATINUM Award for Best HR Strategy by Greentech HR Foundation.
- SCOPE Meritorious award for Best Practice in Human Resource by SCOPE.

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CORPORATE GOVERNANCE

A separate segment on Corporate Governance forms part of this Annual report. However, it would be relevant to point out here that the Corporation is giving utmost importance to compliance with Corporate Governance requirements including compliance of regulations, transparent management process, adherence to both internal and external value norms and robust grievance redressal mechanism.

- **Integrity pact**

The Corporation has introduced "Integrity Pact" (IP) to enhance ethics / transparency in the process of awarding contracts. A MOU has been signed with "Transparency International" on July 13, 2007. HPCL has implemented the Integrity Pact with effect from September 01, 2007. The Integrity Pact has now become an integral part of procurement process for all tenders above ₹ 1.0 crore.

RISK MANAGEMENT

Risk evaluation and management is an on-going process within the organisation. As part of this process, the Company has engaged independent experts to facilitate a detailed exercise on the subject, covering the entire gamut of the Company's operations.

During the year fresh risks for the SBU's and Corporate Functions were identified, validated and assessed based on a Risk Assessment Framework which was carried out in SBUs/Functions through initial meetings and workshops. The new Risk Register was finalized and approved by the SBU/Function heads. All risks were categorised under Critical, Cautionary and Acceptable based on the likelihood and impact. Risk Owners were appointed by the SBU Head for each risk to develop the action plans to mitigate the risks in a format called Risk Profile. The status of the action plan mentioned in the Risk Profiles were reviewed and monitored on quarterly basis.

GLOBAL COMPACT

HPCL is also a member of the Global Compact Society of India which is the India Unit of the United National Global Compact, the largest voluntary corporate initiative in the world. It offers a unique platform to engage companies in responsible business behavior through the principles of Human Rights, Labour Standards Environment norms and Ethical practices. In HPCL, all these areas receive constant attention of the management to ensure continuous compliance.

OUTLOOK

IMF is forecasting a growth rate of 4.5% for the global economy in 2011 and 2012. Downside risks remain due to persistently high unemployment in the US, weak sovereign balance sheets especially in the Eurozone and rising commodity prices. On the upside, demand has been buoyant in the developing economies. At the moment, downside risks outweigh upside risks.

The growth of the Indian economy is expected to moderate in view of the tight monetary policy. India's GDP growth is projected at 8.25 % in 2011 and 7.75 % in 2012. Any slackening of global recovery would impact growth negatively via trade and capital flows. IMF has also increased the baseline projections for petroleum prices from US \$ 79 / bbl in 2010 to US\$ 107 / bbl in 2011.

JOINT VENTURES

The Joint Venture companies and subsidiaries of HPCL have performed very well during the year 2010-11.

- **HPCL-Mittal Energy Ltd. (HMEL)**

HPCL-Mittal Energy Ltd. (HMEL) is a joint venture between Hindustan Petroleum Corporation Limited and Mittal Energy Investments Pte Limited (MEI), Singapore, an L N Mittal Group Company, for implementation of a grassroot refinery project of 9 MMTPA capacity at Bathinda in the State of Punjab. Both partners hold 49% equity stake in HMEL and balance 2% is held by financial institutions i.e. IFCI Limited and State Bank of India.

The HMEL Refinery will be a zero bottoms, energy efficient, environment friendly, high distillate yielding complex refinery that will be producing petroleum products complying with Euro IV emission norms by processing heavy, sour and acidic crudes. A Captive Power Plant of 165 MW for meeting the power and steam requirements is also being implemented.

HMEL has also incorporated a wholly owned subsidiary company HPCL-Mittal Pipelines Ltd. (HMPL) to set up and operate business related to crude oil receipt, storage and cross country transportation. HMPL is constructing a Single Point Mooring (SPM) & Off shore facilities, Crude Oil Terminal (COT) for dedicated crude receipt and storage facility at Mundra in the State of Gujarat and 1,014 kilometers cross country crude oil pipeline for transportation of crude oil from Mundra to HMEL's Refinery at Bathinda, Punjab. Refinery project activities are in last stages with expected commissioning in current financial year 2011-12.

- **HPCL Biofuels Ltd. (HBL)**

In line with Government's policy for blending of ethanol in petrol, a new wholly owned subsidiary company HPCL Biofuels Ltd. (HBL) was incorporated on October 16, 2009 to produce ethanol.

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The Integrated plants being set up by HBL will have a cane crushing capacity of 3500 TCD with Distillery of 60 KLPD for manufacturing Ethanol and a co-gen plant of 20 MW each at Sugauli and Lauriya in East and West Champaran Districts in the State of Bihar.

Sugar units at Sugauli and Lauriya have been commissioned during the year. Power and Ethanol units are nearing completion and the trial run will commence shortly.

- **CREDA-HPCL Biofuel Ltd. (CHBL)**

CREDA-HPCL Biofuel Ltd. (CHBL) was incorporated on October 14, 2008 as a subsidiary company with equity shareholding of 74% by HPCL and 26% by Chhattisgarh State Renewable Energy Development Agency (CREDA) to venture into alternate fuels. CHBL would undertake cultivation of Jatropha plant, an energy crop used for production of bio-diesel, on 15,000 hectares of land leased by the Government of Chhattisgarh.

- **South Asia LPG Co Pvt Ltd (SALPG)**

South Asia LPG Co Pvt Ltd (SALPG), a Joint Venture Company with M/s. Total Gas and Power India (a wholly owned subsidiary of Total, France) has commissioned an underground Cavern Storage of 60 TMT capacity and associated receiving & despatch facilities at Visakhapatnam in December 2007. The commercial operations commenced in January 2008.

During 2010-11, SALPG received 777 TMT of LPG into the Cavern through 70 Vessels including 37 Very Large Gas Carriers (VLGCs). This has resulted into easing-out the product movement constraints across the east coast and ensured smooth availability of LPG in the supply and surrounding zones. SALPG achieved 32% higher turnover at ₹ 137.14 crores and 50% higher profits (PAT) at ₹ 64.22 crores during 2010-11 compared to previous year.

The Cavern cum Marine Terminal achieved 842,741 Safe Man-hours since commencement of commercial operations in January 2008 without a Lost Time Accident. SALPG received ISO 9001, OHSAS 18001 and ISO 14001 accreditation for its Integrated Management System (IMS) during the year.

SALPG maintained 50% dividend for second consecutive year (2010-11).

- **Hindustan Colas Ltd. (HINCOL)**

Hindustan Colas Ltd. (HINCOL) is a joint venture company promoted by HPCL and Colas S.A. of France and was incorporated on July 17, 1995. HINCOL has grown steadily over the years to establish itself as the clear market leader in manufacturing and marketing of Bitumen Emulsions, Modified Bitumen and other value added bituminous products.

HINCOL presently has seven manufacturing Plants across India and the eighth Plant is in the final stages of construction in the State of West Bengal. HINCOL products find extensive use in the road construction industry.

HINCOL office and all the seven plants have received Integrated Management Systems (IMS) certification. This international certification incorporates compliance with ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certifications.

During 2010-11, HINCOL commissioned Bulk Bitumen Storage & Handling facility at Haldia Port. Further, construction of a new Bitumen Emulsion & Modified Bitumen Manufacturing Plant at Haldia is in final stages of completion and expected to commence operations in 2010-11. HINCOL recorded a production of 159.39 TMT with turnover of ₹ 357.97 crores and earned net profit (PAT) of ₹ 28.38 crores.

HINCOL declared dividend of 125% for the year 2010-11.

- **Prize Petroleum Company Ltd. (PPCL)**

HPCL, in partnership with ICICI and HDFC, has formed this Joint Venture E& P Company for participating in exploration and production of hydrocarbons on October 28, 1998. Over the years, Prize Petroleum Company Limited (PPCL) has built up a portfolio of 2 producing fields and one exploration block.

PPCL had signed Service Contract with ONGC for development of Hirapur Marginal Field in Cambay Basin with 50% holding in the consortium. PPCL is operator for the field. During 2010-11, 39,004 barrels of crude oil (cumulative production of 240,068 barrels since inception) has been produced. PPCL had also entered into a Production Sharing Contract (PSC) with 50% Participating Interest in Sanganpur Block as Joint Operator. During 2010-11, 1,037 barrels of crude oil (cumulative production of 11,741 barrels from inception) has been produced. The crude produced is now benchmarked to Bonny light crude.

The company was awarded South Rewa Block in Madhya Pradesh under NELP-VI which is the biggest onshore exploration Block with 13,277 sq. km area. PPCL is the Operator for this block. During 2010-11, seismic data acquisition was completed by

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Geofizyka Torum. Geochemical survey was completed by NGRI and IERP of Russia completed observations on 57 Magento Telluric and 45 Transient Electro Magnetic sites. With this, field surveys which are part of the committed work program are completed. Processing and interpretation of data is in progress for preparation of the drilling program.

PPCL has bagged onshore exploration block (401sq. kms area) in Tripura along with consortium partner ABG Energy Limited (ABG) in recently concluded bids round for NELP IX. PPCL is the operator for this block with a participating interest of 20% and will be “carried” during the initial exploration phase. In the event of commercial discovery and consortium entering the Development phase, PPCL will pay only 10% for the past cost (which will be recovered by ABG from ‘profit petroleum’) and will continue to hold 20% participating interest.

During 2010-11, PPCL received R9.50 crores towards call money of R1.90 per cumulative convertible preference share on 5,00,00,000 8% cumulative convertible preference shares issued to HPCL.

• **Petronet MHB Ltd. (PMHBL)**

HPCL, along with Petronet India Limited (PIL) promoted Petronet MHB Limited (PMHBL) for construction of Mangalore-Hassan-Bangalore Pipeline at a cost of ₹ 667 crores with debt equity ratio of 3:1. The joint venture company was incorporated on July 31, 1998. Initially PIL & HPCL each contributed 26% towards equity. ONGC joined as a strategic partner in PMHBL by taking 23% equity in April 2003. Post debt restructuring of PMHBL, the equity holding of HPCL & ONGC increased to 28.766% each and PIL's equity holding decreased to 7.90%. The Pipeline is meeting the transportation needs between Mangalore-Hassan-Bangalore.

During 2010-11, PMHBL achieved 2% higher throughput at 2.576 MMT as compared to 2.527 MMT in 2009-10. Revenue generation was higher by 12% at ₹ 77.29 crores as compared to ₹ 69.18 crores in the previous year.

• **Bhagyanagar Gas Ltd. (BGL)**

Bhagyanagar Gas Limited (BGL) was incorporated on August 22, 2003 as a Joint Venture Company by GAIL (India) Ltd and HPCL for distribution and marketing of environmental friendly fuels (green fuels) viz. CNG and Auto LPG for use in the transportation, domestic, commercial and industrial sectors, in the state of Andhra Pradesh.

City Gas Distribution (CGD) network is being laid in Hyderabad, Vijayawada and Kakinada cities as mandated by Petroleum & Natural Gas Regulatory Board (PNGRB). During the year, one ‘company owned company operated’ CNG station at Hyderabad, one CNG Station exclusively for RTC buses at Vijayawada and One CNG daughter booster station at HPCL retail outlet in Kakinada was commissioned. With these commissioning, BGL now operates 15 CNG stations-5 at Hyderabad, 8 at Vijayawada and one each at Kakinada and Rajahmundry.

• **Aavantika Gas Ltd. (AGL)**

Aavantika Gas Ltd. (AGL) was incorporated on June 07, 2006 as a Joint Venture Company by GAIL and HPCL for distribution and marketing of environmental friendly fuels (green fuels) viz. CNG and Auto LPG for use in the transportation, domestic, commercial and industrial sectors in the State of Madhya Pradesh.

AGL has been authorized by MOPNG as well as PNGRB for carrying City Gas Distribution (CGD) operations at Indore, Ujjain and Gwalior. The company commenced commercial operations in the 2008.

During 2010-11, the company commissioned a daughter station for CNG buses at Ujjain, an online CNG station for buses and a daughter station at Indore. With these commissioning, AGL now operates 9 CNG stations -7 daughter stations (5 in Indore and 2 in Ujjain) and 1 mother station at Indore and one on line station at Indore. AGL also completed pilot project for supplying Piped Natural Gas (PNG) to Industrial customers at Indore. Work for construction of Mother Station at Gwalior has already commenced and is expected to be over by December 2011. The company earned maiden profit after taxes of ₹ 71 lakhs during the year.

MANGALORE REFINERY AND PETROCHEMICALS LTD. (MRPL)

HPCL holds an equity of 16.95% in the 9 MMTPA Mangalore Refinery and petrochemicals Ltd. (MRPL). HPCL and MRPL have been exchanging intermediate process streams between their refineries to supplement efforts to meet new environmental norms in respect of products like MS and HSD on mutually agreed terms.

MRPL maintained dividend of 12% for 2010-11.

CAUTIONARY STATEMENT

Matters covered in the Management Discussion and Analysis Reports describing the Company's objectives, projections, estimates, expectations may be “forward looking statements” within the meaning applicable securities laws and regulations. The actual performance could vary from those projected or implied. Important or unforeseen factors that could make a difference to the Company's operations includes economic conditions affecting demand / supply and price conditions in the domestic market in which the company predominantly operates, changes in regulations and other incidental factors.

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Corporate Social Responsibility

HPCL's CSR model has been based on "Creating Shared Value". The shared value model is based on the concept that corporate success and social welfare are interdependent. HPCL's approach has been the triple bottom line approach. "People, Planet and Profit" succinctly describe the triple bottom line. We have totally integrated our CSR policies with our Business Plans so that they are always aligned.

Our CSR activities are twofold:

At the Field Level:

The field personnel in the periphery of their function identify the needs of the community there and schemes are implemented to bridge the gap of the community needs and within their area of business. It has been our experience that these projects create a very strong bond between the community and the company.

In periphery of our business we focus on the community development and also take up various social welfare activities like Primary Education, Scholarships for Graduation and Post-Graduation Studies, Drinking Water Facilities, Health Care, Income Generating Schemes / Vocational Training, Rehabilitation of Persons with Disabilities and other Welfare Activities. Since we have our operating locations across the country, our programs have a far reach pan India.

At the Corporate Level

The Projects with specialized NGOs/Implementation partners focus on Health, Education and Child care. Senior Officers volunteer to be Project Heads in addition to their own responsibilities. These projects also have pan India coverage.

Major Projects

Swavalamban

This project is for vocational training to unemployed youth including school dropouts at various locations like Bhatinda, Chandigarh, Guwahati, Visakhapatnam, Loni, and Hyderabad by imparting various skills like Refrigeration, AC, Fabrication, Plumbing, Basic IT, Computer and Beauty Culture & Skin care. During the Year 2010-11, more than 1800 beneficiaries were covered under this project.

Unnati

Promoting computer education and computer literacy to the underprivileged children in semi urban and rural areas is the objective of this project. During the year 2010-11 the project implemented in 14 schools and 4000 students are benefitted from this program in the states of Andhra Pradesh, Madhya Pradesh, Uttar Pradesh, Punjab, Kerala, West Bengal, Assam, Tamilnadu, Haryana & Uttaranchal

Nanhi Kali

This program focuses on education of girl children in remote tribal villages of Paderu and Mehboobnagar in Andhra Pradesh, Sheopur and Ratlam in Madhya Pradesh, and Udaipur in Rajasthan. During the Year 2010-11 about 5100 girl children were our center of attention.

Muskan

Street/run away children are taken care of by placing them in shelter homes of Tughalakabad and Jahangirpuri for bringing back their lost childhood. During the year 2010-11 about 200 children were provided with basic needs like Food, Clothing, Shelter, Health care, Counseling, Non Formal Education and Vocational training for their overall development and giving them an opportunity to live dignified lives as future citizens.

Navjyot

Supports "Child Health and Welfare" at Resettlement Colony at Bawana in Delhi. The residents are provided health care facilities, Referral services through regular health check-up camps, Rehabilitation for slum families and Training programs. During the year 2010-11, 2900 children and 660 women benefitted thru this program.

Suraksha

Suraksha is our program for preventing and spreading awareness of HIV/AIDS. This is executed thru our Retail outlets on highways in Andhra Pradesh and Tamil Nadu where we have opened up "Khushi" clinics. At these clinics, there is STI diagnosis and treatment along with bringing awareness on safe sex practices.



Corporate Social Responsibility

Sushrut Hospital

“Sushrut Hospital”, a Multispecialty Hospital and charitable institution at Chembur is being supported by HPCL for the past many years. The objective is to make health care affordable to the public at large.

Chale Chalo

It is a community based program in villages and slums with the objective to make permanent irreversible change in the lives of underprivileged Indian children and address the root causes that impact children's lives – gender, caste, displacement, livelihood etc. In 2010-11 we covered villages in Naupada and Kendrapara districts of Orissa and in Rajkot district of Gujarat for marginalized communities and children.

Rain Water Harvesting

The availability of water has a direct and positive impact in the socio-economic and health status of the community. In order to alleviate water scarcity in selected villages which has experienced acute water scarcity, the rain water harvesting project was undertaken in the tribal villages of Dapti in Thane District, Maharashtra, resulting in making water available to them.

Awards and Recognition

1. HPCL has bagged the prestigious SCOPE Gold Trophy Meritorious Award for Corporate Social Responsibility & Responsiveness for the year 2009-10. Our C&MD Shri S. Roy Choudhury received the award from H.E. the President of India Smt. Pratibha Devisingh Patil.
2. HPCL has won the prestigious ‘Golden Peacock Award for Corporate Social Responsibility’ for the year 2010-11.
3. HPCL has also bagged the prestigious “Award in Sustainability and Corporate Social Responsibility” (Corporate) in the Special Technical Award Category during Petrotech 2010 and has been appreciated for its remarkable initiatives in Education and Healthcare of underprivileged children, specially the girl-child.

Hindustan Petroleum Corporation Limited

Auditors' Report

TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Hindustan Petroleum Corporation Limited** as at March 31, 2011, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto in which are incorporated Accounts of the Branch audited by the Branch Auditor. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as it appears from our examination of these books, and proper returns, adequate for the purposes of our audit, have been received from the branch not visited by us;
 - (c) The Branch Auditors' report, made available to us, has been appropriately dealt with while preparing our report;
 - (d) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account and with the audited returns from the branch;
 - (e) The balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (f) Disclosure in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 is not required for Government Companies as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.
 - (g) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm No. : 109208w

G. Sankar
Partner
Membership No.46050

Place: New Delhi
Date: 26th May 2011

For Om Agarwal & Co.
Chartered Accountants
Firm No. : 000971c

Thalendra Sharma
Partner
Membership No. 079236

Annexure to the Auditors' Report

(Referred to in Paragraph 3 of our Report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for items like pipes, valves, meters, instruments and other similar items peculiar to a continuous process industry.

(b) As explained to us, the Company, having regard to the size and nature of its business, has adopted a practice of carrying out physical verification of its fixed assets, except LPG cylinders and fixed assets of the erstwhile Kosan Gas Company Undertaking, not handed over, on a staggered basis, over a period of five years in the case of furniture, fixtures and office equipment and over a period of three years in the case of Plant and Machinery and other assets. We were informed that discrepancies noticed on such verification were not material as compared to the book records and have been properly dealt with in the books of account. The existence of fixed assets situated at the residence of employees has, however, been ascertained on a self-declaration basis.

(c) Fixed Assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
2. (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. In the case of materials lying with third parties, certificates confirming stocks held have been received from them.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory. We were informed that discrepancies noticed on physical verification, as compared to the book records, were not material and have been properly dealt with in the books of account.
3. Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has neither granted nor taken loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, sub clauses (b), (c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, and having regard to the explanations that some of the items are of a specialized nature, in respect of which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
5. In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in Section 301 of the Companies Act, 1956 entered into during the year that need to be entered in the register maintained under that Section. Accordingly, sub clause (b) of sub-para (v) of para 4 of the Order is not applicable to the Company for the current year.
6. In our opinion, and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under with regard to deposits accepted from the public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that *prima facie* the prescribed accounts and records have been maintained and are being made. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has, during the year, been generally regular in depositing with the appropriate authorities, undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues.

(b) According to the information and explanations given to us and on the basis of our examination of the books of account, no undisputed amounts payable in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess were in arrears, as at March 31, 2011, for a period of more than six months from the date they became payable.

Hindustan Petroleum Corporation Limited

Annexure to the Auditors' Report

(c) According to the information and explanations given to us, dues relating to Income tax, Sales tax, Custom duty, Service tax, Excise duty which have not been deposited on account of disputes with the related authorities, have been reflected in the table below:

STATUTE	FORUM WHERE DISPUTE IS PENDING	AMOUNT IN ₹ / CRORES	PERIOD TO WHICH THE AMOUNT RELATES
Income Tax	CIT (Appeals)	0.54	Various Years pertaining to 2009 to 2011
		0.54	
Central Excise	CESTAT Commissioner Appeal High Court RA	489.08	Various Years pertaining to 1992 to 2009
		2.78	Various Years pertaining to 1998 to 2009
		0.25	Pertaining to 2004
		0.21	Various Years pertaining to 1999 to 2006
		492.31	
Customs	CCEA CESTAT Total	1.99	Various Years pertaining to 2003 to 2005
		64.72	Various Years pertaining to 1992 to 2006
		66.71	
Service Tax	CCEA CESTAT	0.05	Various Years pertaining to 2004 to 2006
		127.22	Various Years pertaining to 2002 to 2009
		127.26	
Sales Tax	Board of Revenue Rajasthan Kar Board STAT High Court Supreme Court Commissioner/DCCT/ADC/ JCCT/ACCT	0.03	Various Years pertaining to 1985 to 1987
		2.22	Various Years pertaining to 1999 to 2001
		789.15	Various Years pertaining to 1985 to 2008
		480.18	Various Years pertaining to 1979 to 2007
		158.94	Various Years pertaining to 2002 to 2004
		6183.58	Various Years pertaining to 1976 to 2009
		7614.09	
		8300.91	
	Grand Total	8300.91	

- The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
- According to the information and explanations given to us, and based on checks carried out by us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- In our opinion and according to information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of sub-para (xiii) of para 4 of the Order are not applicable to the Company.
- According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore the provisions of sub-para (xiv) of para 4 of the Order are not applicable to the Company.
- In our opinion and according to information and explanations provided to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- In our opinion and according to information and explanations given to us, the term loans taken during the year, *prima facie*, have been applied for the purpose for which they were raised.
- According to the information and explanations given to us, and based on our overall examination of Balance Sheet and considering investment in "Oil Bonds" issued by the Government of India towards under-recoveries on sale of sensitive petroleum products as short term application of funds, funds raised on short- term basis have, *prima facie*, not been used for making long-term investments.
- According to the information and explanations given to us, during the year the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- The Company has created necessary securities or charge as per the debenture trust deed in respect of debentures issued and outstanding at the year end.
- The Company has not raised any money by way of public issue during the financial year.
- According to the information and explanations given to us and based on audit procedures performed and representations obtained from the management, we report that no material fraud on or by the Company, has been noticed or reported during the year under audit.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm No. : 109208w

For Om Agarwal & Co.
Chartered Accountants
Firm No. : 000971c

G. Sankar
Partner
Membership No.46050

Thalendra Sharma
Partner
Membership No. 079236

Place: New Delhi
Date: 26th May 2011



Balance Sheet as at 31st March, 2011

		₹/Crores	
	SCHEDULE	2010-11	2009-10
SOURCES OF FUNDS			
Shareholders' Funds:			
a) Capital	1	339.01	339.01
b) Reserves and Surplus	2	12,206.79	11,218.96
		12,545.80	11,557.97
Loan Funds:			
a) Secured Loans	3	3,657.68	1,375.88
b) Unsecured Loans	4	21,363.51	19,926.49
		25,021.19	21,302.37
Deferred Tax Liability		3,195.63	1,807.97
TOTAL		40,762.62	34,668.31
APPLICATION OF FUNDS			
Fixed Assets:			
a) Gross Block	5	29,648.39	24,988.37
b) Less: Depreciation		11,003.86	9,681.70
c) Net Block		18,644.53	15,306.67
d) Capital Work-in-Progress	6	3,798.70	3,887.59
		22,443.23	19,194.26
Investments	7	11,335.02	11,387.22
Current Assets, Loans and Advances:			
a) Inventories	8	16,622.28	12,579.22
b) Sundry Debtors	9	2,654.37	2,437.34
c) Cash and Bank Balances	10	80.00	243.17
d) Other Current Assets	11	98.51	123.74
e) Loans and Advances	12	7,135.81	5,258.47
		26,590.97	20,641.94
Less:			
Current Liabilities and Provisions:			
a) Liabilities	13	17,801.84	14,535.52
b) Provisions		1,804.76	2,019.59
		19,606.60	16,555.11
Net Current Assets		6,984.37	4,086.83
TOTAL		40,762.62	34,668.31
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS	20		

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director-Finance

SHRIKANT M. BHOSSEKAR
Company Secretary

Date : 26th May, 2011
Place : New Delhi

FOR V SANKAR AIYAR & CO.
Chartered Accountants
Firm No. 109208w

G SANKAR
Partner
Membership No. 46050

FOR OM AGARWAL & CO.
Chartered Accountants
Firm No. 000971c

THALENDRA SHARMA
Partner
Membership No. 079236

Hindustan Petroleum Corporation Limited

Profit and Loss Account for the year ended 31st March, 2011

		₹ / Crores	
	SCHEDULE	2010-11	2009-10
INCOME			
Sale of Products		132,669.97	108,598.68
(Net of Discount of ₹ 1,309.54 crores : 2009-10 ₹ 1,099.72 crores)			
Less : Excise Duty Paid		8,897.55	7,251.17
Net Sales		123,772.42	101,347.51
Recovery under Subsidy Schemes		9,726.52	6,289.95
Other Income	14	1,343.54	1,646.16
		134,842.48	109,283.62
INCREASE/(DECREASE) IN INVENTORY	15	3,438.78	3,249.96
EXPENDITURE AND CHARGES			
Purchase of Products for resale		85,396.86	62,677.82
Raw materials consumed		40,362.01	37,727.59
Packages consumed		143.42	136.39
Excise Duty on Inventory differential		285.15	337.08
Transshipping Expenses		2,886.50	2,653.56
Payments to and provisions for Employees	16	2,017.16	1,617.32
Exploration Expenses		93.03	255.62
Other Operating Expenses	17	2,444.80	2,938.86
Depreciation/ Amortisation		1,406.95	1,164.40
Borrowing Cost	18	884.00	903.75
		135,919.88	110,412.39
Profit for the year before Prior Period Adjustments and Taxes		2,361.38	2,121.19
Prior Period Adjustments Debits / (Credits) (Net)	19	15.24	(3.84)
PROFIT BEFORE TAXES		2,346.14	2,125.03
Provision for Current Taxation		425.52	561.50
Provision for Deferred Taxation (Net)		390.96	204.60
Provision for Current/Deferred Taxation of earlier years provided		82.16	57.51
MAT Credit Entitlement		(91.51)	-
Provision for Fringe Benefit Tax		-	0.05
PROFIT AFTER TAXES		1,539.01	1,301.37
Balance brought forward		8,715.15	8,104.16
PROFIT AVAILABLE FOR APPROPRIATION		10,254.16	9,405.53
APPROPRIATED FOR:			
General Reserve		153.90	130.14
Debenture Redemption Reserve		176.15	86.40
Proposed Final Dividend		474.08	406.35
Tax on Distributed Profits		76.91	67.49
BALANCE CARRIED FORWARD		9,373.12	8,715.15
EARNINGS PER SHARE (in ₹) - Basic & Diluted		45.45	38.43
(2010-11 : EPS = Net Profit - ₹ 1,539.01 crores / Weighted avg. no. of shares - 33.863 crores)			
(2009-10 : EPS = Net Profit - ₹ 1,301.37 crores / Weighted avg. no. of shares - 33.863 crores)			
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS	20		

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director-Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 26th May, 2011
Place : New Delhi

FOR V SANKAR AIYAR & CO.
Chartered Accountants
Firm No. 109208w

G SANKAR
Partner
Membership No. 46050

FOR OM AGARWAL & CO.
Chartered Accountants
Firm No. 000971c

THALENDRA SHARMA
Partner
Membership No. 079236



Schedules forming part of the Balance Sheet

	₹ / Crores	
	2010-11	2009-10
1. CAPITAL		
A. Authorised:		
75,000 Cumulative Redeemable Preference Shares of ₹ 100/- each	0.75	0.75
34,92,50,000 Equity Shares of ₹ 10/- each	<u>349.25</u>	<u>349.25</u>
	<u>350.00</u>	<u>350.00</u>
B. Issued, Subscribed & Called up :		
33,93,30,000 Equity Shares of ₹ 10/- each	339.33	339.33
Less: 7,02,750 Shares Forfeited	<u>(0.70)</u>	<u>(0.70)</u>
33,86,27,250 equity shares of ₹ 10 each fully paid up	338.63	338.63
Add: Shares Forfeited (money received)	<u>0.39</u>	<u>0.39</u>
	<u>339.01</u>	<u>339.01</u>
NOTES :-		
(1) 77,50,000 fully paid up equity shares of ₹ 10/- each were allotted to the shareholders of Lube India Limited on the amalgamation of that company for consideration other than cash.		
(2) 52,00,000 fully paid up equity shares of ₹ 10/- each were allotted to the President of India, for consideration other than cash, on the amalgamation of Caltex Oil Refining India Limited with the Corporation.		
(3) 26,44,30,000 equity shares of ₹ 10/- each were allotted as fully paid bonus shares by capitalisation of Capital Reserve, Capital Redemption Reserve and accumulated profits.		
(4) During the financial year 2007-08, Company has forfeited 7,02,750 shares issued as a part of the public issue in 1994-95, due to non receipt of allotment and/or call money from shareholders. Accordingly, the paid up share capital has been reduced from ₹ 339.33 crores to ₹ 338.63 crores.		
2. RESERVES AND SURPLUS		
Share Premium Account		
As per last Balance Sheet	1,153.77	1,153.77
Debenture Redemption Reserve		
As per last Balance Sheet	86.40	-
Add: Transfer from Profit & Loss Account	<u>176.15</u>	<u>86.40</u>
	<u>262.55</u>	<u>86.40</u>
Capital Grant		
As per last Balance Sheet	4.17	4.36
Received during the year	<u>-</u>	<u>-</u>
	<u>4.17</u>	<u>4.36</u>
Less: Amortised during the year	<u>(0.19)</u>	<u>(0.19)</u>
	<u>3.98</u>	<u>4.17</u>
General Reserve		
As per last Balance Sheet	1,259.47	1,129.33
Add: Transfer from Profit & Loss Account	<u>153.90</u>	<u>130.14</u>
	<u>1,413.37</u>	<u>1,259.47</u>
Profit and Loss Account		
Surplus as per Account annexed	<u>9,373.12</u>	<u>8,715.15</u>
	<u>12,206.79</u>	<u>11,218.96</u>
3. SECURED LOANS		
i. Collateral Borrowing and Lending Obligation (CBLO) (Secured by Pledge of Oil Bonds) (Due for repayment within one year : ₹ 990 crores; 2009-10 : ₹ 250 crores)	990.00	250.00
ii. Overdrafts from Banks (Secured by hypothecation of Stock-in-Trade)	667.68	125.88
iii. 7.35% Non-Convertible Debentures (repayable on 04th December, 2012) (Secured by mortgage, on first pari passu charge basis, over certain fixed assets of the Company situated at Mumbai Refinery)	1,000.00	1,000.00
iv. 7.70% Non-Convertible Debentures (repayable on 12th April, 2013) (Secured by mortgage, on first pari passu charge basis, over certain fixed assets of the Company situated at Mumbai Refinery and Visakh Refinery)	1,000.00	-
	<u>3,657.68</u>	<u>1,375.88</u>

Hindustan Petroleum Corporation Limited

Schedules forming part of the Balance Sheet

	₹ / Crores	
4. UNSECURED LOANS	2010-11	2009-10
Fixed Deposits	0.02	0.02
Clean Loans from Banks	6,025.00	7,975.00
(Due for repayment within one year : ₹ 6,025 crores; 2009-10 : ₹ 7,975 crores)		
Short Term Loans from Banks	9,628.36	4,040.60
(repayable in foreign currency)		
(Due for repayment within one year : ₹ 9,628.36 crores; 2009-10 : ₹ 4,040.60 crores)		
Term Loan from Oil Industry Development Board	751.75	548.00
(Due for repayment within one year : ₹ 130.75 crores; 2009-10 : ₹ 96.25 crores)		
Syndicated Loans from Foreign Banks	4,058.38	2,012.87
(repayable in foreign currency)		
(Due for repayment within one year ₹ 1261.32 crores; 2009-10 : ₹ Nil)		
Inter Company Deposits	500.00	2,500.00
(Due for repayment within one year ₹ 500 crores; 2009-10 : ₹ 2,500 crores)		
Commercial Paper	400.00	2,850.00
(Due for repayment within one year ₹ 400 crores; 2009-10 : ₹ 2,850 crores)		
(Maximum amount raised during 2010-11 : ₹ 5,150 crores; 2009-10 : ₹ 4,500 crores)		
	21,363.51	19,926.49

	Gross Block at cost as at 01/04/2010	Net Additions/ Reclassifica- tions	Net Deductions/ Reclassifica- tions	Gross Block at cost as at 31/03/2011	Depreciation and Amortisation for the year 2010-11	Total Depreciation and Amortisation upto 31/03/2011	Net Balance as at 31/03/2011	Net Balance as at 31/03/2010
A. OTHER THAN INTANGIBLE ASSETS								
1 Land -Freehold	573.76	46.37	-	620.13	-	-	620.13	573.76
2 Roads and Culverts	1275.86	276.80	18.61	1534.05	22.67	137.24	1396.81	1156.13
3 Buildings	2208.91	358.06	6.20	2560.77	50.63	351.03	2209.74	1905.77
4 Leasehold Property - Land	364.67	11.48		376.15	11.26	59.71	316.44	316.21
5 Railway Siding & Rolling Stock	292.01	2.73	7.73	287.01	12.81	172.46	114.55	126.41
6 Plant & Machinery	19379.26	4024.67	146.20	23257.73	1226.47	9817.56	13440.17	10731.05
7 Furniture, Fixtures & Office/Laboratory Equipment	573.50	79.32	17.48	635.34	44.56	287.41	347.93	319.31
8 Transport Equipment	150.73	10.88	4.05	157.56	13.96	80.23	77.33	80.73
9 Unallocated Capital Expenditure on Land Development	2.41	1.06		3.47		0.20	3.27	2.21
TOTAL(A)	24821.11	4811.37	200.27	29432.21	1382.36	10905.84	18526.37	15211.59
B. INTANGIBLE ASSETS								
1 Right of Way	16.86	23.29	-	40.15	-	-	40.15	16.86
2 Technical / Process Licenses	33.50	16.39	-	49.89	3.31	11.74	38.15	25.05
3 Software	116.91	9.27	0.04	126.14	22.57	86.28	39.86	53.17
TOTAL (B)	167.27	48.95	0.04	216.18	25.88	98.02	118.16	95.08
TOTAL (A+B)	24988.38	4860.32	200.31	29648.39	1408.24	11003.86	18644.53	15306.67
PREVIOUS YEAR	20208.83	4826.17	46.62	24988.37	1167.92	9681.70	15306.67	

- A. Includes assets costing ₹ 76,191/- (2009-2010 : ₹ 76,191/-) of erstwhile Kosan Gas Company not handed over to the Corporation. In case of these assets, Kosan Gas Company were to give up their claim. However, in view of the tenancy right sought by third party, the matter is under litigation.
- B. Includes ₹ 72.93 Crores (2009-2010: ₹ 76.90 Crores) being the Corporation's Share of Cost of Land & Other Assets jointly owned with other Oil Companies.
- C. Includes ₹ 35.14 Crores (2009-2010 : ₹ 56.20 Crores) towards Roads & Culverts, Transformers & Transmission lines, Railway Sidings & Rolling Stock, ownership of which does not vest with the Corporation. The Corporation is having operational control over such assets. These assets are amortised at the rate of depreciation specified in Schedule XIV of the Companies Act, 1956.
- D. Includes following assets which are used for distribution of PDS Kerosene under Jana Kalyan Pariyojana against which financial assistance is being provided by OIDB.

Description	First Cost (₹/Crores) (31/03/2011)	First Cost (₹/Crores) (31/03/2010)
Roads & Culverts	0.16	0.16
Buildings	1.68	1.68
Plant & Equipment	3.27	3.28
Total	5.11	5.12

- E. Includes Assets retired from active use and held for disposal - Gross Block : ₹ 22.34 Crores / Net Block : ₹ 3.11 Crores (2009-2010 : Gross Block : ₹ 41.78 Crores / Net Block : ₹ 12.98 Crores). These Assets are valued at their Net Book Value or Net Realisable Value whichever is lower : ₹ 1.46 Crores (2009-2010 : ₹ 4.72 Crores).
- F. Depreciation for the year includes ₹ NIL (2009-10 : ₹ 3.15 crores) on intangible assets, ₹ 1.50 Crores (2009-10 : ₹ 0.37 crores) on Plant and Machinery, ₹ 0.03 crores (2009-10 : ₹ NIL) on Buildings, ₹ 0.03 crores (2009-10 : ₹ NIL) on Transport Equipment and ₹ 0.01 crores (2009-10 : ₹ NIL) on Roads & Culverts towards Prior Period.

Schedules forming part of the Balance Sheet

	₹ / Crores	
	2010-11	2009-10
6. CAPITAL WORK-IN-PROGRESS (AT COST)		
Unallocated Capital Expenditure and Materials at Site	3,037.64	3,325.76
Advances for Capital Expenditure	102.70	49.35
Capital Stores	175.73	77.21
Capital Stores lying with Contractors	130.05	165.41
Capital goods in transit	3.02	4.43
	<u>3,449.13</u>	<u>3,622.16</u>
Construction period expenses pending apportionment (Net of recovery) :		
Establishment charges	107.76	88.96
Interest	241.81	169.66
Other Borrowing Cost	-	6.81
	<u>349.57</u>	<u>265.43</u>
	<u>3,798.70</u>	<u>3,887.59</u>
7. INVESTMENTS		
I. LONG TERM INVESTMENTS (at Cost):		
A. TRADE INVESTMENTS		
Quoted		
1. Mangalore Refinery and Petrochemicals Ltd. 29,71,53,518 Equity Shares of ₹ 10 each fully paid up	471.68	471.68
2. Oil India Ltd. 53,50,110 Equity Shares of ₹ 10 each fully paid up	561.76	561.76
3. 6.90% Oil Marketing Companies' GOI Special Bonds 2026*	3,500.00	3,500.00
Unquoted		
1. HPCL-Mittal Energy Ltd. 2,30,69,20,000 Equity Shares (122,64,70,000 Equity Shares for 2009-10) of ₹ 10 each fully paid-up	2,306.92	1,226.47
2. Hindustan Colas Ltd. 47,25,000 Equity Shares of ₹ 10 each fully paid-up	4.73	4.73
3. Petronet India Ltd. 1,59,99,999 Equity Shares of ₹ 10 each fully paid up Less : Provision for Diminution	16.00 (16.00)	16.00 (16.00)
4. Petronet MHB Ltd. 15,78,41,000 Equity Shares of ₹ 10 each fully paid up	157.84	157.84
5. Prize Petroleum Co. Ltd. 99,99,600 Equity Shares of ₹ 10 each fully paid up 5,00,00,000 Preference Shares of ₹ 10 each, ₹ 8.60 each paid up (₹ 6.70 each paid up for 2009-10)	10.00 43.00	10.00 33.50
6. South Asia LPG Co. Pvt. Ltd. 5,00,00,000 Equity Shares of ₹ 10 each fully paid up	50.00	50.00
7. Bhagyanagar Gas Ltd. 12,497 Equity Shares of ₹ 10 each fully paid up	0.01	0.01
8. Aavantika Gas Ltd. 12,498 Equity Shares of ₹ 10 each fully paid up	0.01	0.01
9. CREDA HPCL Biofuel Ltd. 78,26,923 Equity Shares of ₹ 10 each fully paid	7.83	7.83
10. HPCL - Biofuels Ltd. 20,55,20,000 Equity Shares (10,00,00,000 Equity Shares for 2009-10) of ₹ 10 each fully paid-up	205.52	100.00
TOTAL(A)	<u>7,319.30</u>	<u>6,123.83</u>
B. OTHER INVESTMENTS		
Quoted		
1. Government Securities of the face value of ₹ 0.02 crores (2009-10 : ₹ 0.02 crores) - Deposited with Others - On hand - ₹ 0.25 lakhs (2009-10 : ₹ 0.25 lakhs)	0.02 0.00	0.02 0.00
2. Scooters India Ltd. 10,000 Equity Shares of ₹ 10 each fully paid up	0.01	0.01

Hindustan Petroleum Corporation Limited

Schedules forming part of the Balance Sheet

	₹ / Crores	
	2010-11	2009-10
Unquoted		
1. Government Securities of the face value of ₹ 0.24 lakhs (2009-10 : ₹ 0.24 lakhs)		
- Deposited with Others - ₹ 0.10 lakhs (2009-10 : ₹ 0.10 lakhs)	0.00	0.00
- On hand** - ₹ 0.14 lakhs (2009-10 : ₹ 0.14 lakhs)	0.00	0.00
2. East India Clinic Ltd.		
- 1/2% Debenture of face value of ₹ 14,600 (2009-10 : ₹ 0.15 lakhs)	0.00	0.00
- 5% Debenture of face value of ₹ 6,500 (2009-10 : ₹ 0.07 lakhs)	0.00	0.00
3. Shushrusha Citizen Co-operative Hospital Limited		
100 Equity Shares of ₹ 100 each fully paid up- ₹ 0.10 lakhs (2009-10 : ₹ 0.10 lakhs)	0.00	0.00
4. Petroleum India International (Association of Persons)***		
Contribution towards Seed Capital	5.00	5.00
TOTAL (B)	5.03	5.03
TOTAL LONG TERM INVESTMENTS	7,324.33	6,128.86
Less: Provision for loss on Investments** ₹ Nil (2009-10 : ₹ 0.14 lakhs)	0.00	0.00
TOTAL: I	7,324.33	6,128.86
II. CURRENT INVESTMENTS (at Cost or Fair Value whichever is lower)		
TRADE INVESTMENTS		
Quoted		
i. 7.47% Oil Marketing Companies' GOI Special Bonds, 2012	9.98	10.00
ii. 7.61% Oil Marketing Companies' GOI Special Bonds, 2015	5.10	5.12
iii. 6.90% Oil Marketing Companies' GOI Special Bonds, 2026	23.14	80.00
iv. 8.00% Oil Marketing Companies' GOI Special Bonds, 2026	23.65	23.76
v. 8.20% Oil Marketing Companies' GOI Special Bonds, 2024	1,284.46	1,292.64
vi. 6.35% Oil Marketing Companies' GOI Special Bonds, 2024	2,664.36	3,846.85
TOTAL CURRENT INVESTMENTS - II	4,010.69	5,258.36
TOTAL (I + II)	11,335.02	11,387.22

	Cost		Market / Redemption Value	
	2010-11	2009-10	2010-11	2009-10
Aggregate of quoted Investments	9,081.08	10,567.08	9,701.41	10,226.97
Aggregate of unquoted Investments	2,790.86	1,595.39		
	11,871.94	12,162.47		

* ₹ 2000 crores bonds pledged with Clearing Corporation of India Limited against CBLO Loan

** Includes ₹ 0.14 lakhs (2009-10 : ₹ 0.14 lakhs) not in the possession of the Company

*** Members in Petroleum India International (AOP) : Hindustan Petroleum Corporation Ltd., Bharat Petroleum Corporation Ltd., Engineers India Ltd., Indian Oil Corporation Ltd., Indian Petrochemicals Corporation Ltd., Chennai Petroleum Corporation Ltd. and Oil India Ltd.

	₹ / Crores	
	2010-11	2009-10
8. INVENTORIES		
(As per Inventory taken, valued and certified by the Management)		
Raw Materials	3,171.37	2,578.91
(Including in transit ₹ 1,360.38 crores; 2009-10 : ₹ 661.68 crores)		
Finished Products	11,548.61	8,966.92
(Including in transit ₹ 278.92 crores; 2009-10 : ₹ 116.29 crores)		
Stock in Process	1,693.98	836.89
Packages	10.89	8.16
	16,424.85	12,390.88
Stores and Spares (including ₹ 22.90 crores in transit 2009-10: ₹ 11.45 crores in transit)*	197.43	188.34
	16,622.28	12,579.22

* Includes stock lying with contractors ₹ 1.23 crores (2009-10 : ₹ 1.73 crores)

Schedules forming part of the Balance Sheet

	₹ / Crores	
	2010-11	2009-10
9. SUNDRY DEBTORS : (Unsecured)		
Over six months :		
Considered good	101.44	72.11
Considered doubtful	114.11	78.65
Others :		
Considered good	2,576.54	2,388.27
	2,792.09	2,539.03
Less: Provision for Doubtful Debts *	137.72	101.69
	2,654.37	2,437.34
* Provision for doubtful debts, in addition to specific provision, includes an ad-hoc provision @ one per cent of outstanding domestic debts (other than those relating to oil marketing companies and subsidiary/joint venture companies).		
10. CASH AND BANK BALANCES		
Cash on hand	1.47	1.45
Cheques Awaiting Deposit	5.72	3.59
With Scheduled Banks:		
- On Current Accounts	68.22	233.73
- On Non-operative Current Accounts*	0.01	0.01
- On Fixed Deposit Accounts **	4.51	4.29
With Others:		
In Current Account with Municipal Co-operative Bank Ltd.	0.08	0.11
(maximum balance during the year ₹ 0.13 crores, 2009-10 : ₹ 0.17 crores)	80.00	243.17
* Represents amount deposited as per Court Order pending final disposal.		
** Includes lodged as security deposit with Mumbai Port Trust ₹ 0.54 crores (2009-10 : ₹ 0.54 crores) and with IAAI ₹ 0.44 crores (2009-10 : ₹ 0.44 crores)		
11. OTHER CURRENT ASSETS		
Interest accrued on Bank Deposits and Investments	98.51	123.74
12. LOANS AND ADVANCES		
Secured, considered good :		
Advances recoverable in cash or in kind or for value to be received *	369.40	363.45
Interest Accrued thereon	161.94	154.57
Unsecured, considered good :		
Advances recoverable in cash or in kind or for value to be received	11.82	19.98
Balances with Excise, Customs, Port Trust etc.	98.91	102.49
Other Deposits	280.34	261.54
Prepaid Expenses	23.83	99.84
MAT Credit Entitlement	500.87	-
Amounts recoverable under Subsidy Schemes**	4,466.90	3,041.09
Share application money pending allotment	4.98	4.98
Advance towards equity	40.00	421.15
Other Accounts Receivable ***	1,176.83	789.38
Unsecured, considered doubtful :		
Accounts Receivable & Deposits	3.85	3.45
	7,139.66	5,261.92
Less : Provision for Doubtful Receivables	3.85	3.45
	7,135.81	5,258.47

* Includes ₹ 0.09 crores, (2009-10 : ₹ 0.28 crores) due from Directors; maximum balance ₹ 0.14 crores, (2009-10 : ₹ 0.35 crores and ₹ Nil (2009-10 : ₹ Nil) due from an Officer; maximum balance ₹ Nil, (2009-10 : ₹ Nil)

** Includes ₹ 4,396.41 crores towards Budgetary Support for 2010 - 11 from Govt. of India, (2009 - 10 : ₹ 3,034.08 crores)

*** Includes ₹ 6.14 crores (2009-10 : ₹ 6.30 crores) being amount due towards Company's share of profit of Petroleum India International.

Hindustan Petroleum Corporation Limited

Schedules forming part of the Balance Sheet

	₹ / Crores	
	2010-11	2009-10
13. CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors		
i) Total outstanding dues of Micro, Small and Medium Enterprises *	2.81	1.81
ii) Total outstanding dues of creditors other than above	8,474.47	7,391.32
Deposits from Dealers/Consumers for LPG Cylinders	4,419.88	3,725.70
Other Deposits	213.29	183.34
Accrued Charges/Credits	62.28	56.42
Interest accrued but not due on loans	156.97	78.78
Preference share capital redeemed remaining unclaimed/unencashed	0.01	0.01
Unclaimed Dividend**	2.30	3.01
Other Liabilities	4,469.83	3,095.14
	<u>17,801.84</u>	<u>14,535.52</u>
B. Provisions		
Provision for Tax (Net)	(93.04)	551.12
Provision for Dividend	474.08	406.35
Provision for Gratuity & Pension	98.73	155.49
Provision for Other Long Term Benefits	700.69	484.37
Provision for Other Employee Benefits	547.23	354.61
Provision for Fringe Benefit Tax	0.16	0.16
Tax on Distributed Profits	76.91	67.49
	<u>1,804.76</u>	<u>2,019.59</u>
	<u>19,606.60</u>	<u>16,555.11</u>

* To the extent Micro and Small Enterprises have been identified, the outstanding balance including interest thereon, if any, as on March 31, 2011 is disclosed on which Auditors have relied upon.

** No amount is due as at the end of the year for credit to Investors' Education and Protection Fund.

Schedules forming part of the Profit and Loss Account

	₹ / Crores	
	2010-11	2009-10
14. OTHER INCOME		
Interest (Gross): *		
On Investments		
Long Term Investments	241.50	241.50
Current Investments	343.11	457.87
On Deposits	0.30	0.37
On Staff Loans	18.79	15.40
On Customers' Accounts	24.40	54.28
On Others	55.85	38.00
	683.95	807.42
Dividend Income	82.07	46.25
Share of Profit from Petroleum India International (AOP)	0.02	0.62
Rent Recoveries	70.80	61.59
Exchange Rate Variation (Net)	279.88	533.30
Profit on Sale of Fixed Assets (Net)	-	1.66
Miscellaneous Income **	226.82	195.32
	659.59	838.74
	1,343.54	1,646.16
Note:		
* Tax deducted at source amounts to ₹ Nil (2009-10 : ₹ Nil)		
** Miscellaneous Income includes ₹ 0.19 crores (2009-10 : ₹ 0.19 crores) on account of amortisation of capital grant and ₹ Nil (2009-10 : ₹ Nil) on account of recognition of revenue grant from OADB during the year.		
15. INCREASE / (DECREASE) IN INVENTORY		
Closing Stock:		
Stock in Process	1,693.98	836.89
Finished Products	11,548.61	8,966.92
	13,242.59	9,803.81
Less: Opening Stock:		
Stock in Process	836.89	338.76
Finished Products	8,966.92	6,215.09
	9,803.81	6,553.85
	3,438.78	3,249.96

Hindustan Petroleum Corporation Limited

Schedules forming part of the Profit and Loss Account

	₹ / Crores	
	2010-11	2009-10
16. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, etc.	1,281.58	1,143.90
Contribution to Provident Fund	75.91	77.34
Pension, Gratuity etc.	435.71	142.76
Employee Welfare Expenses	223.96	253.32
	<u>2,017.16</u>	<u>1,617.32</u>
17. OTHER OPERATING EXPENSES		
Consumption of Stores, Spares and Chemicals	116.66	174.27
Power and Fuel	2,733.01	2,412.28
Less : Fuel of own production consumed	(2,393.45)	(2,164.07)
	<u>339.56</u>	<u>248.21</u>
Repairs and Maintenance - Buildings	27.57	38.34
Repairs and Maintenance - Plant & Machinery	505.37	425.19
Repairs and Maintenance - Other Assets	115.87	96.16
Insurance	25.16	21.81
Rates and Taxes	46.58	48.87
Irrecoverable Taxes and Other Levies	173.38	123.55
Equipment Hire Charges	3.04	6.22
Rent	141.91	137.38
Travelling and Conveyance	114.45	97.39
Printing and Stationery	12.49	10.75
Electricity and Water	276.12	225.50
Charities and Donations	19.69	15.16
Stores & Spares written off	3.74	1.82
Loss on Sale of Current Investment	235.14	56.75
Provision for Diminution in value of Current Investments	(238.34)	703.73
Provision for Doubtful Debts	36.42	20.47
(After adjusting provision no longer required)		
Loss on Sale/ write-off of Fixed Assets/ CWIP (Net)	14.44	-
Security Charges	75.04	66.55
Advertisement & Publicity	92.57	104.48
Sundry Expenses and Charges (Not otherwise classified)	275.42	291.05
Consultancy & Technical Services	32.52	25.21
	<u>2,444.80</u>	<u>2,938.86</u>
18. BORROWING COST		
Interest on :		
- Long Term Loans	78.15	35.62
- Short Term Loans	733.52	854.24
- Overdraft from Banks	42.15	4.29
- Others	30.18	9.60
	<u>884.00</u>	<u>903.75</u>
19. PRIOR PERIOD DEBITS / (CREDITS)		
Expenditure on Enabling Assets	13.64	-
Repairs and Maintenance - Plant & Machinery	0.31	-
Depreciation	1.29	3.52
Interest	-	(2.66)
Raw Material & Packages	-	(4.70)
	<u>15.24</u>	<u>(3.84)</u>

Statement of Significant Accounting Policies and Notes forming part of Accounts

20 A. SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles (GAAP), Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government and the relevant provisions of the Companies Act, 1956. All income and expenditure having material bearing are recognised on accrual basis, except where otherwise stated. Necessary estimates and assumptions of income and expenditure are made during the reporting period and difference between the actual and the estimates are recognised in the period in which the results materialise.

1. FIXED ASSETS

- a. Land acquired on lease for 99 years or more is treated as freehold land.
- b. Technical know-how /licence fee relating to plants/ facilities are capitalised as part of cost of the underlying asset.

2. INTANGIBLE ASSETS

- a. Cost of Right of Way for laying pipelines is capitalised as Intangible Asset and being perpetual in nature, is not amortised.
- b. Technical know-how /licence fee relating to production process and process design are recognised as Intangible Assets.
- c. Cost of Software directly identified with hardware is capitalised along with the cost of hardware. Application software is capitalised as Intangible Asset.

3. CONSTRUCTION PERIOD EXPENSES ON PROJECTS

- a. Related expenditure (including temporary facilities and crop compensation expenses) incurred during construction period in respect of plan projects and major non-plan projects are capitalised.
- b. Financing cost incurred during the construction period on loans specifically borrowed and utilised for projects is capitalised. Financing cost includes exchange losses in relation to borrowings denominated in foreign currency.
- c. Financing cost, if any, incurred on general borrowings used for projects during the construction period is capitalised at the weighted average cost.

4. DEPRECIATION

- a. Depreciation on Fixed Assets is provided on the Straight Line method, in the manner and at the rates prescribed under Schedule XIV to the Companies Act, 1956 and is charged pro rata on a monthly basis on assets, from / up to and inclusive of the month of capitalisation / sale, disposal or deletion during the year.
- b. All assets costing up to ₹ 5000/-, other than LPG cylinders and pressure regulators, are fully depreciated in the year of capitalisation.
- c. Premium on leasehold land is amortised over the period of lease.
- d. Machinery Spares, which can be used only in connection with an item of fixed asset and the use of which is expected to be irregular, are depreciated over a period not exceeding the useful life of the principal item of fixed asset.
- e. Intangible Assets other than application software are amortised on a straight line basis over a period of ten years or life of the underlying plant/facility, whichever is earlier.
- f. Application software are normally amortised over a period of four years, or over its useful life, whichever is earlier.

5. IMPAIRMENT OF ASSETS

At each balance sheet date, an assessment is made of whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of assets of cash generating units (CGU) exceeds their recoverable amount.

6. FOREIGN CURRENCY TRANSACTIONS

- a. Foreign Currency transactions during the year are recorded at the exchange rates prevailing on the date of transactions.
- b. All foreign currency assets, liabilities and forward contracts are restated at the rates prevailing at the year end.

Statement of Significant Accounting Policies and Notes forming part of Accounts

- c. All exchange differences (except as stated in para 3 (b) of Schedule 20A and para 7 of Schedule 20B) are dealt with in the profit and loss account including those covered by forward contracts, where the premium / discount arising from such contracts are recognised over the period of contracts.
- d. The realised gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year, are recognised in the Profit & Loss Account along with the underlying transaction. However, in respect of contracts, the pricing period of which extends beyond the balance sheet date, suitable provision is made for likely loss, if any.

7. INVESTMENTS

- a. Long-term investments are valued at cost and provision for diminution in value thereof is made, wherever such diminution is other than temporary.
- b. Current investments are valued at the lower of cost and fair value.

8. INVENTORIES

- a. Crude oil is valued at cost on First In First Out (FIFO) basis or at net realisable value, whichever is lower.
- b. Raw material for lubricants and finished lubricants are valued at weighted average cost or at net realisable value, whichever is lower.
- c. Stock-in process is valued at raw material cost plus cost of conversion or at net realisable value, whichever is lower.
- d. Finished products other than Lubricants are valued at cost (on FIFO basis) or at net realisable value, whichever is lower.
- e. Empty packages are valued at weighted average cost.
- f. Stores and spares are valued at weighted average cost. Stores & spares in transit are valued at cost.
- g. Value of surplus, obsolete and slow moving stores and spares, if any, is reduced to net realisable value. Surplus items, when transferred from completed projects are valued at cost / estimated value, pending periodic assessment / ascertainment of condition.

9. DUTIES ON BONDED STOCKS

Excise / Customs duty is provided on stocks stored in Bonded Warehouses (excluding goods exempted from duty / exports or where liability to pay duty is transferred to consignee).

10. GRANTS

- a. In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Capital Grants, which is recognised in the Profit and Loss Account over the period and in the proportion in which depreciation is charged.
- b. Grants received against revenue items are recognised as income.

11. PROVISIONS

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

12. EXPLORATION & PRODUCTION EXPENDITURE

“Successful Efforts Method” of accounting is followed for Oil & Gas exploration and production activities as stated below:

- a. Cost of surveys, studies, carrying and retaining undeveloped properties are expensed out in the year of incurrence.
- b. Cost of acquisition, drilling and development are treated as capital work-in-progress when incurred and are capitalised when the well is ready to commence commercial production.
- c. Accumulated costs on exploratory wells in progress are expensed out in the year in which they are determined to be dry.

The proportionate share in the assets, liabilities, income and expenditure of joint operations are accounted as per the participating interest in such joint operations.

Statement of Significant Accounting Policies and Notes forming part of Accounts

13. EMPLOYEE BENEFITS

Liability towards long term defined employee benefits - leave encashment, gratuity, pension, post-retirement medical benefits, long service awards, ex-gratia, death benefits and resettlement allowance are determined on actuarial valuation by independent actuaries at the year end by using Projected Unit Credit method. Liability so determined is funded in the case of leave encashment and gratuity, and provided for in other cases.

In respect of Provident Fund, the contribution for the period is recognized as expense and charged to Profit & Loss Account.

Short term employee benefits are recognized as an expense at an undiscounted amount in the Profit and Loss Account of the year in which the related services are rendered.

14. SALE OF PRODUCTS

Sales are net of discount, include applicable excise duty, surcharge and other elements as are allowed to be recovered as part of the price but excludes VAT/Sales Tax.

15. RESEARCH & DEVELOPMENT

Expenditure incurred on research activities is charged off in the year in which it is incurred. Expenses directly related to development activities which are capable of generating future economic resources, are treated as intangible assets.

16. TAXES ON INCOME

- Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.
- Deferred tax liability/asset on account of timing difference between taxable and accounting income is recognised using tax rates and tax laws enacted or substantively enacted as at the balance sheet date. In the event of unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized, if there is virtual certainty that sufficient future taxable income will be available to realize such assets.
- Minimum Alternate Tax (MAT) paid in accordance with the tax laws, is considered as an asset when it is probable that the future economic benefits associated with it, will flow to the Company.

17. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Contingent Liabilities are considered only for items exceeding ₹ 5.00 lakhs in each case. Contingent Liabilities in respect of show cause notices are considered only when converted into demands. Capital Commitments are considered only for items exceeding ₹ 1 lakh in each case.

18. ACCOUNTING/CLASSIFICATION OF EXPENDITURE AND INCOME

- Insurance claims are accounted on acceptance basis.
- All other claims/entitlements are accounted on the merits of each case/realisation.
- Raw materials consumed are net of discount towards sharing of under-recoveries.
- Income and expenditure of previous years, individually amounting to ₹ 5 lakhs and below are not considered as prior period items.

20 B. NOTES FORMING PART OF ACCOUNTS

- During the current financial year 2010-11, ONGC and GAIL offered discount on prices of crude, PDS SKO and Domestic LPG purchased from them. Accordingly, the Corporation has accounted the discount as under :
 - ₹ 1,378.15 crores (2009-10 : ₹ 796.00 crores) discount received on purchase of PDS SKO and Domestic LPG from ONGC and GAIL has been adjusted against Purchase of Product for Resale.
 - ₹ 5,259.40 crores (2009-10 : ₹ 2,451.14 crores) discount received on Crude Oil purchased from ONGC has been adjusted against Raw Material Cost.
- In principle approval of Government of India for Budgetary Support amounting to ₹ 8,976.28 crores (2009-10: ₹ 5,563.13 crores), has been received and the same has been accounted under 'Recovery under Subsidy Schemes'.

Hindustan Petroleum Corporation Limited

Statement of Significant Accounting Policies and Notes forming part of Accounts

3. (a) Inter-Oil Company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/reconciliation.
- (b) Customers' Accounts are reconciled on an ongoing basis and such reconciliation is not likely to have a material impact on the outstanding or classification of the accounts.
4. The Corporation has, as at the balance sheet date, entered into foreign exchange hedging contracts amounting to USD 1,563.39 million (2009-10 : USD 1,560.12 million) to hedge its foreign currency exposure towards loans/export earnings. The Corporation normally does not hedge the foreign currency exposure in respect of payment for crude/product which is due for payment generally within 30 days. Exposures not hedged as of balance sheet date amounted to USD 1,177.89 million (2009-10 : USD 925.47 million) towards purchase of crude and USD 1,854.59 million (2009-10 : USD 170.12 million) in respect of loans taken.
5. a) Considering the uncertainties attached to certain benefits under the Income Tax Act, the Corporation has been continuing to account for such tax benefits in the year they are allowed in the Appeals/ Assessments. Further, where issues are strong on merits/ covered by favourable decisions, tax has not been provided for.

Accordingly, upon receipt of Appellate Orders (for the assessment years 2006-07 & 2007-08) and Assessment Order (for the assessment year 2008-09) during the year, the Corporation has reversed provision for tax/ deferred tax amounting to ₹ 271.39 Crores (2009-10: Additional provision of ₹ 57.51 Crores) after duly considering MAT Credit, available for set off u/s 115JAA of the Income Tax Act, 1961.

- b) For the assessment years 2009-10 & 2010-11, a further provision of tax/deferred tax amounting to ₹ 46.26 Crores (2009-10: Nil) is made after duly considering MAT Credit, available for set off u/s 115JAA of the Income Tax Act, 1961. Deferred Tax provision at the beginning of the year is reassessed and ₹ 307.30 Crores has been provided for.
- c) MAT Credit Entitlement consists of ₹ 409.36 crores towards earlier years and ₹ 91.51 crores in current year, arising primarily on account of higher depreciation considered in Return of Income, is shown under Loans & Advances.

6. Deferred Tax Assets/(Liabilities) arising due to timing differences comprise of:

	(₹ / Crores)	
	2010-11	2009-10
Deferred Tax Assets		
Provision for Employee Benefits	235.83	164.96
Others	(232.90)	284.69
Total (A)	<u>2.93</u>	<u>449.65</u>
Deferred Tax Liabilities		
Depreciation	(3,180.72)	(2,247.03)
Others	(17.84)	(10.59)
Total (B)	<u>(3,198.57)</u>	<u>(2,257.62)</u>
Deferred Tax Liability (A + B)	<u>(3,195.63)</u>	<u>(1,807.97)</u>

7. In accordance with the option as per AS - 11 (notified under the Company's Accounting Standards Rules, 2006) exercised in the year 2008 - 09, the Corporation has adjusted the exchange differences arising on long term foreign currency monetary items to the cost of assets.

Statement of Significant Accounting Policies and Notes forming part of Accounts

8. The employee cost for the year 2010-11 is higher due to the absorption of ₹ 330 Crores based on actuarial valuation towards shortfall in "HPCL Employees' Superannuation Fund Scheme".
9. To the extent Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at balance sheet date is disclosed on which Auditors have relied upon :

(₹ / Crores)

Sr. No.	Particulars	2010-11	2009-10
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/11 :-		
	- Principal	2.80	1.81
	- Interest	-	-
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2010-11 (irrespective of whether it pertains to current year or earlier years) -		
	- Principal	-	-
	- Interest	-	-
3.	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	-	-
4.	Amount accrued and remaining unpaid at the end of Accounting Year	-	-
5.	Amount of interest which is due and payable, which is carried forward from last year	-	-

10. Related Party disclosure:

(₹/Crores)

Particulars	2010 - 11	2009 - 10
Sales	208.73	214.44
Purchases	301.97	18.09
Investment in equity	1,080.45	465.50
Investment in Preference Shares	9.50	3.50
Advance towards equity	(318.50)	327.49
Dividend received	26.89	0.71
Services given	4.54	4.89
Lease Rentals Received/(Payable)	0.11	0.79
Others - Provided / (Availed)	(89.72)	(83.95)
Closing Balance	20.28	6.21



Hindustan Petroleum Corporation Limited

Statement of Significant Accounting Policies and Notes forming part of Accounts

The names of related parties are as follows:

Joint Venture Companies: HPCL-Mittal Energy Ltd., Hindustan Colas Ltd., South Asia LPG Company Pvt. Ltd., Prize Petroleum Co. Ltd., Petronet India Ltd., and Aavantika Gas Ltd.

Key Management Personnel: Shri Arun Balakrishnan, Chairman & Managing Director (till 31/07/2010), Shri S Roy Choudhury, Chairman and Managing Director (w.e.f. 01/08/2010), Shri S Roy Choudhury, Director - Marketing (till 31/07/2010), Dr. V. Vizia Saradhi, Director - Human Resources, Shri B. Mukherjee, Director - Finance, Shri K. Murali, Director - Refineries

Details of remuneration to directors are given in note 20 B. 16 E of Notes to Accounts and dues from Directors are given in Schedule 12 of the Balance Sheet.

The above disclosure does not include HPCL Biofuels Ltd. & Creda-HPCL Biofuel Ltd. (Subsidiary Companies) and Mangalore Refinery and Petrochemicals Ltd., Petronet MHB Ltd. and Bhagyanagar Gas Ltd. (Joint Venture Companies) for which no disclosure is required as they are state-controlled enterprises.

A) The Corporation has entered into production sharing oil & gas exploration contracts in India and overseas in consortium with other body corporates. These consortia are:

Name of the Block	Participating Interest of HPCL in %	
	31/03/2011	31/03/2010
In India		
Under NELP IV		
KK- DWN-2002/2	20	20
KK- DWN-2002/3	20	20
CB- ONN-2002/3	15	15
Under NELP V		
AA-ONN-2003/03	Nil	15
Under NELP VI		
CY-DWN-2004/1	10	10
CY-DWN-2004/2	10	10
CY-DWN-2004/3	10	10
CY-DWN-2004/4	10	10
CY-PR-DWN-2004/1	10	10
CY-PR-DWN-2004/2	10	10
KG-DWN-2004/1	10	10
KG-DWN-2004/2	10	10
KG-DWN-2004/3	10	10
KG-DWN-2004/5	10	10
KG-DWN-2004/6	10	10
MB-OSN-2004/1	20	20
MB-OSN-2004/2	20	20
RJ-ONN-2004/1	22.22	22.22
RJ-ONN-2004/3	15	15
Outside India		
BLOCK 56-OMAN	Nil	12.50
BLOCK WA-388-P, AUSTRALIA	8.40	14
SOUTH SENAI, EGYPT	25	25
SOUTH QUSEIR, EGYPT	25	25

Statement of Significant Accounting Policies and Notes forming part of Accounts

- B) For Block AA-ONN-2003/3, proposal of consortium for extension of time till 29.11.2013 in Phase-I of exploration under special dispensation i.e, due to logistic problems was not accepted by MOP&NG. Hence on expiry of Phase-I (i.e., Effective 29.05.2010) block stands relinquished as per PSC provisions.
- C) Block 56-Oman was relinquished during the year along with other consortium partners since discoveries in the block were not commercially viable at existing fiscal terms.
- D) During the year in block WA-388-P, all consortium partners farmed-out 40% of their respective participating interest to M/s Apache Energy, Australia. Hence HPCL's participating interest in the block stands reduced to 8.4% from 14%.
- E) Two exploration blocks at Egypt were awarded during the FY 2008-09 with GSPC (Operator) and Oil India. HPCL has 25% participating interest in both of these blocks. Production sharing contract for these blocks is yet to be signed.
- F) During the NELP-IX bidding round, HPCL in consortia with NOC's were declared provisional winner in the two blocks i.e, KK-OSN-2010/3 and MB-OSN-2010/2.

11. In compliance of AS-27 'Financial Reporting of Interest in Joint Ventures', the required information is as under:

a) Jointly Controlled Entities

	Country of Incorporation	Percentage of ownership interest as on 31st March, 2011	Percentage of ownership interest as on 31st March, 2010
HPCL-Mittal Energy Ltd.	India	49.00	49.00
Hindustan Colas Ltd.	India	50.00	50.00
South Asia LPG Company Pvt. Ltd.	India	50.00	50.00
Mangalore Refinery and Petrochemicals Ltd.	India	16.95	16.95
Prize Petroleum Company Ltd.	India	50.00	50.00
Petronet India Ltd.*	India	16.00	16.00
Petronet MHB Ltd.	India	28.77	28.77
Bhagyanagar Gas Ltd.	India	25.00	25.00
Aavantika Gas Ltd.	India	25.00	25.00

* Corporation's share in Petronet India Ltd. is not reported hereunder as the Management had fully provided for diminution in the value of investment during the financial year 2006-07.

- b) In respect of jointly controlled entities, the Corporation's share of assets, liabilities, income, expenses, contingent liabilities and capital commitments as furnished below on the basis of audited / unaudited financial statements received from these joint venture companies:

Hindustan Petroleum Corporation Limited

Statement of Significant Accounting Policies and Notes forming part of Accounts

	₹ / Crores	
	2010-11	2009-10
i. Assets		
• Long Term Assets	9,225.98	5,764.85
• Investments	18.51	276.34
• Current Assets	2,629.26	1,827.68
ii. Liabilities		
• Loans (Secured & Unsecured)	5,813.37	3,050.57
• Current Liabilities & Provisions	2,265.81	1,918.80
• Deferred Tax Liability	47.48	105.83
iii. Income	7,231.59	5,784.84
iv. Expenses*	6,997.69	5,615.87
v. Contingent Liabilities	178.33	74.19
vi. Capital Commitments	2,513.02	2,584.87

* Including Tax

c) HPCL's Share in aggregate of Contingent Liabilities and Capital Commitments of Jointly Controlled Operations :

	₹ / Crores	
	2010 - 11	2009 - 10
Jointly Controlled Operations		
• Contingent Liabilities	171.37	182.44
• Capital Commitments	519.68	558.14

12. Operating Leases :

Assets taken on lease primarily consist of properties for use by the Corporation and leased land taken for the purpose of setting up retail outlets. These lease arrangements are normally renewed on expiry of the term. Amount of lease rental expenses recognized in the Profit and Loss Account is given under Schedule 17 - "Other Operating Expenses".

13. Considering the Government policies and modalities of compensating the oil marketing companies towards under-recoveries, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. Since there is no indication of impairment of assets as at Balance Sheet date as per the assessment carried out, no impairment has been considered. In view of assumptions being technical, peculiar to the industry and Government policy, the auditors have relied on the same.

Statement of Significant Accounting Policies and Notes forming part of Accounts

14 Employee Benefits

Defined Benefit Plans - As per actuarial valuation

(₹ / Crores)

	Particulars	Leave Encashment	Gratuity	Pension	Post Retirement Medical Benefit	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance
		Funded	Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded
	Refer foot-notes :	1	2	3	4	5	6	7	8
1	Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2011								
	Defined Benefit Obligation at the beginning of the year	261.57	362.71	44.08	115.99	47.85	30.67	26.45	1.84
		217.37	240.31	47.85	64.75	27.37	28.76	25.35	1.60
	Interest Cost	22.61	30.95	3.36	10.41	4.25	2.35	1.96	0.16
		17.92	19.89	4.00	6.00	2.00	2.00	2.00	-
	Current Service Cost	12.50	18.92	0.07	12.51	6.13	-	-	0.20
		6.57	11.66	0.07	7.40	4.98	-	-	0.15
	Benefit Paid	-	(12.92)	(6.85)	(4.69)	(5.01)	(4.49)	(5.30)	(0.17)
		-	(6.64)	(5.94)	(4.55)	(3.88)	(4.10)	(4.47)	(0.11)
	Actuarial (gain)/loss on Obligation	151.59	31.22	9.72	2.23	5.22	(1.73)	5.71	(0.12)
		19.71	97.49	(1.90)	42.39	17.38	4.01	3.57	0.20
	Defined Benefit Obligation at the end of the year	448.27	430.88	50.38	136.45	58.44	26.80	28.82	1.91
		261.57	362.71	44.08	115.99	47.85	30.67	26.45	1.84
2	Change in Fair Value of Assets during the year ended March 31, 2011								
	Fair Value of Plan Assets at the beginning of the year	237.72	255.80	N/A	N/A	N/A	N/A	N/A	N/A
		163.45	174.06	N/A	N/A	N/A	N/A	N/A	N/A
	Expected return on Plan Assets	24.72	32.75	N/A	N/A	N/A	N/A	N/A	N/A
		20.35	22.13	N/A	N/A	N/A	N/A	N/A	N/A
	Actuarial gain/(loss)	-	-	N/A	N/A	N/A	N/A	N/A	N/A
		-	-	N/A	N/A	N/A	N/A	N/A	N/A
	Contribution by employer	23.86	106.94	6.85	4.69	5.01	4.49	5.30	0.17
		53.92	66.25	5.94	4.55	3.88	4.10	4.47	0.11
	Benefit Paid	-	(12.92)	(6.85)	(4.69)	(5.01)	(4.49)	(5.30)	(0.17)
		-	(6.64)	(5.94)	(4.55)	(3.88)	(4.10)	(4.47)	(0.11)
	Fair Value of Plan Assets at the end of the year	286.30	382.57	N/A	N/A	N/A	N/A	N/A	N/A
		237.72	255.80	N/A	N/A	N/A	N/A	N/A	N/A
3	Net asset/(liability) recognized in balance sheet as at March 31, 2011								
	Defined Benefit Obligation at the end of the year	448.27	430.88	50.38	136.45	58.44	26.80	28.82	1.91
		261.57	362.71	44.08	115.99	47.85	30.67	26.45	1.84
	Fair Value of Plan Assets at the end of the year	286.30	382.57	-	-	-	-	-	-
		237.72	255.80	-	-	-	-	-	-
	Amount recognised in Balance Sheet - Schedule 13 B	(161.97)	(48.31)	(50.38)	(136.45)	(58.44)	(26.80)	(28.82)	(1.91)
		(23.85)	(106.91)	(4.08)	(115.99)	(47.85)	(30.67)	(26.45)	(1.84)
4	Components of employer expenses								
	Current Service Cost	12.50	18.92	0.07	12.51	6.13	-	-	0.20
		6.57	11.66	0.07	7.40	4.98	-	-	0.15
	Interest Cost	22.61	30.95	3.36	10.41	4.25	2.35	1.96	0.16
		17.92	19.89	4.00	6.00	2.00	2.00	2.00	-
	Expected Return on Plan Assets	(24.72)	(32.75)	-	-	-	-	-	-
		(20.35)	(22.13)	-	-	-	-	-	-
	Actuarial (gain)/loss	151.59	31.22	9.72	2.23	5.22	(1.73)	5.71	(0.12)
		19.71	97.49	(1.90)	42.39	17.38	4.01	3.57	0.20
	Total expenses recognized in Profit and Loss Account in Schedule 16	161.98	48.34	13.15	25.15	15.60	0.62	7.67	0.24
		23.85	106.91	2.17	55.79	24.36	6.01	5.57	0.35
5	Actuarial Assumptions								
	Discount Rate	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
	Expected return on plan assets	Note 9	Note 9	-	-	-	-	-	-
	Salary escalation	7.00%	7.00%	-	-	-	-	-	-
	Inflation	-	-	-	5.00%	-	-	-	-
	Mortality rate	LIC (1994-96) Mortality Table							
6	The major categories of plan assets as a percentage to total plan assets								
	Central & State Govt. Securities	Note 12	Note 12	N/A	N/A	N/A	N/A	N/A	N/A
	Bonds / Debentures			N/A	N/A	N/A	N/A	N/A	N/A
	Others			N/A	N/A	N/A	N/A	N/A	N/A
7	Effect of one percentage point change in assumed medical inflation rate for Post Retirement Medical Benefit	One percentage point increase in medical inflation rate				One percentage point decrease in medical inflation rate			
	Revised DBO as at March 31, 2011	149.34				128.60			
	Revised service cost for 2010-11	12.19				13.23			
	Revised interest cost for 2010-11	11.71				9.11			

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Statement of Significant Accounting Policies and Notes forming part of Accounts

Foot Notes :	
1	Leave Encashment : All employees are entitled to avail earned leave and sick leave during the service period and the same can be encashed on superannuation, resignation, termination or by nominee on death. Further, the accumulated earned leave can also be encashed during the service period. The contribution for increase in actuarial liability as of March 31, 2011 over March 31, 2010 towards leave encashment is funded to LIC. As per the practice followed, payment made to employees during the year to the extent of ₹ 34.13 crores is not claimed from LIC, hence, benefit paid during the year is shown as "NIL" in the above table. Total expenses recognized in Profit and Loss Account on account of this benefit is ₹ 196.11 crores (i.e. provision of ₹ 161.98 crores towards increase in liability and payments made by Corporation for ₹ 34.13 crores).
2	Gratuity : All employees are entitled to receive gratuity as per the provisions of Payment of Gratuity Act, 1972.
3	Pension : The employees covered by the Pension Plan of the Corporation are entitled to receive monthly pension for life.
4	Post Retirement Medical Benefit : The serving and superannuated employees are covered under medical insurance policy taken by Corporation. It provides reimbursement of medical expenses for self and dependents as per the terms of the policy.
5	Long Service Awards : The Corporation has policy of giving service awards to its employees in the form of memento on completion of specified length of service and superannuation.
6	Ex-gratia : The ex-employees of Corporation covered under the Scheme are entitled to get ex-gratia based on the grade at the time of their retirement. The benefit will be paid to eligible employees till their survival, and after that, till the survival of their spouse. Since the scheme is introduced from April 2007, the past service cost of ₹ 29.29 crores has been recognized in Profit and Loss Account.
7	Death Benefits : The families of deceased employees are paid at a specified percentage of last drawn salary till the notional date of retirement age under the provisions of Superannuation Benefit Fund Scheme.
8	Resettlement Allowance : At the time of retirement, the employees are allowed to permanently settle down at a place other than the location of the last posting.
9	The fair value of the assets of Provident Fund Trust as of balance sheet date is greater than the obligation, including interest, and also the returns on these plan assets including the amount already provided are sufficient to take care of PF interest obligations, over and above the fixed contribution recognized.
10	The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.
11	The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
12	Leave Encashment & Gratuity Funds are invested with LIC and LIC has invested strictly according to IRDA and Income Tax Rules.
13	Figures in italics represent last year figures.

		₹ / Crores	
		2010-11	2009-10
15	A. Estimated amount of contracts remaining to be executed on Capital Account not provided for	3,888.69	1,581.84
	B. No provision has been made in the accounts in respect of the following disputed demands/claims since they are subject to appeals/representations filed by the Corporation		
	i. Income Tax	46.91	0.20
	ii. Sales Tax/Octroi	2,868.94	2,402.45
	iii. Excise/Customs	441.11	270.61
	iv. Land Rentals & Licence Fees	87.74	71.29
	v. Others	79.48	60.56
		<u>3,524.19</u>	<u>2,805.11</u>
	C (I) Contingent Liabilities not provided for in respect of appeals filed against the Corporation		
	i. Sales Tax/Octroi	14.48	4.68
	ii. Excise/Customs	28.71	36.13
	iii. Employee Benefits/Demands (to the extent quantifiable)	152.73	131.09
	iv. Claims against the Corporation not acknowledged as debts	334.62	170.98
	v. Others	214.79	191.21
		<u>745.32</u>	<u>534.10</u>

Statement of Significant Accounting Policies and Notes forming part of Accounts

	₹ / Crores	
	2010-11	2009-10
C (II) Uncalled liability on partly paid up preference shares	7.00	16.50
	<u>7.00</u>	<u>16.50</u>
C (III) Guarantees given		
i To Others	220.01	223.52
ii On behalf of Subsidiaries/Joint Ventures	149.45	37.78
	<u>369.46</u>	<u>261.30</u>
D. Payment to Auditors:		
i. Audit fees	0.21	0.18
ii. Other Services	0.14	0.13
iii. Reimbursement of expenses	0.08	0.03
	<u>0.43</u>	<u>0.34</u>
E. Managerial Remuneration :		
i. Salary and Allowances	1.92	1.03
ii. Contribution to Provident Fund and other funds	0.14	0.11
iii. Pension and Gratuity	0.08	0.02
iv. Other benefits	0.63	0.40
	<u>2.77</u>	<u>1.56</u>
F. C.I.F.value of imports during the year (excludes canalised imports):		
i. Raw materials	29,930.78	29,157.96
ii. Stores, Spares and Chemicals	83.63	127.68
iii. Capital Goods, Components and Spares	112.74	89.07
G. (i) Expenditure in foreign currency on account of: (on cash basis)		
Engineering, Technical and other services, demurrage		
charges, royalties, interest and other matters	166.01	127.66
(ii) Foreign Currency payments for crude	28,759.78	25,791.19
H. Earnings in foreign exchange :		
Export of goods calculated on FOB basis	5,522.80	6,382.26
Includes ₹ 196.77 crores (2009-10 : ₹ 216.13 crores)		
received in Indian currency out of repatriable funds of foreign customers		

Hindustan Petroleum Corporation Limited

Statement of Significant Accounting Policies and Notes forming part of Accounts

	₹ / Crores	
	2010-11	2009-10
I. Value of Raw Materials, Spare Parts and Components consumed		
(i) Raw Materials		
- Imported (in %)	74.98	74.83
- Imported (in Value)	31,352.76	29,091.57
- Indigenous (in %)	25.02	25.17
- Indigenous (in Value)	10,461.17	9,785.68
(ii) Spare Parts & Components:		
- Imported (in %)	32.92	35.29
- Imported (in Value)	54.92	78.94
- Indigenous (in %)	67.08	64.71
- Indigenous (in Value)	111.93	144.77
J. Licensed capacity at year end in Metric Tonnes per annum as certified by the Management on which the Auditors have relied upon:		
(a) Petroleum fuel and lube products	14,800,000	14,000,000
(b) Lubricating Oils	N/A	N/A
(c) Textile Auxiliaries	N/A	N/A
(d) Hydraulic Brake Fluid	N/A	N/A
(e) Insecticides	N/A	N/A
(f) Greases	N/A	N/A
K. Installed capacity at year end in Metric Tonnes per annum as certified by the Management on which the Auditors have relied upon:		
(a) Petroleum fuel and lube products	14,800,000	14,000,000
(b) Lubricating Oils, Greases and Textile Auxiliaries *	319,779	319,779
(c) Hydraulic Brake Fluid and Insecticides	4,062	4,062
* Product manufacturing facilities are interchangeable		
L. Production in Metric Tonnes:		
(a) Petroleum fuel and lube products		
i. Bulk Petroleum Products	13,403,485	14,261,604
ii. Lubricating Oil Base Stocks (including Transformer Oil Base Stocks)	300,239	346,858
iii. Carbon Black Feed Stock	30,466	39,928
iv. Axle Oil	1	12
v. Rubber Processing Oil	69,141	63,355
(b) Lubricating Oils	297,805	358,224
(c) Textile Auxiliaries	45	12
(d) Insecticides	88	154
(e) Greases	2,149	2,329

Statement of Significant Accounting Policies and Notes forming part of Accounts

M. Information for each class of goods purchased, sold and stocks during the year:

₹ / Crores

			Opening Stock		Purchases		Sales*		Closing Stock	
			2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
a.	Bulk Petroleum Products	MT	2,525,308	2,292,741	20,254,698	18,323,635	33,421,347	32,240,256	2,685,769	2,525,308
		Value	8,651	5,849	85,374	62,654	129,342	105,543	11,223	8,651
b.	Lubricating Oil Base Stocks (Including Transformer Oil Base Stocks)	MT	20,135	42,558	-	-	136,408	133,087	12,049	20,135
		Value	87	134	-	-	580	438	73	87
c.	Carbon Black Feeding Stock	MT	1,061	1,465	-	-	31,341	39,791	38	1,061
		Value	3	2	-	-	87	107	0	3
d.	Axle Oil	MT	23	20	-	-	13	9	11	23
		Value	0	0	-	-	0	0	0	0
e.	Lubricating Oils	MT	29,825	27,246	-	-	302,684	355,607	26,974	29,825
		Value	207	207	-	-	2,595	2,451	236	207
f.	Textile Auxillaries	MT	31	51	-	-	36	32	40	31
		Value	0	0	-	-	0	0	0	0
g.	Insecticides	MT	-	328	30	86	235	258	203	-
		Value	-	3	0	1	2	3	2	-
h.	Greases	MT	2,353	2,417	2,518	2,674	5,484	4,911	1,536	2,353
		Value	18	19	23	23	64	56	14	18
i.	Automotive Accessories	MT	-	-	-	-	-	-	-	-
		Value	-	-	-	-	-	-	-	-
	Total	MT	2,578,736	2,366,824	20,257,247	18,326,395	33,897,549	32,773,951	2,726,619	2,578,736
		Value	8,967	6,215	85,397	62,678	132,670	108,599	11,549	8,967

* Sales include sales to Other Oil Companies.

No adjustment for Transit/Operation/Temperature Variations/Consumption for Own Use have been made in the above information.

Previous year's figures have been regrouped and rearranged wherever necessary for comparison and adjustment.

₹ / Crores

N. Raw Materials consumed:

(a) Crude Oil Processed:

- Tonnes
- Value

(b) Other Petroleum Products

- Tonnes
- Value

(c) Additives, Inhibitors and Chemicals:

- Value

(d) Non-Petroleum Products:

- Value

O. Expenditure incurred on Research and Development

- Capital
- Revenue

P. Interest on Project specific borrowings capitalised

Q. Exchange Differences

- i) Adjusted in the carrying amount of Fixed Assets during the accounting period.
- ii) In respect of Forward Exchange contracts to be recognised in Profit or Loss for one or more subsequent accounting periods

2010-11	2009-10
14,753,889	15,678,431
40,323.24	37,526.62
289,692	345,379
1,287.87	1,123.38
205.31	196.26
0.00	34.80
15.02	17.72
1.56	0.85
220.81	96.22
(64.34)	(11.83)
61.37	129.20

Hindustan Petroleum Corporation Limited

Statement of Significant Accounting Policies and Notes forming part of Accounts

R. Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2011 is as under:

₹ / Crores

	2010-11			2009-10		
	Downstream Petroleum	Exploration & Production	Total	Downstream Petroleum	Exploration & Production	Total
Revenue						
External Revenue	134,076.44	-	134,076.44	108,427.66	-	108,427.66
Inter-segment Revenue	-	-	-	-	-	-
Total Revenue	134,076.44	-	134,076.44	108,427.66	-	108,427.66
Result						
Segment Results	2,553.94	(93.03)	2,460.91	3,190.59	(255.62)	2,934.97
Less: Unallocated Expenses						
Net of unallocated Income	-	-	-	-	-	-
Operating Profit	2,553.94	(93.03)	2,460.91	3,190.59	(255.62)	2,934.97
Less:						
Borrowing Cost			884.00			903.75
Provision for diminution in investments			(238.34)			703.73
Loss on Sale of Investments			235.14			56.75
Prior Year Expenditure			-			-
Add:						
Interest/Dividend (Including Share of profit from PII)			766.04			854.29
Profit on Sale of Investments			-			-
Profit before Tax			2,346.15			2,125.03
Less: Taxes (including Deferred tax / FBT)			807.14			823.66
Profit after Tax			1,539.01			1,301.37
Other Information						
Segment Assets	48,326.34	33.03	48,359.37	38,735.03	33.27	38,768.30
Corporate Assets			12,009.86			12,455.11
Total Assets			60,369.22			51,223.42
Segment Liabilities	18,481.62	507.59	18,989.21	15,033.40	414.80	15,448.20
Corporate Liabilities			28,834.21			24,217.26
Total Liabilities			47,823.42			39,665.45
Capital Expenditure	4,779.96	(8.52)	4,771.44	3,720.97	(8.28)	3,712.69
Depreciation	1,406.95	-	1,406.95	1,164.40	-	1,164.40
Non cash expenses excluding depreciation			(279.88)			(533.30)

Notes:

- The Company is engaged in the following business segments:
 - Downstream i.e. Refining and Marketing of Petroleum Products
 - Exploration and Production of Hydrocarbons

Segments have been identified taking into account the nature of activities and the nature of risks and returns.
- Segment Revenue comprises of the following:
 - Turnover (Net of Excise Duties)
 - Subsidy from Government of India
 - Other income (excluding interest income, dividend income and investment income)
- There are no geographical segments.

Cash flow Statement for the year ended 31st March, 2011

		₹ / Crores	
		2010-11	2009-10
A. Cash Flow From Operating Activities			
Net Profit/(Loss)before Tax & Extraordinary items		2,346.14	2,125.03
Adjustments for :			
Depreciation prior period		1.29	3.52
Depreciation / Amortisation		1,406.95	1,164.40
Raw Material & Packages		-	(4.70)
(Profit)/Loss on Sale/write off of Fixed Assets/ CWIP		14.44	(1.66)
Amortisation of capital grant		(0.19)	(0.19)
Spares written off		3.74	1.82
Provision for diminution in value of investments		(238.33)	703.73
Borrowing Cost		884.00	903.75
Exchange rate difference on loans		131.60	102.24
Provision for Doubtful Debts & Receivable		36.42	20.47
Interest Income		(584.61)	(699.37)
Share of Profit from PII		(0.02)	(0.62)
Dividend Received		(82.07)	(46.26)
(Profit)/Loss on sale of short term investment		235.13	56.75
Operating Profit before Working Capital Changes {Sub Total - (i)}		4,154.49	4,328.91
Increase / (Decrease) in Working Capital :			
Trade Receivables		(253.05)	(217.29)
Other Receivables		(1,839.56)	(633.36)
Inventories		(4,046.80)	(3,788.00)
Trade and other Payables		3,551.84	3,985.70
Sub Total - (ii)		(2,587.57)	(652.95)
Cash generated from operations (i) + (ii)		1,566.92	3,675.96
Direct Taxes / FBT refund / (paid) - (Net)		(564.50)	(394.56)
Cash Flow before extraordinary items		1,002.42	3,281.40
Extraordinary items		-	-
Net Cash from Operating activities	(A)	1,002.42	3,281.40
B. Cash Flow From Investing Activities			
Purchase of Fixed Assets (including Capital Work in Progress / excluding interest capitalised)		(4,610.07)	(3,617.98)
Sale of Fixed Assets		99.80	7.98
Purchase of Investment (Including share application money pending allotment/ Advance towards Equity)		(708.80)	(3,461.40)
Investment in Subsidiary		(105.52)	(100.00)
Sale Proceeds of Oil bonds		1,250.86	5,213.52
Interest received		609.84	756.78
Dividend Received		82.07	46.26
Share of profit from PII		0.02	0.62
Net Cash from Investing activities	(B)	(3,381.80)	(1,154.22)



Hindustan Petroleum Corporation Limited

Cash flow Statement for the year ended 31st March, 2011

		₹ / Crores	
		2010-11	2009-10
C. Cash Flow From Financing Activities			
Long term loans raised/(repaid)		3,012.77	538.00
Short term loans raised / (repaid)		28.03	(1,516.05)
Interest Paid on Loans		(893.25)	(1,122.39)
Dividend paid (including dividend distribution tax)		(473.14)	(209.27)
Net Cash from Financing activities	(C)	1,674.41	(2,309.71)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C)	(704.97)	(182.52)
CASH AND CASH EQUIVALENTS AS ON 1ST APRIL (OPENING) :			
Cash / Cheques on Hand		5.04	5.03
Balances with Scheduled Banks			
- On Current Accounts		233.73	599.62
- Others		4.30	3.89
Balances with other Banks		0.11	0.11
		243.18	608.65
Overdrafts from Banks		(125.88)	(308.83)
		117.30	299.82
CASH AND CASH EQUIVALENTS AS ON 31ST MARCH (CLOSING):			
Cash / Cheques on Hand		7.19	5.04
Balances with Scheduled Banks			
- On Current Accounts		68.22	233.73
- Others		4.52	4.30
Balances with other Banks		0.08	0.11
		80.01	243.18
Overdrafts from Banks		(667.68)	(125.88)
		(587.67)	117.30
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(704.97)	(182.52)

Note: Previous year's figures have been regrouped / reclassified wherever necessary.

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director-Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 26th May, 2011
Place : New Delhi

FOR V SANKAR AIYAR & CO.
Chartered Accountants
Firm No. 109208w

G SANKAR
Partner
Membership No. 46050

FOR OM AGARWAL & CO.
Chartered Accountants
Firm No. 000971c

THALENDRA SHARMA
Partner
Membership No. 079236

**Balance Sheet Abstract and Company's General Business Profile****I REGISTRATION DETAILS**

REGISTRATION NO. 0 8 8 5 8

STATE CODE NO. 1 1

BALANCE SHEET DATE 3 1 0 3 2 0 1 1

II CAPITAL RAISED DURING THE PERIOD/YEAR (AMOUNT ₹ IN THOUSANDS)

PUBLIC ISSUE

N I L

RIGHTS ISSUE

N I L

BONUS ISSUE

N I L

PRIVATE PLACEMENT

N I L

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT ₹ IN THOUSANDS)

TOTAL LIABILITIES

1 0 3 3 6 2 4 3 0 3

TOTAL ASSETS

1 0 3 3 6 2 4 3 0 3

SOURCES OF FUNDS

PAID-UP CAPITAL

3 3 9 0 1 4 7

RESERVES AND SURPLUS

1 2 2 0 6 7 9 0 0

SECURED LOANS

3 6 5 7 6 8 2 9

UNSECURED LOANS

2 1 3 6 3 5 0 4 4

DEFERRED TAX LIABILITY

3 1 9 5 6 3 3 3

APPLICATION OF FUNDS

NET FIXED ASSETS

2 2 4 4 3 2 2 6 4

INVESTMENTS

1 1 3 3 5 0 2 4 8

NET CURRENT ASSETS

6 9 8 4 3 7 4 1

MISCELLANEOUS EXPENDITURE

N I L

ACCUMULATED LOSSES

N I L

IV PERFORMANCE OF THE COMPANY (AMOUNT ₹ IN THOUSANDS)

TURNOVER

1 3 2 6 6 9 9 6 7 8

TOTAL EXPENDITURE

1 3 2 4 8 1 0 9 7 9

PROFIT / LOSS BEFORE TAX

+ 2 3 4 6 1 4 5 0

PROFIT / LOSS AFTER TAX

+ 1 5 3 9 0 1 1 8

EARNINGS PER SHARE IN ₹

4 5 . 4 5

DIVIDEND RATE

1 4 0

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF COMPANY (as per monetary terms)

ITEM CODE NO. (ITC CODE)

2 7 1 0

PRODUCT DESCRIPTION:

B U L K P E T R O L E U M

P R O D U C T S

ITEM CODE NO. (ITC CODE)

2 7 1 0 0 0 4 1 / 6 1

PRODUCT DESCRIPTION:

L U B R I C A N T S

ITEM CODE NO. (ITC CODE)

2 9 0 1 2 2 0 0

PRODUCT DESCRIPTION:

P R O P Y L E N E

S ROY CHOUDHURY
Chairman & Managing Director**B. MUKHERJEE**
Director-Finance**SHRIKANT M. BHOSEKAR**
Company SecretaryPlace : New Delhi
Date : 26th May 11

Hindustan Petroleum Corporation Limited

C & AG's Comments

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HINDUSTAN PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2011

The preparation of financial statements of **Hindustan Petroleum Corporation Limited** for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 26 May 2011.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of **Hindustan Petroleum Corporation Limited** for the year ended 31 March 2011. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

For and on the behalf of the
Comptroller and Auditor General of India

Archana P. Shirsat
Principal Director of Commercial Audit
& *ex-officio* Member, Audit Board-II, Mumbai

Place: Mumbai

Date: 26 July 2011



Human Resource Accounting

HPCL considers human dimension as the key to organization's success. Several initiatives for development of human resources to meet new challenges in the competitive business environment have gained momentum. HPCL recognizes the value of its human assets who are committed to achieve excellence in all spheres. The Human Resource Profile given below in table shows that HPCL has a mix of energetic youth and experienced seniors who harmonize the efforts to achieve the Corporation's goals.

	Age21-30	31-40	41-50	Above 50	Total
No. of Employees	1586	1317	4421	3924	11248
Management	1285	808	1561	1284	4938
Non Management	301	509	2860	2640	6310
Average Age					46

Accounting for Human Resource Assets

The Lev & Schwartz model is being used by our Company to compute the value of Human Resource Assets. The evaluation as on 31st March 2011 is based on the present value of future earnings of the employees on the following assumptions:

1. Employees' compensation represented by direct & indirect benefits earned by them on cost to company basis.
2. Earnings up to the age of superannuation are considered on incremental basis taking the Corporation's policies into consideration.
3. Such future earnings are discounted @ 8.25%.

	₹/Crores	
	2010-11	2009-10
VALUE OF HUMAN RESOURCES		
Management Employees	11,781	9,341
Non Management Employees	6,712	6,313
	<u>18,493</u>	<u>15,654</u>
Human Assets vis-à-vis Total Assets		
Value of Human Assets	18,493	15,654
Net Fixed Assets	18,645	15,307
Investments	11,335	11,387
Net Current Assets	6,984	4,087
	<u>55,457</u>	<u>46,435</u>
Employee Cost	2,017	1,617
Net Profit Before Tax (PBT)	2,346	2,125
Ratios (in %)		
Employee Cost to Human Resource	10.91	10.33
Human Resource to Total Resource	33.35	33.71
PBT to Human Resource	12.69	13.58



Hindustan Petroleum Corporation Limited

Auditors' Report

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF HINDUSTAN PETROLEUM CORPORATION LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN PETROLEUM CORPORATION LIMITED, ITS SUBSIDIARY COMPANIES AND ITS INTERESTS IN JOINT VENTURE COMPANIES

1. We have audited the attached Consolidated Balance Sheet of **Hindustan Petroleum Corporation Limited**, its Subsidiary Companies and its interests in Joint Venture Companies as at March 31, 2011, the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of **Hindustan Petroleum Corporation Limited's** management and have been prepared by the management on the basis of separate financial statement and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Subsidiary Companies and Joint Ventures, whose financial statements reflect the Group's share of total assets of ₹ 3,710.20 crores as at March 31, 2011, the total revenue of ₹ 7,092.40 crores and cash flows amounting to ₹ 111.77 crores for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the report of the other auditors.
4. We have relied upon the unaudited financial statements of one subsidiary and three joint ventures, which reflects total assets of ₹ 1,098.03 crores as at March 31, 2011 and total revenues of ₹ 250.66 crores and net cash flows amounting to ₹ 53.13 crores for the year ended on that date as considered in the consolidated financial statements.
5. We report that the consolidated financial statements have been prepared by the management of Hindustan Petroleum Corporation Limited in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" and Accounting Standard 27 "Financial Reporting of Interests in Joint Ventures", issued under Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and consolidation of the reports of other auditors on separate financial statements on other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Hindustan Petroleum Corporation Limited, its Subsidiary Companies and its Joint Venture Companies as at March 31, 2011;
 - (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Hindustan Petroleum Corporation Limited, its Subsidiary Companies and its Joint Venture Companies for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Hindustan Petroleum Corporation Limited, its Subsidiary Companies and its Joint Venture Companies for the year ended on that date.

For V. Sankar Aiyar & Co.
Chartered Accountants
Firm No. : 109208w

G. Sankar
Partner
Membership No.46050

Place: New Delhi
Date: 26th May 2011

For Om Agarwal & Co.
Chartered Accountants
Firm No. : 000971c

Thalendra Sharma
Partner
Membership No. 079236



Consolidated Balance Sheet as at 31st March, 2011

		₹ / Crores	
	SCHEDULE	2010-11	2009-10
SOURCES OF FUNDS			
Shareholders' Funds:			
a) Capital	1	339.01	339.01
b) Reserves and Surplus	2	12,941.43	11,799.19
		<u>13,280.44</u>	<u>12,138.20</u>
Share Application Money Pending Allotment		1.24	138.69
Loan Funds:			
a) Secured Loans	3	9,167.21	4,089.18
b) Unsecured Loans	4	21,957.31	20,247.20
		<u>31,124.52</u>	<u>24,336.38</u>
Deferred Tax Liability		3,243.14	1,912.31
(₹ 47.49 Crores (2009-10 : ₹ 104.34 Crores) towards share of jointly controlled entities)			
Minority Interest		0.98	2.54
TOTAL		<u>47,650.32</u>	<u>38,528.13</u>
APPLICATION OF FUNDS			
Fixed Assets:	5		
a) Gross Block		31,553.95	26,745.84
b) Less: Depreciation		11,936.69	10,502.34
c) Net Block		<u>19,617.26</u>	<u>16,243.50</u>
d) Capital Work-in-Progress	6	12,648.24	8,916.51
		<u>32,265.50</u>	<u>25,160.01</u>
Investments	7	8,117.50	9,617.15
Current Assets, Loans and Advances:			
a) Inventories	8	17,324.10	13,104.96
b) Sundry Debtors	9	3,157.73	2,703.26
c) Cash and Bank Balances	10	751.62	802.94
d) Other Current Assets	11	106.01	144.01
e) Loans and Advances	12	7,751.80	5,432.05
		<u>29,091.26</u>	<u>22,187.22</u>
Less:			
Current Liabilities and Provisions:	13		
a) Liabilities		20,025.40	16,311.87
b) Provisions		1,838.49	2,125.32
		<u>21,863.89</u>	<u>18,437.19</u>
Net Current Assets		7,227.37	3,750.03
Miscellaneous Expenditure to the extent not written off or adjusted		39.95	0.94
(₹ 39.21 Crores (2009-10 : ₹ 0.09 Crores) towards share of jointly controlled entities)			
TOTAL		<u>47,650.32</u>	<u>38,528.13</u>
NOTES FORMING PART OF CONSOLIDATED ACCOUNTS	20		

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director-Finance

For V SANKAR AIYAR & CO.
Chartered Accountants
Firm No. 109208w

For OM AGARWAL & CO.
Chartered Accountants
Firm No. 000971c

SHRIKANT M. BHOSEKAR
Company Secretary

G. SANKAR
Partner
Membership No. 46050

THALENDRA SHARMA
Partner
Membership No. 079236

Date : 26th May, 2011
Place : New Delhi

Hindustan Petroleum Corporation Limited

Consolidated Profit and Loss Account for the year ended 31st March, 2011

		₹/Crores	
	SCHEDULE	2010-11	2009-10
INCOME			
Sale of Products		138,509.38	113,163.38
Less: Excise duty Paid		9,743.15	7,985.45
Net Sales		128,766.23	105,177.93
Recovery under Subsidy Schemes		9,726.52	6,289.95
Other Income	14	1,507.57	1,833.81
		140,000.32	113,301.68
INCREASE / (DECREASE) IN INVENTORY	15	3,583.76	3,293.65
EXPENDITURE AND CHARGES			
Purchase of Products for resale		85,540.71	62,681.93
Raw materials consumed		44,873.56	41,227.85
Packages consumed		156.48	150.23
Excise duty on inventory differential		283.31	339.67
Transshipping Expenses		2,886.51	2,653.56
Payments to and provisions for Employees	16	2,064.57	1,642.82
Exploration Expenses		96.58	256.98
Other Operating Expenses	17	2,620.41	3,041.14
Depreciation/ Amortisation		1,498.02	1,250.54
Borrowing Cost	18	910.49	932.13
Miscellaneous Expenditure written off		0.26	1.53
		140,930.90	114,178.38
Profit for the year before prior period Adjustments and Taxes		2,653.18	2,416.95
Prior Period Debits / (Credits) (Net)	19	32.80	(3.86)
PROFIT BEFORE TAXES		2,620.38	2,420.82
Provision for Current Taxation		595.48	660.71
MAT Credit Entitlement		(91.99)	-
Provision for Deferred Taxation (Net)		334.11	225.89
Provision for Taxation in earlier years written back		(1.43)	0.00
Provision for Current/Deferred Taxation of earlier years provided		82.17	57.72
Provision for Fringe Benefit Tax		(0.00)	0.01
PROFIT AFTER TAXES		1,702.04	1,476.48
Less : Share of Minority Interest		(1.56)	(0.14)
PROFIT AFTER TAX AND MINORITY INTEREST		1,703.60	1,476.62
Balance brought forward		9,292.93	8,519.57
Total Income includes ₹ 5,017.08 crores (2009-10 : ₹ 3,983.77 crores) share of jointly controlled entities			
Total Expenditure includes ₹ 5,000.58 crores (2009-10 : ₹ 3,764.88 crores) share of jointly controlled entities			
PROFIT AVAILABLE FOR APPROPRIATION		10,996.53	9,996.19
APPROPRIATED FOR:			
General Reserve		160.32	136.78
Debenture Redemption Reserve		176.15	86.40
Proposed Final Dividend		474.08	406.35
Tax on Distributed Profits		83.55	73.73
BALANCE CARRIED FORWARD		10,102.43	9,292.93
EARNINGS PER SHARE (in ₹)		50.31	43.61
(2010-11 : EPS = Net Profit - ₹ 1,703.60 crores / Weighted avg. no. of shares - 33.86 crores)			
(2009-10 : EPS = Net Profit - ₹ 1,476.62 crores / Weighted avg. no. of shares - 33.86 crores)			
(Face value of each share : ₹ 10)			
NOTES FORMING PART OF CONSOLIDATED ACCOUNTS	20		

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director-Finance

For V SANKAR AIYAR & CO.
Chartered Accountants
Firm No. 109208w

For OM AGARWAL & CO.
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SHRIKANT M. BHOSEKAR
Company Secretary

G. SANKAR
Partner
Membership No. 46050

THALENDRA SHARMA
Partner
Membership No. 079236

Date : 26th May, 2011
Place : New Delhi

Schedules forming part of the Consolidated Balance Sheet

	₹/Crores	
	2010-11	2009-10
1. CAPITAL		
A. Authorised:		
75,000 Cumulative Redeemable Preference Shares of ₹ 100 each	0.75	0.75
34,92,50,000 Equity Shares of ₹ 10 each	349.25	349.25
	<u>350.00</u>	<u>350.00</u>
B. Issued, Subscribed & Called up :		
33,93,30,000 Equity Shares of ₹ 10 each fully paid up	339.33	339.33
Less: 7,02,750 Shares Forfeited during the year	(0.70)	(0.70)
33,86,27,250 equity shares of ₹ 10 each fully paid up	<u>338.63</u>	<u>338.63</u>
Less: Calls unpaid by Others	-	-
Add: Shares Forfeited (money received)	0.39	0.39
	<u>339.01</u>	<u>339.01</u>
Preference Shares	-	-
	<u>339.01</u>	<u>339.01</u>
2. RESERVES AND SURPLUS		
Share Premium Account		
As per last Balance Sheet	1,098.46	1,098.45
Add : Premium Adjusted	-	-
Add : Received During the Year	-	-
Less : Calls Unpaid	-	-
	<u>1,098.46</u>	<u>1,098.45</u>
(₹ 55.31 Crores (2009-10 : ₹ 55.32 Crores) towards share of jointly controlled entities)		
Capital Grant		
As per Last Balance Sheet	4.17	4.36
Less: Amortised during the year	(0.19)	(0.19)
	<u>3.98</u>	<u>4.17</u>
(₹ NIL (2009-10 : ₹ NIL) towards share of jointly controlled entities)		
Capital Reserve	0.08	0.08
(₹ 0.08 Crores (2009-10 : ₹ 0.08 Crores) towards share of jointly controlled entities)		
Market Development Reserve	1.40	1.40
(₹ 1.40 Crores (2009-10 : ₹ 1.40 Crores) towards share of jointly controlled entities)		
General Reserve		
As per last Balance Sheet	1,249.67	1,142.14
Add : Adjustments for Dividend	62.55	36.84
Add :Transfer from Profit & Loss Account	<u>160.32</u>	<u>136.78</u>
	<u>1,472.54</u>	<u>1,315.76</u>
(₹ 59.18 Crores (2009-10 : ₹ 56.29 Crores) towards share of jointly controlled entities)		
Debenture Redemption Reserve		
As per last balance sheet	86.40	-
Add:Transfer to Profit & Loss Account	<u>176.15</u>	<u>86.40</u>
	<u>262.54</u>	<u>86.40</u>
(₹ NIL (2009-10 : ₹ NIL)towards share of jointly controlled entities)		
Profit & Loss Account Surplus as per Account annexed	<u>10,102.43</u>	<u>9,292.93</u>
	<u>12,941.43</u>	<u>11,799.19</u>

Hindustan Petroleum Corporation Limited

Schedules forming part of the Consolidated Balance Sheet

	₹ /Crores	
	2010-11	2009-10
3. SECURED LOANS		
7.35% Non Convertible Debentures	1,000.00	1,000.00
7.70% Non Convertible Debentures	1,000.00	-
Collateral Borrowing and Lending Obligation (CBLO)	990.00	250.00
Overdrafts from Banks	667.68	125.88
Rupee Term Loan	24.21	24.21
Term Loan from Canara Bank	17.15	0.00
Term Loan from Corporation Bank	10.29	0.00
Long Term Loans from Banks	78.77	91.38
UBI - Sugauli & Lauriya Project	289.92	0.00
Foreign Currency Loan	0.00	242.01
Zero Coupon Bonds	23.70	29.11
Secured Loan from Banks	4.48	0.32
Others	5,061.01	2,326.28
	9,167.21	4,089.18
(₹ 5,219.61 Crores (2009-10 : ₹ 2,713.31 Crores) towards share of jointly controlled entities)		
4. UNSECURED LOANS		
Fixed Deposits	0.02	0.02
From Oil Industry Development Board	751.75	548.00
Commercial Paper	400.00	2,850.00
Clean Loans	6,025.00	7,975.00
Syndicated Loans from Foreign Banks	4,058.37	2,012.87
Short Term Loans From Banks	9,992.55	4,148.60
Sales Tax Deferment Loan	46.50	46.49
Inter Corporate Deposits	500.00	2,483.13
Others	183.12	183.08
	21,957.31	20,247.20
(₹ 593.81 Crores (2009-10 : ₹ 320.71 Crores) towards share of jointly controlled entities)		

Schedules forming part of the Consolidated Balance Sheet

5. FIXED ASSETS.

(₹ / Crores)

Description	Gross Block at cost as at 01-04-2010	Additions/ Reclassifications	Deductions/ Reclassifications	Gross Block at cost as at 31-03-2011	Depreciation and Amortisation for the Year 2010-2011	Total Depreciation and Amortisation upto 31-03-2011	Net Block as at 31-03-2011	Net Block as at 31-03-2010
A. OTHER THAN TANGIBLE ASSETS								
1. Land -Freehold	633.93	49.98	-	683.91	-	-	683.91	633.92
2. Roads and Culverts	1276.60	276.80	18.61	1,534.79	22.69	137.32	1,397.47	1,165.55
3. Buildings	2302.53	362.55	6.38	2,658.70	53.15	370.21	2,288.49	1,973.92
4. Leasehold Property - Land	385.81	104.02	-	489.83	11.91	64.65	425.17	333.07
5. Railway Siding & Rolling Stock	292.01	2.73	7.73	287.01	12.81	172.46	114.55	126.41
6. Plant & Machinery	20,916.35	4,064.57	147.03	24,833.91	1,326.61	10,711.23	14,122.68	11,478.43
7. Furniture, Fixtures & Office/Laboratory Equipment	591.10	86.74	17.77	660.07	46.98	295.98	364.09	331.13
8. Transport Equipment	155.10	10.96	4.35	161.71	14.35	81.58	80.14	84.01
9. Unallocated Capital Expenditure on Land Development	2.41	1.06	-	3.47	-	0.20	3.27	2.21
10. Share of FA in JVs - ONGC	-	-	-	-	-	-	-	-
Marginal Fields (PI 50%)	4.93	-	-	4.93	0.07	0.27	4.66	4.17
Project Sanganpur (PI 50%)	3.36	0.00	-	3.36	0.01	0.04	3.32	3.33
TOTAL(A)	26,564.15	4,959.41	201.87	31,321.69	1,488.57	11,833.95	19,487.74	16,136.15
B. INTANGIBLE ASSETS								
1. Right of Way	20.73	23.29	-	44.02	-	-	44.02	20.73
2. Technical / Process Licenses	33.83	16.39	-	50.22	3.34	11.88	38.24	25.29
3. Software	125.77	10.92	0.04	136.65	25.25	90.82	45.83	60.01
TOTAL (B)	180.33	50.60	0.04	230.89	28.59	102.70	128.19	106.03
Sub TOTAL (A+B)	26,744.47	5,010.01	201.91	31,552.58	1,517.17	11,936.65	19,615.93	16,242.18
Held for Disposal (C)	1.37	-	0	1.37	-	0.04	1.33	1.32
Grand Total (A+B+C)	26,745.84	5,010.01	201.91	31,553.95	1,517.17	11,936.69	19,617.26	16,243.50
Previous Year	21,949.61	4,847.53	53.31	26,745.84	1,257.77	10,502.34	16,243.50	

(Includes ₹ 874.85 Crores (2009-10 : ₹ 930.27 Crores) towards share of jointly controlled entities)

Hindustan Petroleum Corporation Limited

Schedules forming part of the Consolidated Balance Sheet

	₹ / Crores	
	2010-11	2009-10
6. CAPITAL WORK-IN-PROGRESS (AT COST)		
Unallocated Capital Expenditure and Materials at Site	10,607.70	7,845.26
Advances for Capital Expenditure	493.21	198.49
Capital Stores	175.72	77.21
Capital Stores lying with Contractors	130.05	165.41
Capital goods in transit	3.02	4.43
	11,409.70	8,290.80
Construction period expenses pending apportionment (net of recovery)	887.34	358.64
Establishment charges	109.38	90.58
Interest	241.80	169.66
Other Borrowing Cost	0.00	6.81
Depreciation	0.02	0.02
	1,238.54	625.71
	12,648.24	8,916.51
(₹ 8,344.61 Crores (2009-10 : ₹ 4,828.42 Crores) towards share of jointly controlled entities)		
7. INVESTMENTS		
I. LONG TERM INVESTMENTS (AT COST):		
A. TRADE INVESTMENTS		
Quoted		
1. 7.00% Oil Companies Government of India Special Bonds 2009	4.62	4.62
2. 6.90% Oil Companies Government of India Special Bonds 2026*	3,500.00	3,500.00
3. Oil India Ltd.	561.76	561.76
Unquoted		
1. Prize Petroleum Co. Ltd. (8% Cumulative Convertible Preference Shares of ₹ 10 each, ₹ 8.60 paid up) (₹ 6.70 each paid up for 2009-10)	21.50	16.75
2. Shell MRPL Aviation Fuels & Services Ltd.	-	2.54
3. Petronet India Ltd. Less : Provision for Diminution	16.00 (16.00)	16.00 (16.00)
TOTAL(A)	4,087.88	4,085.67
B. OTHER INVESTMENTS		
Quoted		
1. Government Securities of the face value of ₹ 0.02 crores (2009-10 : ₹ 0.02 crores) Deposited with Others On hand (₹ 25,000/-)	0.02 -	0.02 -
2. Scooters India Ltd. 10,000 Equity Shares of ₹ 10 each fully paid up	0.01	0.01
Unquoted		
1. Government Securities of the face value of ₹ 0.24 lakhs (2009-10 : ₹ 0.24 lakhs) Deposited with Others - ₹ 0.10 lakhs (2009-10 : ₹ 0.10 lakhs) On hand - ₹ 0.14 lakhs (2009-10 : ₹ 0.14 lakhs)	0.00 0.00	0.00 0.00
2. East India Clinic Ltd. 1/2% Debentures of face value of ₹ 0.15 lakhs (2009-10 : ₹ 0.15 lakhs) 5% Debentures of face value of ₹ 0.07 lakhs (2009-10 : ₹ 0.07 lakhs)	0.00 0.00	0.00 0.00
3. Shushrusha Citizen Co-operative Hospital Limited 100 Equity Shares of ₹ 100 each fully paid up ₹ 0.10 lakhs (2009-10 : ₹ 0.10 lakhs)	0.00	0.00
4. Petroleum India International (AOP) Contribution towards Seed Capital	5.00	5.00
TOTAL (B)	5.03	5.03
TOTAL LONG TERM INVESTMENTS	4,092.91	4,090.70
Less: Provision for loss on Investments** - ₹ 0.14 lakhs	-	-
TOTAL : I	4,092.91	4,090.70
** Includes ₹ 0.14 lakhs (2009-10 : ₹ 0.14 lakhs) not in the possession of the Company		

Schedules forming part of the Consolidated Balance Sheet

	₹ / Crores	
	2010-11	2009-10
II. CURRENT INVESTMENTS (at Cost or Fair Value whichever is lower)		
A. TRADE INVESTMENTS		
Quoted		
i. 7.47% Oil Marketing Companies' GOI Special Bonds, 2012	9.98	10.00
ii. 7.61% Oil Marketing Companies' GOI Special Bonds, 2015	5.10	5.12
iii. 8.20% Oil Marketing Companies' GOI Special Bonds, 2024	1,284.46	1,292.64
iv. 6.90% Oil Marketing Companies' GOI Special Bonds, 2026	23.14	80.00
v. 8.00% Oil Marketing Companies' GOI Special Bonds, 2026	23.65	23.76
vi. 6.35% Oil Marketing Companies' GOI Special Bonds, 2024	2,664.36	3,846.85
TOTAL (A)	4,010.69	5,258.36
B. NON TRADE (UNQUOTED) INVESTMENTS		
Unquoted		
Investments in Units of UTI		
i). UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment (515427.500 units @ ₹ 1019.4457; 2009-10 : 2180705.98 units @ ₹ 1019.4457)	8.91	37.69
ii) UTI Treasury Advantage Fund : Institutional Plan (Current year : NIL; For 2009-10 : 13587803.44 units @ ₹ 1000.2141)	-	230.39
iii) UTI CASH DDR (Current Year 288271.703 units @ ₹ 1019.4457; Previous Year Nil Units)	4.98	-
TOTAL (B)	13.89	268.08
TOTAL : II	4,024.59	5,526.44
TOTAL INVESTMENTS (I + II)	8,117.50	9,617.15
* Pledged with Clearing Corporation of India Limited against CBLO Loan		
(₹ 18.51 Crores (2009-10 : ₹ 1,623.66 Crores) towards share of jointly controlled entities)		
8. INVENTORIES		
Raw Materials	3,505.57	2,885.19
Finished Products	11,847.68	9,143.35
Stock in Process	1,734.92	855.38
Packages	12.39	8.76
	17,100.55	12,892.68
Stores and Spares	223.55	212.28
	17,324.10	13,104.96
(₹ 699.34 Crores (2009-10 : ₹ 525.74 Crores) towards share of jointly controlled entities)		
9. SUNDRY DEBTORS : (Unsecured)		
Over six months :		
Considered good	131.61	97.73
Considered doubtful	125.45	91.71
Others :		
Considered good	3,049.83	2,629.79
Considered doubtful	0.35	0.29
	3,307.24	2,819.52
Less: Provision for Doubtful Debts	(149.51)	(116.26)
	3,157.73	2,703.26
(₹ 503.36 Crores (2009-10 : ₹ 265.92 Crores) towards share of jointly controlled entities)		

Hindustan Petroleum Corporation Limited

Schedules forming part of the Consolidated Balance Sheet

	₹ / Crores	
	2010-11	2009-10
10. CASH AND BANK BALANCES		
Cash on hand	1.70	3.13
Cash & Cheques Awaiting Deposit	5.81	3.94
With Scheduled Banks:		
On Current Accounts	131.44	273.92
On Non-operative Current Accounts	0.01	0.01
On Fixed Deposit Accounts	612.58	521.84
With Others:		
In Current Account with Municipal Co-operative Bank Ltd. (maximum balance during the year ₹ 0.13 crores ; 2009-10 : ₹ 0.17 crores)	0.08	0.11
	<u>751.62</u>	<u>802.94</u>
(₹ 637.50 Crores (2009-10 : ₹ 553.03 Crores) towards share of jointly controlled entities)		
11. OTHER CURRENT ASSETS		
Interest accrued on Bank Deposits and Investments	<u>106.01</u>	<u>144.01</u>
(₹ 7.50 Crores (2009-10 : ₹ 20.20 Crores) towards share of jointly controlled entities)		
12. LOANS AND ADVANCES		
Secured, considered good :		
Advances recoverable in cash or in kind or for value to be received	371.88	363.37
Interest Accrued thereon	161.94	154.58
Unsecured, considered good :		
Advances recoverable in cash or in kind or for value to be received	150.64	166.09
Balances with Excise, Customs, Port Trust etc.	653.71	337.42
Advance Tax (Net)	3.25	-
Advance FBT	0.00	-
Other Deposits	307.29	270.77
Prepaid Expenses	26.92	102.42
Amounts recoverable under Subsidy Schemes	4,466.90	3,041.09
Inter Corporate Deposit	0.00	(16.87)
Advance towards Equity	40.19	196.15
Share Application Money Pending Allotment	3.73	3.73
MAT Credit Entitlement	501.35	0.00
Other Accounts Receivable	1,064.00	813.23
Unsecured, considered doubtful :		
Accounts Receivable & Deposits	<u>3.94</u>	<u>3.54</u>
	<u>7,755.74</u>	<u>5,435.59</u>
Less : Provision for Doubtful Receivables	<u>(3.94)</u>	<u>(3.54)</u>
	<u>7,751.80</u>	<u>5,432.05</u>
(₹ 669.92 Crores (2009-10 : ₹ 233.58 Crores) towards share of jointly controlled entities)		



Schedules forming part of the Consolidated Balance Sheet

	₹ / Crores	
	2010-11	2009-10
13. CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors		
i) Total outstanding dues of Micro, Small and Medium Enterprises	2.81	1.82
ii) Total outstanding dues of creditors other than above	10,379.95	9,108.87
Deposits from Dealers/Consumers for LPG Cylinders	4,425.90	3,732.61
Other Deposits	215.52	184.93
Accrued Charges/Credits	69.67	68.23
Interest accrued but not due on loans	170.20	79.99
Interest accrued and due on Debentures	0.00	0.01
Preference share capital redeemed remaining unclaimed/uncashed	0.01	0.01
Unclaimed Dividend	4.47	4.74
Unpaid Matured Debentures / fixed deposits	0.00	0.07
Other Liabilities	4,756.87	3,130.59
	20,025.40	16,311.87
B. Provisions		
Provision for Tax (Net)	(74.53)	559.02
Proposed Dividend	474.10	406.35
Provision for Gratuity / Pension	100.45	156.28
Provision for Other Long Term Benefits	707.47	489.23
Provision for Other Employee Benefits	547.23	440.53
Provision for Fringe Benefit Tax	0.12	0.18
Tax on Distributed Profits	83.65	73.73
Other Provisions	0.00	0.00
	1,838.49	2,125.32
	21,863.89	18,437.19

(₹ 2167.18 Crores (2009-10 : ₹ 1841.69 Crores) towards share of jointly controlled entities)

Hindustan Petroleum Corporation Limited

Schedules forming part of the Consolidated Profit & Loss Account

	₹ / Crores	
	2010-11	2009-10
14. OTHER INCOME		
Interest (Gross):		
On Investments		
- Long Term	242.00	241.82
- Short Term	343.11	457.87
On Deposits	9.13	8.21
On Staff Loans	18.79	15.39
On Customers' Accounts	24.40	54.28
On Others	73.96	65.89
	<u>711.39</u>	<u>843.47</u>
Dividends	25.36	15.58
Share of Profit from Petroleum India International (AOP)	0.02	0.62
Rent Recoveries	70.80	61.59
Exchange rate variation (Net)	323.09	595.56
Profit on sale of Fixed Assets (Net)	0.00	1.69
Miscellaneous Income	376.91	315.30
	<u>796.18</u>	<u>990.33</u>
	<u>1,507.57</u>	<u>1,833.81</u>
15. INCREASE / (DECREASE) IN INVENTORY		
Closing Stock:		
Stock in Process	1,734.92	855.38
Finished Products	11,847.68	9,143.46
	<u>13,582.60</u>	<u>9,998.84</u>
Less: Opening Stock:		
Stock in Process	855.38	350.50
Finished Products	9,143.46	6,354.69
	<u>9,998.84</u>	<u>6,705.19</u>
	<u>3,583.76</u>	<u>3,293.65</u>
16. PAYMENTS TO AND PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, etc.	1,324.60	1,166.06
Contribution to Provident Fund	409.21	79.02
Pension, Gratuity etc.	105.76	142.77
Retirement Benefits	0.00	0.02
Employee Welfare Expenses	225.00	254.95
	<u>2,064.57</u>	<u>1,642.82</u>
17. OTHER OPERATING EXPENSES		
Consumption of Stores, Spares and Chemicals	125.04	182.20
Power and Fuel	3,083.50	2,695.61
Less : Fuel of own production consumed	(2,736.40)	(2,441.73)
	<u>347.10</u>	<u>253.88</u>
Repairs and Maintenance - Buildings	28.13	40.06
Repairs and Maintenance - Plant & Machinery	519.96	438.35
Repairs and Maintenance - Other Assets	118.69	99.04
Insurance	26.93	23.90
Rates and Taxes	70.28	61.99
Irrecoverable Taxes and Other Levies	173.38	123.55
Equipment Hire Charges	3.04	6.22
Rent	144.84	139.53

Schedules forming part of the Consolidated Profit & Loss Account

	₹ / Crores	
	2010-11	2009-10
Travelling and Conveyance	116.76	99.04
Printing and Stationery	12.73	10.90
Electricity and Water	276.73	226.62
Charities and Donations	19.72	15.19
Loss on Sale/ write off of Fixed Assets/ CWIP	14.58	0.17
Stores & Spares written off	3.74	1.82
Provision for Diminution in value of Current Investments	(238.33)	703.73
Loss on Sale of Current Investment	235.14	56.75
Provision for Investments	-	-
Provision for Doubtful Debts and write-off / back	38.23	23.37
Provision for Doubtful Receivables	-	-
Provision for assets under reconciliation no longer required	-	-
Security Expenses	75.47	66.96
Advertisement & Publicity	92.77	104.64
Consultancy and Technical Charges	34.52	27.23
Sundry Expenses and Charges (Not otherwise classified)	380.96	336.01
	<u>2,620.41</u>	<u>3,041.14</u>
18. BORROWING COST		
Interest on :		
Long Term Loans	63.61	35.62
Short Term Loans	578.74	854.23
Overdraft from Banks	42.15	4.29
Fixed Deposits	12.92	15.55
Others	213.07	22.44
	<u>910.49</u>	<u>932.13</u>
19. PRIOR PERIOD DEBITS/(CREDITS)		
Repairs and Maintenance - Plant & Machinery	0.31	0.00
Expenditure on Enabling Assets	13.64	0.00
Raw Material consumed	0.15	(4.70)
Depreciation	19.15	3.67
Finance Cost	0.00	(2.66)
Adjustment relating to earlier years	0.00	0.05
Sales	(0.32)	(0.22)
Miscellaneous Expenses	(0.12)	0.00
	<u>32.80</u>	<u>(3.86)</u>

Hindustan Petroleum Corporation Limited

Notes forming part of the Consolidated Financial Statements

20. Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2011

1. Basis of preparation

The consolidated financial statements relates to Hindustan Petroleum Corporation Limited, its subsidiary companies and its interest in Joint Ventures, in the form of jointly controlled entities.

The Company has prepared consolidated financial statements in accordance with Accounting Standard - 21 (Consolidated Financial Statements) and Accounting Standard - 27 (Reporting for Financial Interest in Joint Ventures).

2. Principles of Consolidation

- (i) The Financial Statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, the intra group balances and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated. The share of Minority Interest in the Subsidiaries has been disclosed separately in the Consolidated Financial Statements.
- (ii) The financial statements of Joint Ventures have been combined by applying proportionate consolidation method on a line-by-line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses.

3. Companies included in Consolidation

Subsidiary

HPCL Biofuels Limited

CREDA-HPCL Biofuel Limited

Joint Ventures

HPCL - Mittal Energy Limited

Hindustan Colas Limited

South Asia LPG Co. Pvt. Limited

Prize Petroleum Company Limited

Mangalore Refinery and Petrochemicals Limited

Bhagyanagar Gas Limited

Petronet India Limited*

Petronet MHB Limited

Aavantika Gas Limited

%Holding

100.00

74.00

49.00

50.00

50.00

50.00

16.95

25.00

16.00

28.77

25.00

*Proportionate consolidation in respect of Investments in Petronet India Limited has been discontinued in the preparation of Consolidated Financial Statements as the management has provided for full diminution in the Value of Investment during the financial year 2006-07.

4. During the current financial year 2010-11, ONGC and GAIL offered discount on prices of crude, PDS SKO and Domestic LPG purchased from them. Accordingly, the Corporation has accounted the discount as under :

- (a) ₹ 1,378.15 crores (2009-10 : ₹ 796.00 crores) discount received on purchase of PDS SKO and Domestic LPG from ONGC and GAIL has been adjusted against Purchase of Product for Resale.
- (b) ₹ 5,259.40 crores (2009-10 : ₹ 2,451.14 crores) discount received on Crude Oil purchased from ONGC has been adjusted against Raw Material Cost.

Notes forming part of the Consolidated Financial Statements

5. In principle approval of Government of India for Budgetary Support amounting to ₹ 8,976.28 crores (2009-10: ₹ 5,563.13 crores), has been received and the same has been accounted under 'Recovery under Subsidy Schemes'.

6. a) Considering the uncertainties attached to certain benefits under the Income Tax Act, the Corporation has been continuing to account for such tax benefits in the year they are allowed in the Appeals/Assessments. Further, where issues are strong on merits/covered by favourable decisions, tax has not been provided for.

Accordingly, upon receipt of Appellate Orders (for the assessment years 2006-07 & 2007-08) and Assessment Order (for the assessment year 2008-09) during the year, the Corporation has reversed provision for tax/deferred tax amounting to ₹ 271.39 Crores (2009-10: Additional provision of ₹ 57.51 Crores) after duly considering MAT Credit, available for set off u/s 115JAA of the Income Tax Act, 1961.

- b) For the assessment years 2009-10 & 2010-11, a further provision of tax/deferred tax amounting to ₹ 46.26 Crores (2009-10: ₹ Nil) is made after duly considering MAT Credit, available for set off u/s 115JAA of the Income Tax Act, 1961. Deferred Tax provision at the beginning of the year is reassessed and ₹ 307.30 Crores has been provided for.

- c) MAT Credit Entitlement consists of ₹ 409.36 crores towards earlier years and ₹ 91.51 crores in current year, arising primarily on account of higher depreciation considered in Return of Income is shown under Loans & Advances.

7. Significant Accounting Policies and additional information:

The significant accounting policies have been set out in the notes to accounts of the parent company, Hindustan Petroleum Corporation Limited. Additional information not impacted by consolidation is also set out in the notes to the accounts of the parent company.

As far as possible, the consolidated financial statements are prepared using uniform accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.

8. Figures pertaining to the Subsidiary Companies/Joint Ventures have been reclassified, wherever necessary, to conform to the Company's Financial Statements.

9. Related Party disclosure:

Particulars	₹ / Crores	
	2010-11	2009-10
Sales	41.65	27.87
Purchases	1.07	3.71
Investment in Equity	-	-
Advance towards equity	5.36	6.83
Other Advances	-	0.02
Services rendered / (received)	5.04	3.15
Others	1.89	1.61

The above information does not include disclosure for transactions with GAIL which is a related party to the joint ventures as GAIL is a state-controlled enterprise.

The names of parties are as follows:

Joint Venture Companies:

Mittal Energy Investment Pte. Ltd. (MEI), Oil and Natural Gas Corporation Limited, Gas Authority of India Limited, ONGC Mangalore Petrochemicals Limited, Shell MRPL Aviation Fuels & Services Pvt. Limited, Mangalam Retail

Hindustan Petroleum Corporation Limited

Notes forming part of the Consolidated Financial Statements

Services Limited, Mangalore Special Economic Zone, Total Gas Power India (TGPI), France, Total Project India Private Limited, Hydrocarbon Resources Development Pvt. Company Ltd., Jai Prakash Associates Limited., Trenergy, Malaysia, Valdel Oil & Gas Private Limited, COLASIE SA, France, COLAS SA, France, Chattisgarh State Renewable Energy Development Agency

Key Management Personnel:

Shri Arun Balakrishnan, Chairman & Managing Director (till 31/07/2010)

Shri S Roy Choudhury, Chairman and Managing Director(w.e.f. 01/08/2010)

Shri S Roy Choudhury, Director – Marketing (till 31/07/2010)

Dr. V. Vizia Saradhi, Director- Human Resources

Shri B. Mukherjee, Director - Finance

Shri K. Murali, Director - Refineries

Shri U. K. Basu, Managing Director

Shri P P Nadkarni, Managing Director

Shri M. R. Pasrija, Managing Director

Shri. Pardeep Madan, Managing Director

Shri L. K. Gupta, Director – Finance (till 31/05/2010)

Shri P P Upadhya, Director Technical (w.e.f. 30/09/2010)

Shri V. Anantharaman, Manager

Shri Sanjeev Malhotra, Manager (till 15/11/2010)

Shri Partha Chakraborty, Manager (w.e.f. 16/11/2010)

Shri Kuldeep Singh Rekhi, Manager (till 25/03/2011)

Shri Arvind Huilgol, Manager (w.e.f. 26/03/2011)

Shri Sanjay Grover, Manager

Shri. B. Rajesh, Chief Executive Officer

Details of remuneration to directors are given in Note 11 (E) of Consolidated Notes to Accounts

10. Employee Benefits:

- Liability towards long term defined employee benefits is determined on actuarial valuation by independent actuaries at the year end by using Projected Unit Credit method. However, in case of few joint venture entities, the liability was recognized based on best estimates.
- In respect of Provident Fund, the contribution for the period is recognized as expense and charged to Profit & Loss account.
- Short term employee benefits are recognized as an expense at an undiscounted amount in the Profit and Loss Account of the year in which the related services are rendered.
- Summarized disclosure on defined benefit plans is given hereunder:

(₹ / Crores)

Particulars	01.04.10	31.03.11	Change
Defined Benefit Obligation (DBO)	925.10	1,226.31	301.21
Fair value of Assets	496.42	673.57	177.15
Amount recognized in the Balance Sheet		555.59	
Total expenses recognized in Profit and Loss Account		285.06	

Notes forming part of the Consolidated Financial Statements

		₹ / Crores	
		2010-11	2009-10
11 A.	Estimated amount of contracts remaining to be executed on Capital Account not provided for **	6,483.58	6,292.02
B.	No provision has been made in the accounts in respect of the following disputed demands/claims since they are subject to appeals/representations and a substantial portion thereof is recoverable from Pool Account		
i.	Income Tax	53.30	4.35
ii.	Sales Tax/Octroi	2,889.58	2,422.60
iii.	Excise/Customs	449.43	275.28
iv.	Land Rentals & Licence Fees	87.74	71.29
v.	Others	79.48	60.56
		<u>3,559.53</u>	<u>2,834.07</u>
C. (I)	Contingent Liabilities not provided for in respect of appeals filed against the Corporation *, **		
i.	Income Tax	0.35	0.13
ii.	Sales Tax/Octroi	17.27	5.42
iii.	Excise/Customs	28.76	36.18
iv.	Employee Benefits/Demands (to the extent quantifiable)	152.73	131.09
v.	Claims against the Corporation not acknowledged as debts	388.87	203.26
vi.	Enhancement of Compensation against land acquired	21.59	20.93
vii.	Service Tax	0.00	0.08
viii.	Navi Mumbai Municipal Corporation Cess	0.02	0.02
ix.	Others	228.28	193.08
		<u>837.87</u>	<u>590.18</u>
	*The Company has not considered those disputed demands/claims as Contingent Liabilities, the outflow of resources for which would be remote.		
	** Share in aggregate of Contingent Liabilities and Capital Commitments of Jointly Controlled Operations :		
	Contingent Liabilities	171.37	182.44
	Capital Commitments	519.68	558.14
C. (II)	Guarantees given		
i.	To Others	297.32	284.53
ii.	On behalf of Subsidiaries/Joint Ventures	149.45	37.78
D.	Payment to Auditors:		
i.	Audit fees	0.31	0.35
ii.	Tax audit fees	0.01	0.01
iii.	Other services	0.16	0.16
iv.	Reimbursement of expenses	0.11	0.04
E.	Managerial Remuneration :		
i.	Salary and Allowances	3.48	2.16
ii.	Contribution to Provident Fund and other funds	0.16	0.13
iii.	Pension and Gratuity	0.08	0.02
iv.	Other benefits	0.76	0.58
F.	Deferred Tax Assets/(Liabilities) arising due to timing differences comprises of:		
	Deferred Tax Assets		
	Provision for Employee Benefits	275.33	211.84
	Others	(182.53)	293.97
	Total (A)	<u>92.80</u>	<u>505.81</u>
	Deferred Tax Liabilities		
	Depreciation	3,318.12	2,407.56
	Others	17.81	10.56
	Total (B)	<u>3,335.94</u>	<u>2,418.12</u>
	Deferred Tax Asset/(Liability)	<u>(3,243.14)</u>	<u>(1,912.31)</u>

Deferred Tax Assets (Others) includes proportionate share of deferred tax assets on account of unabsorbed depreciation/losses which have been recognised based on the virtual certainty assessment by the managements of certain subsidiaries/joint ventures.

Hindustan Petroleum Corporation Limited

Notes forming part of the Consolidated Financial Statements

G. Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2011 is as under :

₹ / Crores

	2010-11			2009-10		
	Downstream Petroleum	Exploration & Production	Total	Downstream Petroleum	Exploration & Production	Total
Revenue						
External Revenue	139,263.55	-	139,263.55	112,442.01	-	112,442.01
Inter-segment Revenue	-	-	-	-	-	-
Total Revenue	139,263.55	-	139,263.55	112,442.01	-	112,442.01
Result						
Segment Results	2,920.29	(96.58)	2,823.71	3,506.87	(256.98)	3,249.89
Less: Unallocated Expenses						
Net of unallocated Income	-	-	-	-	-	-
Operating Profit	2,920.29	(96.58)	2,823.71	3,506.87	(256.98)	3,249.89
Less:						
Interest Expenditure			910.49			932.13
Provision for diminution in investments			(238.33)			703.73
Loss on Sale of Investments			235.14			56.75
Add:						
Interest/Dividend (Including Share of profit from PII)			736.77			859.67
Provision for diminution in Investments written back			-			-
Prior year (Expenses) / Income			(32.80)			3.86
Profit on Sale of Investments			-			0.00
Profit before Tax			2,620.38			2,420.82
Less: Taxes (including Deferred Tax / FBT)			918.33			944.34
Profit after Tax			1,702.05			1,476.48
Other Information						
Segment Assets	60,639.98	33.03	60,673.01	46,452.13	33.26	46,485.39
Unallocated Corporate Assets			8,841.20			10,479.93
Total Assets			69,514.21			56,965.32
Segment Liabilities	20,698.28	507.59	21,205.88	16,898.30	414.79	17,313.09
Unallocated Corporate Liabilities			34,475.93			27,511.48
Total Liabilities			55,681.81			44,824.57
Capital Expenditure	4,376.42	33.03	4,409.45	3,106.32	33.26	3,139.58
Depreciation	1,517.17		1,517.17	1,254.21		1,254.21
Non cash expenses excluding depreciation			0.00			

Notes:

- The Group is engaged in the following business segments:
 - Downstream i.e. Refining and Marketing of Petroleum Products
 - Exploration and Production of Hydrocarbons
 Segments have been identified taking into account the nature of activities and the nature of risks and returns.
 - Segment Revenue comprises the following:
 - Turnover (Net of Excise Duties)
 - Subsidy from Government of India
 - Net Claim/(surrender to) PPAC/GOI
 - Other income (excluding interest income, dividend income and investment income)
 - There are no geographical segments.
12. Previous year's figures have been regrouped/reclassified wherever necessary.



Consolidated Cash Flow Statement for the year ended 31st March, 2011

	₹ / Crores	
	2010-11	2009-10
A. Cash Flow From Operating Activities		
Net Profit before Tax & Extraordinary items	2,620.38	2,420.82
Adjustments for :		
Depreciation / Amortisation	1,498.02	1,250.54
Depreciation (Prior Period)	19.15	3.67
Miscellaneous Expenditure written off	0.26	1.53
Raw Materials Prior Period	0.15	(4.70)
Loss on Sale/write off of Fixed Assets/ CWIP	14.58	(1.52)
Amortisation of capital grant	(0.19)	(0.19)
Spares written off	3.74	1.82
Provision for diminution in investments	(238.33)	703.73
Borrowing Cost	910.49	932.13
Interest Income	(594.24)	(707.90)
Share of Profit from PII	(0.02)	(0.62)
Dividend Received	(25.36)	(15.58)
(Profit)/Loss on sale of Oil bonds	235.14	56.75
Operating Profit before Working Capital Changes	4,443.77	4,640.47
(Increase) / Decrease in Working Capital :		
Trade Receivables	(454.47)	(211.57)
Other Receivables	(2,111.81)	(773.13)
Inventories	(4,223.03)	(3,985.83)
Trade and other Payables	3,892.79	5,514.18
	(2,896.52)	543.65
Cash generated from operations	1,547.26	5,184.12
Direct Taxes / FBT refund / (paid) - (Net)	(722.46)	(491.68)
Cash Flow before extraordinary items	824.79	4,692.44
Extraordinary items	-	-
Net Cash from operating activities (A)	824.79	4,692.44
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets (incl. Capital Work in Progress / excluding interest capitalised)	(8,478.83)	(7,827.14)
Sale of Fixed Assets	(97.40)	(37.68)
Purchase of Investment (Including share application money pending allotment/ Adv. towards Equity)	545.39	(3,075.36)
Misc Expenditure incurred by GGSRL	(39.27)	(1.42)
Sale Proceeds of Oil bonds	1,250.87	5,213.52
Interest received	632.24	749.22
Dividend Received	25.36	15.58
Share of profit from PII	0.02	0.62
Net Cash from investing activities (B)	(6,161.63)	(4,962.65)
C. Cash Flow From Financing Activities		
Proceeds from Calls in Arrear (Net)	0.01	0.00
Share application money received/(paid)	(137.45)	137.45



Hindustan Petroleum Corporation Limited

Consolidated Cash Flow Statement for the year ended 31st March, 2011

	₹ / Crores	
	2010-11	2009-10
Advance towards equity received	0.00	0.00
Long term loans raised	6,045.47	2,076.38
Fixed deposits / debentures repaid	(0.07)	(0.65)
Short term loans raised / (repaid)	200.87	(1,618.86)
Interest Paid on Loans	(884.88)	(399.83)
Dividend paid (including dividend distribution tax)	(480.24)	(215.00)
Net Cash from financing activities (C)	4,743.71	(20.51)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(593.13)	(290.71)
CASH & CASH EQUIVALENTS AS ON 1ST APRIL (OPENING) :		
Cash / Cheques on Hand	7.07	6.32
Balances with Scheduled Banks		
- On Current Accounts	273.92	612.39
- Others	521.85	657.45
Balances with other Banks	0.11	0.11
	802.95	1,276.27
Overdrafts from Banks	(125.88)	(308.49)
	677.07	967.78
CASH & CASH EQUIVALENTS AS ON 31ST MARCH (CLOSING):		
Cash / Cheques on Hand	7.51	7.07
Balances with Scheduled Banks		
- On Current Accounts	131.44	273.92
- Others	612.59	521.85
Balances with other Banks	0.08	0.11
	751.62	802.95
Overdrafts from Banks	(667.68)	(125.88)
	83.94	677.07
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(593.13)	(290.71)

Note: Previous year's figures have been regrouped / reclassified wherever necessary.

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director-Finance

For V SANKAR AIYAR & CO.
Chartered Accountants
Firm No. 109208w

For OM AGARWAL & CO.
Chartered Accountants
Firm No. 000971c

SHRIKANT M. BHOSSEKAR
Company Secretary

G. SANKAR
Partner
Membership No. 46050

THALENDRA SHARMA
Partner
Membership No. 079236

Date : 26th May, 2011
Place : New Delhi



Financial Details of Subsidiaries

		₹/Crores			
Sr. No.	Particulars	HPCL Biofuels Limited		CREDA - HPCL Biofuel Limited	
		2010-11	2009-10	2010-11	2009-10
a.	Capital	205.52	100.00	10.58	10.58
b.	Reserves	(9.87)	(2.74)	(6.82)	(0.81)
c.	Total Assets	593.03	161.42	3.77	9.77
d.	Total Liabilities	593.03	161.42	3.77	9.77
e.	Details of Investment (except in case of investment in subsidiaries)	-	-	-	-
f.	Turnover	-	-	-	-
g.	Profit/ (Loss) before Taxation	(7.14)	(2.73)	(6.00)	(0.55)
h.	Provision for Taxation	0.00	0.00	0.01	0.00
i.	Profit/ (Loss) after Taxation	(7.14)	(2.74)	(6.01)	(0.56)
j.	Proposed Dividend	NIL	NIL	NIL	NIL

Hindustan Petroleum Corporation Limited

Corporate Governance

HPCL lays special emphasis on conducting its affairs within the framework of policies, internal and external regulations, in a transparent manner. Being a Government Company its activities are subject to review by several external authorities like the Comptroller & Auditor General of India (CAG), the Central Vigilance Commission (CVC), and Parliamentary Committees etc.

Disclosures :

Given below is the various information forming part of Corporate Governance disclosures:-

1. BOARD OF DIRECTORS:

1.1 Composition of Board of Directors

Executive Directors including Chairman (Whole-time)	5 *
Non-Executive Govt. Directors (Ex-officio)	2
Non-Executive Independent Directors (Non-official)	3
Total	10

*Including Smt. Nishi Vasudeva appointed effective July 04, 2011.

1.2 Board Meetings:

Seven Board Meetings were held during the Financial Year on the following dates:

26.05.2010	23.07.2010	27.10.2010	12.11.2010
27.01.2011	11.02.2011	25.03.2011	

Corporate Governance

1.3 Particulars of Directors including their attendance at the Board / Shareholders' Meetings

Names of Directors	Academic Qualifications	No. of Board Meetings held	No. of Meetings attended	Attendance at the last AGM	Details of Directorships in Companies	Memberships held in Committees as specified in Clause 49 of the Listing Agreement
FUNCTIONAL DIRECTORS						
Shri S. Roy Choudhury	B.E. (Mech.)	07	07	Yes	1. Hindustan Colas Ltd. 2. HPCL Mittal Energy Ltd. 3. HPCL Mittal Pipelines Ltd. 4. HPCL Biofuels Ltd. 5. Prize Petroleum Ltd. 6. SA LPG Company Pvt. Ltd.	a) Chairman, Audit Committee - HPCL Mittal Pipelines Ltd., Hindustan Colas Ltd. b) Member, Remuneration Committee - HPCL Mittal Energy Ltd., HPCL Mittal Pipelines Ltd.
Dr. V. Vizia Saradhi	B.Sc., Post Graduate in Industrial Relations & Personnel Management	07	07	Yes	1. CREDA-HPCL Biofuel Ltd. 2. Bhagyanagar Gas Ltd. 3. Aavantika Gas Ltd.	a) Member, Investors Grievances Committee - HPCL. b) Member, HR Policies / Remuneration Committee - HPCL
Shri B. Mukherjee	F.C.A.	07	07	Yes	1. Petronet India Ltd. 2. HPCL Mittal Energy Ltd. 3. CREDA-HPCL Biofuel Ltd. 4. HPCL Mittal Services Ltd. 5. HPCL Biofuels Ltd. 6. Hindustan Colas Ltd.	a) Chairman, Audit Committee - HPCL Biofuels Ltd., CREDA-HPCL Biofuel Ltd. b) Member, Audit Committee - HPCL, HPCL Mittal Energy Ltd. c) Member, Investors Grievances Committee - HPCL d) Member, HR Policies / Remuneration Committee - HPCL, Hindustan Colas Ltd.
Shri K. Murali	B.Tech. (Chemical Engg.)	07	05	Yes	1. HPCL - Mittal Energy Ltd. 2. Mangalore Refinery & Petrochemicals Ltd. 3. CREDA HPCL Biofuel Ltd. 4. HPCL Biofuels Ltd.	a) Member, Audit Committee - HPCL Mittal Energy Ltd., CREDA-HPCL Biofuel Ltd., Mangalore Refinery & Petrochemicals Ltd.
Smt. Nishi Vasudeva *	B.A., PGDBM (IIM Kolkata)				1. SA LPG Company Pvt. Ltd.	-
Shri Arun Balakrishnan **	B.E. (Chem)	02	02	No	1. HPCL Mittal Energy Ltd. 2. Hindustan Colas Ltd. 3. Prize Petroleum Co. Ltd. 4. HPCL - Mittal Services Ltd	-
NON-EXECUTIVE DIRECTORS						
(a) PART-TIME (EX-OFFICIO)						
Shri P. K. Sinha	IAS, M.Phil in Social Sciences & Master Diploma in Public Administration	07	03	No	1. Indian Oil Corporation Ltd. 2. Bharat Petroleum Corporation Ltd.	a) Member - Establishment & Remuneration Committee - Indian Oil Corporation Ltd

Hindustan Petroleum Corporation Limited

Corporate Governance

Names of Directors	Academic Qualifications	No. of Board Meetings held	No. of Meetings attended	Attendance at the last AGM	Details of Directorships in Companies	Memberships held in Committees as specified in Clause 49 of the Listing Agreement
Shri L.N. Gupta	IAS, MA (Eco), MBA (Birmingham University)	07	07	No	1. Engineers India Ltd. 2. Indian Strategic Petroleum Reserves Ltd.	-
(b) PART-TIME DIRECTORS (NON-OFFICIO)						
Dr. Gitesh K. Shah	D.Sc. (Organic Chemistry) USA, Ph.D (Organic Chemistry), Gujarat University, M.Sc. (Organic Chemistry) Gujarat University)	07	06	Yes	1. Harita Projects Pvt.Ltd.	a. Chairman - Audit Committee HPCL b. Chairman - Investor Grievance Committee, HPCL c. Member - HR/Remuneration Committee, HPCL
Shri P.V. Rajaraman ***	IAS (Retd) M.Sc. (Physics) M.A. (Mgmt) (Leeds, UK)	01	Nil	N.A.	1. Small Industries Development Bank of India	a. Chairman, Audit Committee - HPCL b. Member - HR Policies/Remuneration Committee - HPCL
Shri Prakash G. Apte ***	Ph.D (Eco.) - Columbia University PGDM-IIM, Calcutta, B.Tech (Mech.) - IIT, Bombay	01	01	N.A.	1. Power Finance Corporation. 2. Bharat Earth Movers Ltd. 3. GMR Infrastructure Ltd. 4. Deposit Insurance & Credit Guarantee Corporation (DICGC) 5. UTI Trustee Co.Pvt.Ltd. 6. National Securities Depository Ltd.	a. Chairman, HR Policies/Remuneration Committee-HPCL b. Member, Audit Committee, HPCL c. Member Investors' Grievance Committee - HPCL
Shri S.K. Roongta ****	B.E. (Hons), Post Graduation in Business Management - International Trade	03	03	N.A.	1. Axis Bank Ltd. 2. The Shipping Corporation of India Ltd. 3. Neyveli Lignite Corpn. Ltd. 4. Jubilant Industries Ltd. 5. ACC Ltd. 6. Jindal Power Ltd. 7. Vedanta Aluminium Ltd.	a. Chairman, HR Policies/Remuneration Committee - HPCL b. Member Audit Committee-HPCL c. Member - Investors' Grievance Committee - HPCL
Shri Anil Razdan ****	IAS, (Retd) L.L.B. B.Sc.(Hons)	03	03	N.A.	1. Bharat Electronics Ltd. 2. Era Infra Engg. Ltd. 3. Green Valley Engery Venture (P) Ltd. 4. Era Khandwa Power Ltd.	a. Member - Audit Committee, HPCL, Bharat ElectronicsLtd. b. Member, HR Policies/Remuneration Committee-HPCL

* Smt. Nishi Vasudeva, appointed as Director (Marketing) effective 04.07.2011.

** Shri Arun Balakrishnan ceased to be in the service of the Corporation effective 31.07.2010 on attaining the age of superannuation.

*** S/Shri P.V. Rajaraman, Prakash G. Apte ceased to be Directors of the Corporation effective 19.07.2010 on completion of their tenure.

**** S/Shri S.K. Roongta and Anil Razdan appointed as Directors effective 10.01.2011.

Corporate Governance

1.4 PROFILES OF DIRECTORS:

Shri S. Roy Choudhury

Shri S. Roy Choudhury is a Mechanical Engineer from the University of Assam. He commenced his career in the Petroleum Industry with Assam Oil Company, Digboi, a subsidiary of Burma Oil Company. Shri S. Roy Choudhury joined HPCL on June 21, 1982 as a Construction Engineer.

He has held various positions in the Company in Refinery, Marketing (Operations), Projects and Sales Division of HPCL. He is well known in the Oil Industry for his knowledge and expertise in the cross Country Pipeline Projects. Before his appointment as C & MD, Shri S. Roy Choudhury was Director - Marketing of HPCL.

Dr. V. Vizia Saradhi

Dr. V. Vizia Saradhi has done Graduation and Post-Graduation in Industrial Relations and Personnel Management from University of Andhra Pradesh. He joined HPCL in December 1979. Before joining HPCL, he had 4 years of experience in M/s. Bharat Heavy Plate & Vessels Ltd.

He has had a wide exposure to the Petroleum Industry over 28 years in Human Resources and Industrial Relations in Refineries, Marketing and Corporate Divisions of HPCL.

Prior to taking over as Director (HR), Dr. V. Vizia Saradhi was Executive Director – Industrial Relations of HPCL.

Shri B. Mukherjee

Shri Bhaswar Mukherjee took charge as Director-Finance of HPCL effective February 01, 2008.

Shri Mukherjee is a fellow Member of the Institute of Chartered Accountants of India. During his career of over 28 years in the Organisation, he has headed several functions in Finance, Internal Audit and Human Resource Development. He has driven the major strategy initiative of Balanced Score Card. He is also a Director on the Board of several Joint Venture/Subsidiary Companies of HPCL.

Shri Bhaswar Mukherjee has been actively participating in various seminars and workshops, both at national and international levels.

Shri K. Murali

Shri K. Murali started his career with erstwhile Caltex Oil Company at Visakhapatnam which was later nationalized and merged with Hindustan Petroleum Corporation Limited.

During his long career spanning more than 30 years with HPCL, he has handled critical positions in the organization. Shri K. Murali has wide experience in refinery operations. He worked at various levels in the refinery positions. He headed both the Refineries of HPCL at Mumbai and Visakhapatnam.

During his tenure as head of Mumbai Refinery, the performance registered improvement in all areas of operations. Low cost de-bottlenecking of units and path breaking decision and making decision to utilize indigenous R&D for commercial application in meeting units capacity and utilization by 20% with concurrent reduction in operation expenses upto 10%, were taken.

As Head of Corporate R&D, development project for HPCL, he had drafted the proposals and strategies which are under implementation. As Director – Refineries of HPCL, he has several plans and ideas to bring in world class competitiveness to both the refineries.

He was instrumental in strategizing and preparation of initial Detailed Project Report of HPCL Joint Venture Refinery in Bhatinda, Punjab.

Ms. Nishi Vasudeva :

Smt. Nishi Vasudeva has been appointed as the Director (Marketing) of Hindustan Petroleum Corporation Ltd effective July 4, 2011. She holds Post Graduate Diploma in Business Management from Indian Institute of Management, Kolkata. She commenced her career in the Petroleum Industry with Engineers India Limited. She has a wide exposure to the Petroleum Industry spanning over 34 years in various streams like Marketing, Corporate, Strategy & Planning, Information System etc. Prior to take over as Director (Marketing) HPCL, Smt. Nishi Vasudeva was the Executive Director-Marketing Co-ordination.

Shri P.K. Sinha

Shri P.K. Sinha, Special Secretary & Financial Advisor, Ministry of Petroleum & Natural Gas, is a Post Graduate from Delhi School of Economics and an IAS officer of U.P. Cadre. Shri P.K. Sinha also holds M.Phil in Social Sciences and Masters Diploma in Public Administration. Shri Sinha has served both in the Central and State Governments, including as District Magistrate of Jaunpur and Agra Districts, Commissioner of Varanasi Division and Principal Secretary, Irrigation, Uttar Pradesh. Shri Sinha has also served in the Ministry of Power, Department of Youth Affairs and Sports in the Central Government before joining the MOP&NG.

Hindustan Petroleum Corporation Limited

Corporate Governance

Shri L N Gupta

Shri L N Gupta has been appointed as a Director in the HPCL Board effective June 25, 2008. Shri L N Gupta is a Joint Secretary (Refineries) in the Ministry of Petroleum and Natural Gas. He is an IAS Officer and has done his M.A. in Economics and MBA from Birmingham University.

He served in the Government of Orissa as Sub Collector, Deogarh, Project Officer, DRDA, Sundergarh, Managing Director, OSTC/Orissa Textile Mills Limited, Choudwar. He has also served as a Deputy Secretary to the Government of India, Department of Personnel and Training, Vice Chairman, Bhubaneswar Development Authority and Administrator, Bhubaneswar Municipal Corporation, Revenue Development Commissioner (Central), Cuttack, Chairman and MD, Orissa Industrial Infrastructure Development Corporation, Commissioner cum Secretary, Department of Steel and Mines, Chairman and MD, Orissa Hydro Power Corporation and Resident Commissioner, Government of Orissa, New Delhi.

Dr. Gitesh K. Shah

Dr. Gitesh K. Shah a Scientist turned Management Expert has been appointed as an Independent Director on the Board of HPCL for a period of three years from December 07, 2009.

Ahmedabad based Dr. Gitesh K. Shah, former Chairman of the Gujarat Alkalies & Chemicals Limited (GACL) did his M.Sc. Ph.D., D.Sc in Organic Chemistry. The world known London based Royal Society of Chemistry honoured Dr. Shah with Chartered Scientist, Chartered Chemist and Fellow of the Royal Society of Chemistry (C.Sci., C.Chem., F.R.S.C.). He is also member of the prestigious Dr. Vikram Sarabhai Award Committee. Dr. Gitesh K. Shah noted Technocrat-Cum-Management Expert has rich experience of 20 years in the field of Petrochemical, Chem-informatics, Bio-informatics and Nano-Technology. He has to his credit 18 research papers in renowned international journals in the field of Chemistry and Nano-Technology. He is Chairman of Harita Projects Private Limited, company engaged in Infrastructure Projects and Nano-Molecules.

Shri S.K. Roongta

Shri S K Roongta joined the HPCL Board as an Independent Director effective January 10, 2011.

Shri Roongta is a Bachelor of Engineering (Hons.) Electrical from BITS, Pilani and also a Gold Medalist in Post Graduate Diploma in Business Management, International Trade from Indian Institute of Foreign Trade (IIFT), New Delhi. Shri Roongta is a Fellow Member of All India Management Association.

Shri Roongta joined Steel Authority of India Limited (SAIL) in 1972 as Executive-Marketing and rose to the position of Chairman, SAIL in August 2006 before super annuating effective May 2010.

Shri Roongta also holds Directorships in Neyveli Lignite Corporation Ltd., Shipping Corporation Ltd., Jubilant Industries Ltd., ACC Ltd., and Vedanta Aluminium Ltd.

Shri Roongta has been associated with various Academic Institutions and Apex Bodies by holding important positions.

Shri Anil Razdan

Shri. Anil Razdan joined the HPCL Board as an Independent Director effective January 10, 2011.

Shri Anil Razdan joined the Indian Administrative Service in 1973. He is an alumnus of St. Stephen's College, Delhi University B.Sc (Hons.) Physics (1965-68) and Faculty of Law, Delhi University for LL.B (1968-71). He has been a Visiting Fellow of the University of Oxford.

Shri Anil Razdan was Secretary to the Government of India, Ministry of Power during 2007-08. He has held various significant assignments in the Government of Haryana, and the energy sector in the Government of India, including that of Additional & Special Secretary with the Ministry of Petroleum & Natural Gas.

As Secretary, Ministry of Power, Government of India, Shri Anil Razdan's tenure was hailed as a visionary one, with many path breaking initiatives and unprecedented activity, heralding a paradigm shift in the scale and width of operations. He is presently Member of the Advisory Group of the Union Minister of Power, Member of the Ministry of Heavy Industries and Public Enterprises, Task Force on Memorandum of Understanding (MoU) with Public Sector Enterprises of the Government of India for the year 2010-11, and Convenor of the Task Force for the Energy Group of companies, Chairman of the Urjavarana Foundation, Member of the Advisory Boards of Project Management Associates (PMA), the India Energy Forum and International Fenestration Forum.

He is currently an eminent Energy Expert and Consultant, and contributes strategy opinion and papers on energy to various prominent journals and media.

2. REMUNERATION OF DIRECTORS:

- HPCL being a Government Company, the remuneration payable to its whole-time directors is approved by the Government and advices received through the Administrative Ministry, viz., Ministry of Petroleum & Natural Gas.

Corporate Governance

- The non-official part-time Directors are paid Sitting Fees for Board Meetings and Sub Committee Meetings of the Board attended by them.
- HPCL does not have a policy of paying commission on profits to any of the Directors of the company.
- The remuneration payable to officers below Board level is also approved by the Government of India.

3. BOARD SUB-COMMITTEES:

A. Audit Committee:

The Audit Committee presently comprises of Executive and Non-Executive Directors as follows. Dr. Gitesh K. Shah is the Chairman of the Committee.

1.	Dr.Gitesh K. Shah	Non-Executive Independent Director
2.	Shri Anil Razdan *	Non-Executive Independent Director
3.	Shri S.K. Roongta *	Non-Executive Independent Director
4.	Shri B. Mukherjee	Whole-Time Director

- * i. Inducted as Members of Audit Committee effective 11.02.2011.
- ii. Shri P.V. Rajaraman & Shri P.G. Apte, Members of Audit Committee, ceased to hold their positions on completion of their tenure as Directors of the Corporation effective 19.07.2010.
- iii. Shri L.N. Gupta was inducted as a Member of the Audit Committee effective 20.07.2010 and ceased to hold the position effective 11.02.2011.

The terms of reference of the Audit Committee are as provided under the Companies Act, 1956 and other applicable regulations.

The scope of the Audit Committee includes the following:

- Reviewing with Management the annual financial statements before submission to the Board.
- Reviewing with the Management, Statutory Auditors and Internal Auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Reviewing the Company's financial and risk management policies.

The Committee, at the Meeting held on 26/05/2011 reviewed the Accounts for the Financial Year 2010-11, before the Accounts were adopted by the Board.

Dates when Audit Committee Meetings held:

26.05.2010	22.07.2010	03.09.2010
12.11.2010	11.02.2011	

Attendance at the Audit Committee Meetings:

Name of the Members	No. of Meetings held	No. of Meetings attended	% of Attendance
Dr. Gitesh K. Shah	5	5	100
Shri B. Mukherjee	5	5	100
Shri L.N. Gupta	4	2	50
Shri P.G. Apte	1	1	100
Shri P.V. Rajaraman	1	0	-

B. Committee on HR Policies/Remuneration:

The Board has constituted the Board Sub - Committee on HR Policies to look into various aspects including

Hindustan Petroleum Corporation Limited

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Remuneration as well as Compensation and Benefits for the employees. Shri S.K. Roongta is the Chairman of the Committee. The Committee presently comprises of:

1.	Shri S.K. Roongta *	Non-Executive Independent Director
2.	Dr. Gitesh K. Shah	Non-Executive Independent Director
3.	Shri Anil Razdan *	Non-Executive Independent Director

- * i) Inducted as a Members of the Committee on HR Policies/ Remuneration effective 11.02.2011
 ii) S/Shri P.V. Rajaraman & Prakash G. Apte, Members of HR Polices/Remuneration Committee ceased to hold their positions on completion of their tenure as Directors of the Corporation effective 19.07.2010.
 iii) S/Shri V. Vizia Saradhi & B. Mukherjee ceased to be Members of HR Polices / Remuneration Committee effective 11.02.2011.

Dates when HR-Polices / Remuneration Committee Meetings held:

17.05.2010	14.07.2010	27.01.2011
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Attendance at the HR Policies / Remuneration Committee Meetings:

Name of the Members	No. of Meetings held	No. of Meetings attended	% of Attendance
Dr. Gitesh K. Shah	3	2	67
Shri B. Mukherjee	3	3	100
Dr. V. Vizia Saradhi	3	3	100
Shri P.G. Apte	2	2	100
Shri P.V. Rajaraman	2	1	50

C. Investment Committee:

The Board has constituted the Investment Committee which presently comprises of following Members. Shri Anil Razdan is the Chairman of the Committee.

1.	Shri Anil Razdan *	Non-Executive Independent Director
2.	Shri S.K. Roongta *	Non-Executive Independent Director
3.	Dr. Gitesh K. Shah	Non-Executive Independent Director
4.	Shri L.N. Gupta *	Non Executive Part-Time Director
5.	Shri B. Mukherjee	Whole Time Director

- * i) Inducted as Members of the Investment Committee effective 11.02.2011.
 ii) S/Shri P.V. Rajaraman & Prakash G. Apte, Members of Investment Committee ceased to hold their positions on completion of their tenure as Directors of the Corporation effective 19.07.2010.

Dates when Investment Committee Meetings held:

17.05.2010	22.07.2010	03.09.2010	27.10.2010
12.11.2010	23.12.2010	27.01.2011	11.02.2011
25.03.2011			

D. Investors Grievance Committee:

The Board has constituted an Investor Grievance Committee comprising of Whole Time Directors & Non-Executive Directors. Dr. Gitesh K. Shah is the Chairman of the Committee. The Committee presently comprises of :

1.	Dr. Gitesh K. Shah	Non-Executive Independent Director
2.	Shri S.K. Roongta *	Non-Executive Independent Director
3.	Dr. V. Vizia Saradhi **	Whole-time Director
4.	Shri B. Mukherjee	Whole-time Director

- * i) Inducted as a Member of Investors Grievance Committee effective 11.02.2011.
 ** ii) Inducted as a Member of the Investors Grievance Committee effective 20.07.2010.
 iii) S/Shri P.V. Rajaraman & Prakash G. Apte, Investors Grievance Committee Members ceased to hold their positions on completion of their tenure as Directors of the Corporation effective 19.07.2010.

Corporate Governance

The Committee reviews the status of Investor Grievances and Services and other important matters of investors' interest

Dates of Investors Grievance Committee Meetings:

26.05.2010	27.10.2010	12.11.2010
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Attendance at the Investors Grievance Committee Meetings:

Name of the Members	No. of Meetings held	No. of Meetings attended	% of Attendance
Dr. Gitesh K. Shah	3	3	100
Dr. V. Vizia Saradhi	3	2	67
Shri B. Mukherjee	3	3	100

E. Remuneration Committee:

Since the remuneration of the Whole-Time Functional Directors are fixed by the Government of India, HPCL did not feel the need for a Remuneration Committee in view of the fact that the Company is a Government Company as per Section 617 of the Companies Act, 1956.

However, having regard to the aspects covering wage revisions / other benefits to the Officers arising from time to time, the Board has renamed the Committee on HR Policies as HR Policies / Remuneration Committee.

The details of Remuneration paid to all the Functional Directors are given below:

- The remuneration of the Whole Time Functional Directors include basic salary, allowances and perquisites as determined by the Government of India. Moreover, they are entitled to provident fund and superannuation contributions as per the rules of the Company.
- The gross value of the fixed component of the remuneration, as explained above, paid to the Whole-Time Functional Directors, during the financial year 2010-11 is given below:

(Figures in ₹)

Name of the Directors	Salaries & Allowances	Contribution to Provident Fund	Contribution to Superannuation Fund and Gratuity	Other Benefits	Total
S. Roy Choudhury (Chairman & Managing Director)	3662868	170809	120306	686869	4640852
Dr. V. Vizia Saradhi (Director-HR)	4137937	161449	116557	826916	5242859
B. Mukherjee (Director - Finance)	4002607	160631	116229	793214	5072681
K. Murali (Director-Refineries)	3511147	157776	115085	746901	4530909
Arun Balakrishnan (Chairman & Managing Director) Upto 31.7.2010	3868816	56560	1025937	3271423	8222736

F. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Corporation has recently constituted a CSR Committee comprising the following Directors for periodic review, discussion and guidance on various CSR initiatives. Shri Anil Razdan is the Chairman of the Committee.

1.	Shri Anil Razdan	Non-Executive Independent Director
2.	Shri L.N. Gupta	Non-Executive Part-Time Director
3.	Dr. Gitesh K. Shah	Non-Executive Independent Director
4.	Shri S.K. Roongta	Non-Executive Independent Director
5.	Dr. V. Vizia Saradhi	Whole-Time Director

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4. SITTING FEES FOR THE YEAR 2010-2011:

The details of Sitting Fees paid to Part-time Independent Directors for the year 2010-11 for attending the Board / Sub-Committee Meetings are given below:

(Figures in ₹)

Details of Meetings	Shri P.V. Rajaraman *	Shri P.G. Apte*	Shri Gitesh K. Shah	Shri S.K. Roongta **	Shri Anil Razdan**
Board		20000	120000	60000	60000
Audit		15000	75000		
HR/Remuneration	15000	30000	30000		
Investor Grievance		15000	45000		
Investment		15000	135000	15000	15000
Total Sitting fees paid	15000	95000	405000	75000	75000

* Ceased to be Directors of the Corporation effective 19.07.2010.

** Inducted as Members of the Board effective 10.01.2011 & various Committees effective 11.02.2011.

5. DIRECTORS' SHAREHOLDING:

None of the non-officio and ex-officio Directors of the Corporation are holding any shares in the Corporation.

6. RIGHT TO INFORMATION ACT 2005:

The Right to Information Act, 2005(RTI) that became effective 12th October 2005 and is being complied with by HPCL. HPCL has hosted detailed information in its WEB portal "www.hindustanpetroleum.com", and update the same from time to time. Officers across the country, representing different Departments, have been appointed as Public Information Officers and Appellate Authorities to deal with the queries received from the Indian Citizens under RTI.

7. INTEGRITY PACT:

The Corporation has introduced "Integrity Pact" (IP) to enhance ethics / transparency in the process of awarding contracts. An MoU has been signed with "Transparency International" on July 13, 2007. This was made applicable in the Corporation effective September 01, 2007. The Integrity Pact has now become a part of tender documents to be signed by the Company and by the vendor / bidder.

8. SHARES DEPARTMENT ACTIVITIES:

HPCL has a Shares Department under the Company Secretary, which monitors the activities of R&T Agents, M/s.Link Intime India Pvt.Ltd. and looks into the issues relating to shareholders. Share transfers, transmissions and other important matters are approved by the Share Transfer Committee.

Presently, HPCL has over 1,06,135 shareholders. The Corporation regularly interacts with the shareholders through letters, investors' meets, at the AGM, wherein the activities of the Corporation, its performance and its future plans are provided to the Shareholders.

The Company has been taking appropriate steps to ensure that Shareholder related activities which are given due priority and all references / representations are resolved at the earliest.

The Company Secretary of the Corporation is the Compliance Officer in terms of the requirements of The Stock Exchange, Mumbai. The quarterly results are published in the English and Vernacular newspapers.

The Company also organises Press Meets and Press Releases. The Financial Performance and other details are also posted on the Company's web-site viz. www.hindustanpetroleum.com.

9. GREEN INITIATIVE OF MCA:

The Ministry of Corporate Affairs (MCA) vide circular Ref. 17/95/2011 CL-V dated. 21.04.2011 has taken a "Green Initiative in Corporate Governance" allowing paperless compliances by Companies. In compliance with the initiative, Companies are permitted to effect services of various notices/documents to its shareholders through electronic mode, at their registered E-mail addresses.

In order to contribute towards the Green initiatives of MCA, as a responsible listed Public Sector Undertaking, HPCL had sent E-mails stating its intention to send all documents through E-mail to approximately 35000 numbers of shareholders who had already registered their E-mail addresses either with their respective Depositories or with the R&T Agents of HPCL. An option is given to the shareholders to receive all documents in physical form, in case they do not wish to receive them in Electronic Mode. Shareholders, who had still not registered their E-mail addresses but wish to receive documents in Electronic Mode, were also requested to register their E-mail addresses with the DPs or with R&T Agents.

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This move by the Ministry is welcome since it will benefit the society at large through speedier communication as well as reduction in paper consumption and contribute towards a Greener Environment.

10. During the year 2010-11, there were no material transactions with Directors or their relatives having potential conflict with the interests of the Company at large. There have been no instances of non-compliance by the Company or penalties, strictures imposed on the Company by any Stock Exchange or SEBI or any Statutory Authority, on any matter relating to capital markets during the last 3 years.

11. DETAILS OF ANNUAL GENERAL MEETINGS:

- 11.1 Location and time, of the last three Meetings held:

Year	Location	Date	Time
2009-10	Y.B. Chavan Auditorium, Mumbai	16.09.10	11.00 a.m.
2008-09	Y.B. Chavan Auditorium, Mumbai	28.08.09	11.00 a.m.
2007-08	Rama Watumull Auditorium, Mumbai	22.09.08	11.00 a.m.

- 11.2 Whether Special Resolutions were put through postal ballot last year? No.

- 11.3 Are votes proposed to be conducted through postal ballot this year? No.

12. MEANS OF COMMUNICATION :

➤ Half yearly report	Press Advertisements, advices to Stock Exchanges, etc.
➤ Quarterly results Which newspapers normally published in	Mainly business / regional newspapers, like Economic Times, Times of India, Financial Express, Indian Express, Loksatta, Maharashtra Times etc.
➤ Websites where quarterly results are displayed	www.hindustanpetroleum.com
➤ Whether it also displays official news releases & presentations made to institutional investors / analysts	Yes
➤ Whether Management Discussion & Analysis Report is a part of Annual Report	Yes
➤ Whether shareholder information section forms part of Annual Report	Shareholder information has been incorporated in the Annual Report.

13. GENERAL SHAREHOLDER INFORMATION:

13.1 59th Annual General Meeting

Date and Time	:	September 22, 2011 at 11:00 A.M.
Venue	:	Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

13.2 Financial Calendar

Financial reporting for Quarter ending 30/06/11	-	End July / Mid August 2011
Financial reporting for Quarter ending 30/09/11	-	End October / Mid November 2011
Financial reporting for Quarter ending 31/12/11	-	End January / Mid February 2012
Financial reporting for Quarter ending 31/03/12	-	End May 2012
Annual General Meeting for Year ending 31/03/2012	-	August / September 2012

Hindustan Petroleum Corporation Limited

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13.3 Dates of Book Closure : September 10, 2011 to September 22, 2011 (both days inclusive)

13.4 Dividend payment date : September 26, 2011 (tentative)

13.5 (a) Listing on Stock Exchanges as of 31.03.2011 :

The Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	The National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051
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13.6 (b) Listing fees : Listing fees for financial year 2011-12 have been paid to the Stock Exchanges in April 2011.

13.7 Stock Codes :

BSE	:	500104
NSE	:	HINDPETRO
ISIN (for trading in Demat form)	:	INE094A01015

13.8 Stock Market Data :

HPCL SHARE PRICE - BSE		
Year	High ₹	Low ₹
2010-11	555.45	293.25
2009-10	425.00	242.50
2008-09	305.85	164.10
2007-08	405.90	218.00
2006-07	361.00	206.00

Performance in comparison to Broad Based Indices			
As on	HPCL Share price ₹	BSE 30 SENSEX	NSE 50 NIFTY
31-3-2011	356.95	19445.22	5833.75
31-3-2010	318.45	17527.77	5249.10
31-3-2009	269.10	9708.50	3020.95
31-3-2008	255.60	15644.44	4734.50
31-3-2007	246.70	13072.10	3821.55

HPCL SHARE PRICE MONTHLY DATA:

Month	Bombay Stock Exchange				National Stock Exchange			
	High ₹	Low ₹	Close ₹	Volume Nos.	High ₹	Low ₹	Close ₹	Volume Nos.
April-10	322.00	293.25	315.55	33,04,883	320.50	292.00	315.40	1,02,29,075
May-10	371.00	312.00	360.90	47,51,324	370.30	313.00	363.65	2,15,72,866
Jun-10	479.00	333.10	469.70	2,88,48,549	479.00	332.30	469.50	8,04,94,101
Jul-10	495.70	425.00	433.00	2,41,71,826	495.50	425.50	433.45	8,35,48,561
Aug-10	551.00	432.60	525.95	1,48,85,665	549.45	432.70	525.85	5,71,85,483
Sep-10	555.45	505.50	508.80	88,59,461	555.70	505.30	507.15	4,01,20,472
Oct-10	550.00	404.95	486.80	49,08,347	528.00	408.90	487.30	2,60,05,637
Nov-10	504.80	392.10	412.30	40,01,591	504.80	390.10	412.60	2,05,51,043
Dec-10	437.80	376.00	391.35	49,77,513	437.15	375.60	391.65	2,36,75,244
Jan-11	400.00	348.20	359.50	33,95,223	403.00	347.80	359.10	1,97,11,607
Feb-11	363.85	307.00	319.85	35,68,379	363.80	303.85	320.30	1,68,23,986
Mar-11	361.85	308.70	356.95	31,88,808	365.00	308.25	356.55	1,92,04,079

Corporate Governance

PER SHARE AND RELATED DATA :

		2010-11	2009-10	2008-09	2007-08	2006-07
Per Share Data	Unit					
EPS	₹	45.45	38.43	16.98	33.51	46.35
CEPS	₹	98.54	78.86	46.97	64.62	68.20
Dividend	₹	14.00	12.00	5.25	3.00	6.00
Book Value	₹	370.49	341.32	316.88	311.59	283.19
Share Related Data	Unit					
Dividend Payout	%	35.80	36.41	36.17	10.47	45.10
Price to Earnings*	Multiple	7.85	8.27	15.85	7.63	5.32
Price to Cash Earnings*	Multiple	3.62	4.04	5.73	3.96	3.62
Price to Book Value *	Multiple	0.96	0.93	0.85	0.81	0.83
*Based on March 31 closing prices (BSE)	₹	356.95	318.45	269.10	255.60	246.70

13.9 Registrars and Transfer Agents : M/s. Link Intime India Pvt.Ltd.

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai - 400 078
Telephone No. (022) 25963838
Fax No. (022) 25966969
E-mail: mumbai@linkintime.co.in

13.10 Share Transfer System

Activities relating to Share Transfers are carried out by M/s. Link Intime India Pvt.Ltd. who are the Registrars and Transfer Agents of the Company, who have arrangements with the Depositories viz., National Securities Depository Limited and Central Depository Services Limited. The transfers are approved by the Share Transfer Committee. Share transfers are registered and Share Certificates are despatched within a period of 30 days from the date of receipt if the documents are correct and valid in all respects.

The number of shares transferred during the last two years:

2010-11 - 47600

2009-10 - 32600

13.11 Status of Investor Services:

Investor correspondence replied during the year are as follows:

	Nature of Correspondence	Number
1.	Share Transfers and related issues / Demat / Warrant Conversion	111
2.	Transmission of Shares / Nomination for shares	63
3.	Issue of Duplicate Share Certificates / Bonus / Rectification of shares	254
4.	Dividend related issues / ECS / Bank Mandate	5162
5.	Request for Change of Address	173
6.	Call Money Payment Correspondence / Reminders / Forfeiture Shares	0
7.	SEBI/NSE / BSE / NSDL / CDSL Complaints & Legal cases	18
8.	Others	65
	Total	5846

All complaints received from SEBI, Stock Exchanges, Department of Company Affairs etc., have been appropriately dealt with.

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13.12 Dematerialisation of shares and liquidity:

The total number of shares dematerialised as on 31.03.2011 is 33,64,62,613 representing 99.36% of Issued and Subscribed share capital including shares held by the Government of India. Trading in Equity shares of the Company is permitted only in dematerialised form, w.e.f., February 15, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

13.13 Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion date and likely impact on equity:

There are no outstanding Warrants to be converted into Equity shares.

Detachable Tradeable Warrants issued alongwith public issue shares in April 1995 were converted into equity shares during the period February 1997 - April 1997. The Warrant certificates were not called back by the Company and bear no value.

13.14 Plant Locations:

The Corporation has 2 Refineries located at Mumbai and Visakh. It has 101 Regional offices, 32 Terminals / Installations / Tap off Points, 93 Depots, 44 LPG Bottling Plants, 10212 Retail outlets, 32 ASFs, 1638 SKO / LDO Dealers and 2633 LPG Distributors etc., located all over the country.

13.15 Address for correspondence

Registrars and Transfer Agents: M/s.Link Intime India Pvt.Ltd. Unit: HINDUSTAN PETROLEUM CORPN. LTD. C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (West), Mumbai - 400 078 Telephone No.: 022 - 25963838. Fax No.: 022 - 25946969 E-mail: mumbai@linkintime.co.in	Company's Shares Department: HINDUSTAN PETROLEUM CORPN. LTD. Shares Department, 2nd Floor, Petroleum House, 17, Jamshedji Tata Road, Churchgate, Mumbai - 400 020 Telephone No.: 022 - 22863204/3201/3233/3239/3208 Fax No.: 022-2287 4552/2284 1573 E-mail: hpclinvestors@hpcl.co.in
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13.16 Distribution Schedule as on 31.03.2011

No. of Shares	Physical Holding		Dematerialised Holding		Total Shareholding		Percentage	
	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	No. of Shareholders	No. of Shares	Shareholders	Holding
1-500	9818	1759016	89114	9020405	98932	10779421	93.213	3.183
501-1000	451	330340	3840	2903929	4291	3234269	4.043	0.955
1001-5000	42	68981	2184	4374958	2226	4443939	2.097	1.312
5001-10000	1	6300	224	1682230	225	1688530	0.212	0.499
10001 & above	0	0	461	318481091	461	318481091	0.434	94.051
TOTAL:	10312	2164637	95823	336462613	106135	338627250	100.000	100.000

Corporate Governance

13.17 Shareholding Pattern :

As on	31.03.2011			31.03.2010		
CATEGORY	No. of Holders	Shares held	% of total issued shares	No. of Holders	Shares held	% of total issued shares
The President Of India	1	17,30,76,750	51.11	1	17,30,76,750	51.11
Financial Institutions	28	5,41,05,169	15.98	24	6,28,04,484	18.55
FII/OCBs	155	2,85,26,191	8.42	132	2,44,58,454	7.22
Banks	21	28,95,504	0.86	24	15,34,342	0.45
Mutual Funds	131	4,21,51,335	12.45	114	3,40,85,330	10.07
NRI's	3180	11,96,827	0.35	2996	9,13,693	0.27
Employees	702	3,07,110	0.09	786	3,46,870	0.10
Others	101917	3,63,68,364	10.74	93009	4,14,07,327	12.23
TOTAL	106135	33,86,27,250	100.00	97086	33,86,27,250	100.00

13.18 Code of Conduct:

In compliance with the terms of clause 49 of the Listing Agreement with Stock Exchanges, "Code of conduct for Board Members and Senior Management Personnel of Hindustan Petroleum Corporation Limited" has been devised and made effective 1.1.2006. The purpose of this Code is to enhance further ethical and transparent process in managing the affairs of the company. This Code has been made applicable to

- All Whole-Time Directors
- All Non-Whole Time Directors including independent Directors under the provisions of law and
- Senior Management Personnel.

This code would be read in conjunction with the Conduct, Discipline & Appeal Rules for Officers applicable to Whole time Directors and Senior Management Personnel.

All the Board Members and Senior Management Personnel have provided the Annual Compliance Certificate duly signed by them as on March 31, 2011.

13.19 Compliance of Clause 49 of the Listing Agreement

The Corporation is complying with the various mandatory and non mandatory Corporate Governance requirements envisaged under Clause 49 of the Listing Agreement with the Stock Exchanges and the DPE guidelines on Corporate Governance. With regard to appointment of required number of Independent Directors, the Corporation has already taken up the same with its Administrative Ministry, i.e., Ministry of Petroleum & Natural Gas, New Delhi, and is awaiting their advise on the same.

13.20 The Corporation has a Whistle-Blower Policy in place and no personnel has been denied access to the Audit Committee.

DECLARATION OF THE CHAIRMAN & MANAGING DIRECTOR

This is to certify that the company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the same are uploaded on the website of the company - www.hindustanpetroleum.com.

Further certified that the Members of the Board of Directors and Senior Management Personnel have affirmed and having complied with code as applicable to them during the year ended March 31, 2011.

S. Roy Choudhury
Chairman & Managing Director



Hindustan Petroleum Corporation Limited

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Board of Directors of

Hindustan Petroleum Corporation Limited

We have examined the compliance of Corporate Governance by Hindustan Petroleum Corporation Limited for the year ended on March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India and the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the mandatory requirements of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement and the DPE guidelines on Corporate Governance for CPSE except compliance of Clause 49(I)(A)(ii) of the Listing Agreement and 3.1.2 of the DPE guidelines relating to the number of Independent Directors on the Board of Directors of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. SankarAiyar& Co.

Chartered Accountants

Firm No. : 109208w

G. Sankar

Partner

Membership No.46050

Place: Mumbai

Date: 28th July, 2011

For Om Agarwal & Co.

Chartered Accountants

Firm No. : 000971c

Thalendra Sharma

Partner

Membership No. 079236



Joint Ventures

Sr. No.	Name of the Joint Venture	Date of Incorporation	Shareholding	Nature of Operations
1	HPCL-Mittal Energy Ltd.	13.12.2000	HPCL - 49.00% Mittal Investments S.A.R.L. - 49.00% Indian Financial Institutions - 2.00%	Construction of 9 MMTPA petroleum refinery at Bhatinda, Punjab.
2	Hindustan Colas Ltd.	17.07.1995	HPCL - 50.00% COLASIE - 50.00%	Manufacture and marketing of Bitumen Emulsions & Modified Bitumen.
3	South Asia LPG Company Pvt. Ltd.	16.11.1999	HPCL - 50.00% TOTAL - 50.00%	Storage of LPG in underground cavern (60,000 MT capacity) and associated receiving and dispatch facilities at Visakhapatnam.
4	Mangalore Refinery & Petrochemicals Ltd.	07.03.1988	ONGC - 71.62% HPCL - 16.95% Others - 11.43%	Refining of crude oil and manufacturing of petroleum products.
5	Prize Petroleum Co. Ltd.	28.10.1998	HPCL - 50.00% ICICI & Associates - 45.00% HDFC - 5.00%	Exploration and production activities in the oil and gas sector.
6	Petronet India Ltd.	26.05.1997	HPCL - 16.00% Financial / Strategic Investors - 50.00% Other PSUs - 34.00%	To act as nodal agency for developing identified and prioritized petroleum product pipelines in the country.
7	Petronet MHB Ltd.	31.07.1998	HPCL - 28.77% Petronet India Ltd. - 7.89% ONGC - 28.77% Financial / Strategic Investors - 34.57%	Operation and maintenance of petroleum product pipeline between Mangalore-Hassan-Bangalore.
8	Bhagyanagar Gas Ltd.	22.08.2003	HPCL - 25.00% GAIL - 25.00% A P Govt/ Strategic Investors - 50.00%	Distribution and marketing of environmental friendly fuels (Green Fuels) viz. CNG and Auto LPG in the state of Andhra Pradesh.
9	Aavantika Gas Ltd.	07.06.2006	HPCL - 25.00% GAIL - 25.00% Financial Institutions - 50.00%	Distribution and marketing of environmental friendly fuels (Green Fuels) viz. CNG and Auto LPG in the state of Madhya Pradesh.



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HINDUSTAN PETROLEUM CORPORATION LIMITED

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