हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
वार्षिक रिपोर्ट 2012-13

Hindustan Petroleum Corporation Limited
Annual Report 2012-13

FUTURE
FULL OF ENERGY

FUTURE
FULL OF ENERGY

The future is an exciting place. It is where people come together to share ideas, make things better and create happier lives for each other. It is a place bustling with activity and enthusiasm. It is a place full of energy. More importantly, it is a place that needs abundant energy to continue its frenetic pace.

As a Company engaged in the business of energy, we find encouragement in things that are going on around us. And consider it our role to ensure that the world continues to power ahead.

While doing so, we are taking on board the challenges this entails. The need to create energy responsibly. The importance of harnessing alternate sources. The responsibility of doing things in a manner that is sustainable, and efficient.

At HPCL we are working towards creating cleaner, greener fuels, while growing our business and our relevance to society. This overarching objective is at the heart of everything we do.

Together with our communities, employees, shareholders and all other stakeholders, we are building a future full of energy.

CONTENTS

Our Directors

Whole Time Directors	Ex-Officio Part-Time Directors	Non-Official Part-time Directors
Shri S. Roy Choudhury Chairman & Managing Director	**Dr. S.C. Khuntia** Director	**Shri Anil Razdan** Director
Smt. Nishi Vasudeva Director - Marketing	**Shri R.K. Singh** Director (From 26.06.2013)	**Shri S.K. Roongta** Director
Shri Pushp Kumar Joshi Director - Human Resources	**Shri L.N. Gupta** (Till 05.06.2013)	**Shri G.K. Pillai** Director
Shri K.V. Rao Director – Finance (From 01.06.2013)		**Shri A.C. Mahajan** Director
Shri B.K. Namdeo Director – Refineries (From 01.07.2013)		**Dr. G. Raghuram** Director
Shri B. Mukherjee Director – Finance (Till 31.05.2013)		**Dr. Gitesh K. Shah** (Ceased from 06.12.2012 & Re-appointed from 26.02.2013)
Shri K. Murali Director – Refineries (Till 30.06.2013)		

Chairman's Message

Dear Shareholders,

It gives me great pleasure to present to you the 61st Annual report for the year 2012-13.

The slowdown in Indian economy continued in 2012-13 with GDP growth at 5%, the lowest rate in last decade. All the three sectors viz. agriculture, industry and services recorded a lower growth rate compared to previous year. Inflation and high fiscal deficit in the current economic scenario are major concerns as oil prices impinge on both. Higher crude oil prices feed inflation directly if passed through to final consumer prices and if the pass through of prices to consumers is controlled, the subsidy adds to inflation indirectly through higher fiscal deficit.

International oil prices averaged above USD 100 per barrel during 2012-13. The higher oil prices coupled with only a partial pass through to consumer prices resulted in higher than budgeted subsidy outgo. Monetary tightening to contain inflation, slowdown in investment and a weak global economy has contributed to moderation in growth. The year also witnessed the highest ever production of tight oil (shale) in the US which reduced its dependency on West African crude therefore pressurizing Brent and diverting oil flows to Asia.

The rupee per US dollar fluctuated significantly, depreciating from ₹ 51 per dollar at the end of March 2012 to touch a low of ₹ 57 per dollar in June 2012 and fluctuating between ₹ 53-55 per dollar during October 2012 to March 2013. Depreciating rupee continues to be a growing concern.

Consumption of petroleum products in India increased by about 5% to reach 155 MMT during 2012-13. Diesel, the largest component of demand barrel, was the main driver of the growth, accounting for 60% of the incremental demand, followed by petcoke, petrol and LPG. Kerosene consumption has declined by about 3 MMT over the decade due to regulatory interventions. Furnace Oil consumption has also declined due to shift to natural gas. Petrol demand increased by about 5% despite the slowdown and periodic increase in prices indicating growing purchasing power of our country's population. Demand for ATF declined reflecting the declining business activity, while Bitumen demand increased marginally.

The year that has gone by has been significant as HPCL completed 39 years since inception and entered into the 40th year in July' 2013. During the year 2012-13, many historical milestones have been achieved in the downstream of Refining & Marketing and the emerging business of Natural Gas. During the year, HPCL has qualified for 'Excellent' rating in terms of the MoU signed with the Government of India for the year 2011-12, with an MoU score of 1.037 which is the best score amongst all the PSUs under MOP&NG.

HPCL continued the trend of achieving superior performance and during the year 2012-13, the gross sales increased by about 15% to reach ₹ 2,15,675 Crore. Profit after Tax was ₹ 905 Crore during the year, marginally lower than last year, mainly due to higher provision for tax. HPCL has improved the Fortune 500 ranking to 260 from 267 rank in the previous year.

During 2012-13, the refineries at Mumbai and Visakh achieved a combined refining throughput of 15.78 MMT with a capacity utilization of 107%.The Guru Gobind Singh Refinery of HPCL-Mittal Energy Limited (HMEL) at Bhatinda was dedicated to the nation on April 28, 2012 by the Hon'ble Prime Minister of India. With the commissioning of Bhatinda Refinery, the self-sufficiency in refining capacity increased to 80% of Sales.

To cater to the growing demand for lube oil base stock, Lubes refinery achieved an annual production of 361.9 TMT of base oils comprising of 319.6 TMT of Gr I base oils and 42.3 TMT of Gr II base oils.

A significant initiative undertaken by your corporation during 2012-13 is the finalisation of a new 9 MMTPA Refinery-cum-Petrochemical complex in Rajasthan with HPCL as majority stake holder. The MoU with Govt. of Rajasthan (GoR) was signed on March 14, 2013 and the JV agreement with GoR has been signed on July 11, 2013. The proposed refinery will be designed with high complexity factor to process both the locally available Rajasthan crude and other crudes.This project will help inbridging the demand-supply imbalance for HPCL and also aid in diversifying into petrochemicals.

The total sale of products (including exports) of HPCL for 2012-13 was 30.32 MMT, achieving above industry growth of 1.4% and improving market share amongst Public Sector Oil companies to 20.19%. In Retail Sales, HPCL increased market share in combined petrol and diesel segments for the 9th consecutive year with an increase of 0.14% in the current year to reach 25.20%. In Direct Sales, HPCL achieved the milestone of 4 MMT of sales and recorded positive growth of 0.4% compared to negative growth of 2.3% by Industry mainly due to focus on Bitumen and consumer diesel product segments. Strengthening the bulk bitumen storage and logistics in key markets enabled 14% increase in bulk Bitumen sales. HPCL consolidated its position in the furnished lube market by increasing sales by 11%, although the lube demand remained under pressure due to slowing economy. HPCL maintained its No. 2 position in overall LPG Sales with 26.77 % share in the Indian market by focusing on initiatives for enhancing customer satisfaction, strengthening of infrastructure and increasing productivity.

Chairman's Message

During 2012-13, HPCL's distribution network of terminals and depots focused on enhanced levels of Safety, Security, Service and Efficiency in operations leveraging automation and improved operating processes. HPCL believes in safety in all spheres of its operations, environment protection and compliance with all applicable laws & requirements.

To ensure efficient and cost effective movement of products, HPCL has laid special emphasis on development of cross country product pipeline infrastructure. During 2012-13, HPCL achieved a record combined throughput of 14.06 MMT in pipeline operations. New pipeline projects planned include the 440 km Rewari-Kanpur Pipeline and 92 km Awa-Salawas Pipeline for transporting white oils and the 309 km Mangalore-Hassan-Bangalore-Mysore LPG Pipeline for which PNGRB authorization has been received and the projects are under implementation.

During 2012-13, HPCL commissioned state of the art facilities at various locations across India. These include additional product tankages at Loni Terminal (Pune), new Tank Truck gantries in Depots located at Raipur, Bhatinda, Ajmer and Jaipur and QC laboratory infrastructure at Bhatinda, Irumpanam (Kochi) and Loni Terminal (Pune). The greenfield projects at Bihta (Patna) and Tikrikalan (Delhi) have achieved mechanical completion.

To participate in the emerging business line of Natural gas and cater to the growing demand, HPCL has ventured into two joint ventures with other industry members for development of three cross country natural gas pipelines of Mallavaram-Bhilwara,Mehsana - Bhatinda and Bhatinda - Srinagar for which LOA has been received from PNGRB. In a major step to meet customer needs, HPCL has signed agreement with M/s. S P Ports Pvt. Ltd. for setting up an LNG Regasification Terminal at Chhara, Gujarat as a green-field portas a Joint Venture with 50% equity partnership.

As concerns about rising fossil fuel prices, energy security, and climate change increase, renewable energy can play a key role in producing local, clean, and inexhaustible energy to meet the nation's growing demand. During 2012-13, wind power generation of 774 Lakh KWH was achieved from the first phase of 50.5 MW wind farm project set up in Maharashtra and Rajasthan.

The outlook for economic prospects in the near term looks uncertain. Global crude oil prices and rupee/dollar exchange rate remain cause of concern. Government of India has taken a number of measures for fiscal consolidation. One of the measures undertaken was to increase diesel price by ₹ 5 per litre in September 2012. In January 2013, OMCs were authorized to increase diesel prices in small increments at regular intervals till prices reach international parity. Number of subsidized LPG cylinders has been capped at nine. All these measures should improve the realizations from sales.

In the medium and long term, rising income and growing population will lead to increase in demand for oil. Steps by Government of India to fast track mega investment projects and permitting FDI in a number of areas etc. will increase economic growth and thereby result in demand for higher energy. This will call for increased investment in infrastructure by Oil companies. HPCL has drawn up plans for investments across the downstream value chain to meet the increasing Oil & Gas demand.

Over the years, HPCL and its subsidiaries have shouldered the responsibility to meet the nation's fuel and energy through highly qualified, experienced and dedicated manpower and also forged a number of strategic alliances and Joint Venture companies.

HPCL is focused on employee engagement, capability building, leadership development and promotion of industrial harmony for meeting strategic objectives of the Corporation and enhancing the value to various stakeholders. Project Akshay – the unique leadership development initiative undertaken last year had a positive impact and helped in building a strong leadership pipeline through relevant interventions. The program was continued during 2012-13 also for guiding the employees towards the common visionof being a World Class Energy Company.

HPCL continuously endeavors to provide differentiated customer experience, operational excellence and sustainable and profitable operations. To prepare your corporation to face the challenges in the changing global scenario we have initiated steps for developing the long term plan for HPCL. We will continue to aggressively pursue initiatives for achieving growth and profitability and look forward to your continued support in this ongoing process.

Our employees, customers, business associates and shareholders have always been a source of strength and I thank them for their support. The Ministry of Petroleum & Natural Gas has guided and supported us in all our efforts. We look forward to their continued support in all our endeavors.

Thank you,

S. Roy Choudhury

Senior Management Team

Shri Suneet Mohan Misra	Chief Vigilance Officer
Shri D.K. Deshpande	ED - (HSE Corporate)
Shri A.B. Thosar	ED - Rajasthan Refinery Project
Shri O.P. Pradhan	ED - PCPIR Project
Shri R.S. Rao	ED - IT & S
Shri S.P. Gupta	ED *
Shri M.S. Damle	ED - Retail
Shri Y.K. Gawali	ED - LPG
Shri Rajan K. Pillai	ED *
Shri S.C. Mehta	ED - Mumbai Refinery
Shri S. Jeyakrishnan	ED - Direct Sales
Shri S.P. Singh	ED - Centralized Procurement Project
Shri G. Sriganesh	ED - Refineries (Corporate R&D)
Shri H. Kumar	ED - Corp. Strategy & Planning
Shri A. Pande	ED - Projects & Pipelines
Shri S.T. Sathiavageeswaran	ED - Information Systems
Shri Ajit Singh	ED - Co-ordination, DCO
Shri Rakesh Misri	ED - Human Resources
Shri N.S. J. Rao	ED - RCD
Shri S.I. Joseph	ED - Employee Relations
Shri H.R. Wate	ED - Gas, Renewables & Business Development
Shri M.K. Surana	ED *
Shri Rakesh Kumar	ED - Compensation Management
Shri V.V.R. Narasimham	ED - Visakh Refinery
Shri J. Ramaswamy	ED - Corporate Finance
Shri H.C. Mehta	ED - Operations & Distribution
Shri R. Ganesan	GM - Finance, Mumbai Refinery
Shri A. V. Sarma	GM - Commercial, P&P
Shri S. Babu Ganesan	GM - Engineering & Projects
Shri P. P. Nadkarni	GM - Retail, South Zone
Shri Ramanuj Roy	GM - Corporate Accounts
Shri R. Radhakrishnan	GM - Aviation
Shri V.K. Jain	GM - Tax
Ms. Sonal Desai	GM - Finance, CSR
Shri M. Naveen Kumar	GM - Finance, IT&S
Shri M. Rambabu	GM - Maintenance, Mumbai Refinery
Shri S.K. Kulkarni	GM - Materials, Mumbai Refinery
Ms. Geeta M. Jerajani	GM - Finance, CS&P
Shri M.V.R. Krishnaswamy	GM *

Senior Management Team

Shri S.P. Nair	GM - Legal
Shri R. Kesavan	GM - Integrated Margin Management
Shri B. Ravindran	GM - Finance (Marketing)
Shri U.K. Vishwekar	GM - Shipping
Shri Anil Khurana	GM *
Shri G.S.V.S.S. Sarma	GM - Technical, Visakh Refinery
Shri S.P. Gaikwad	GM - Rajasthan Refinery Project
Shri Rajnish Mehta	GM - Retail, West Zone
Shri J.S. Prasad	GM - Pipelines
Shri N.S. Mane	GM - Human Resources, Mumbai Refinery
Shri V.S. Shenoy	GM - Operations, Visakh Refinery
Shri M.D. Pawde	GM - Operations, Mumbai Refinery
Shri S. Paul	GM - Internal Audit
Shri N.V. Choudhury	GM - Process Technologies, Corporate R&D
Shri L. Venugopal	GM - Projects, Visakh Refinery
Shri S. Raja	GM - Maintenance, Visakh Refinery
Shri G. Chiranjeevi	GM - Retail, North Zone
Shri D.K. Pattanaik	GM - Retail, East Zone
Shri S. Bhattacharjee	GM - Joint Ventures
Shri K Daniel Santosh	GM - Finance, Visakh Refinery
Shri S. Biswas	GM - LPG (Sales and Marketing)
Shri K. Ananda Rao	GM *
Shri A.S.V. Ramanan	GM - Human Resources, Visakh Refinery
Shri T.S. Sawhney	GM *
Shri G.S.V. Prasad	GM - Retail
Shri K. Radhakrishnan	GM - I&C, West Zone
Shri Vikram Gulati	GM - Treasury & Pricing
Shri A.V. Narayana Rao	GM - Commercial, LPG SBU
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
771, Anandpur,
Off EM By-Pass,
Kolkata 700 107

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 Bunglow Road,
Bodakdev, Near Satyagraha Chav,
Ahmedabad – 380 054

South Zone
Thalamuthu Natarajan Building,
4th Floor, 8, Gandhi Irwin Road,
Post Box No. 3045, Egmore
Chennai – 600 008

South Central Retail Zone
111, Chandralok Complex,
First Floor, Sarojini Devi Road,
Secunderabad – 500 003 (AP)

West Zone
R&C Building,
Sir J.J. Road, Byculla,
Mumbai – 400 008

Statutory Auditors

Om Agarwal & Co.
Chartered Accountants, Jaipur

B.K. Khare & Co.
Chartered Accountants, Mumbai

Branch Auditors
Sriramamurthy & Co.
Chartered Accountants, Visakhapatnam

Cost Auditors

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

CMA Rohit J. Vora
1103, Raj Sunflower,
Royal Complex, Eksar Road,
Borivali West,
Mumbai – 400 092

Bankers
1. Bank of Baroda
2. Bank of India
3. Citibank N.A.
4. Corporation Bank
5. HDFC Bank
6. ICICI Bank
7. Punjab National Bank
8. Standard Chartered Bank
9. State Bank of India
10. Union Bank of India

Company Secretary
Shrikant M. Bhosekar

Notice of Annual General Meeting

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

NOTICE

NOTICE is hereby given that the **61st ANNUAL GENERAL MEETING** of the Members of Hindustan Petroleum Corporation Limited will be held on September 05, 2013 at 11.00 A.M. at Yeshwantrao Chavan Pratishthan, General Jagannathrao Bhonsle Marg, Mumbai – 400 021 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as on March 31, 2013, 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 2012-13
3. To appoint a Director in place of Shri S.K. Roongta, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Smt. Nishi Vasudeva, who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Shri Anil Razdan, who retires by rotation and is eligible for reappointment.
6. To appoint a Director in place of Shri G.K. Pillai, who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS :

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution
   "RESOLVED that Dr. Gitesh K. Shah who was appointed as Additional Director of the Company by the Board of Directors under Article 112 of the Articles of Association of the Company with effect from 26.02.2013 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution
   "RESOLVED that Shri K.V. Rao, who was appointed as Additional Director of the Company by the Board of Directors under Article 112 of the Articles of Association of the Company with effect from 01.06.2013 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".
9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.
   "RESOLVED that Shri R.K. Singh, 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 26.06.2013 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".
10. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.
    "RESOLVED that Shri B.K.Namdeo, who was appointed as Additional Director of the Company by the Board of Directors under Article 112 of the Articles of Association of the Company with effect from 01.07.2013 and who holds office under the said Article and pursuant to Section 260 of the Companies Act, 1956 upto the date of this Annual General Meeting, and who is eligible for reappointment under the relevant provisions of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose him as a candidate for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

BY THE ORDER OF THE BOARD

Shrikant M. Bhosekar
Company Secretary

Date : July 18, 2013
Regd.Office : 17, Jamshedji Tata Road
Churchgate, Mumbai - 400 020

Notice of Annual General Meeting

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.
2. The Explanatory Statement made pursuant to Section 173(2) of the Companies Act, 1956 in respect of the item No. 7 to 10 of the Notice is annexed herewith.
3. Dividend on Equity Shares as recommended by the Board of Directors for the year ended March 31, 2013, if approved at the meeting, will be payable to those eligible members whose names appear :
   (1) As Beneficial owners, as on August 17, 2013 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 5, 2013 in respect of shares held in Physical Form, after giving effect to all valid share transfers in physical form lodged with the Company or its R & T Agents on or before August 17, 2013.
   (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 for registration of transfer of shares. Transferees are requested to furnish copy of PAN card alongwith Transfer Deed duly completed and physical share certificate(s).
4. Members to whom hard copy of Annual Reports have been provided are requested to bring their copies of the Annual Report at the Meeting. In case of others, copy of Annual Report shall be made available at the venue of 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) Shareholders Holding Shares in Physical Forms:

   Members holding shares in physical form are requested to advise immediately change in their address, and also inform their valid E-mail ID, if any, quoting their Folio number(s), to M/s. Link Intime India Pvt. Ltd., the Registrars & Transfer Agents at their address given on point No. (9) below.

   (b) Shareholders Holding Shares in Dematerialised Form:

   Shareholders holding shares in dematerialised form are requested to advise immediately change in address and register their valid E-mail ID, if any, quoting their 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. In support of the "Green Initiative" measure taken by Ministry of Corporate Affairs, Government of India, New Delhi enabling electronic delivery of documents and also in line with circular Ref. No. CIR/CFD/DIL/7/2011 dated November 05, 2011 issued by Securities and Exchange Board of India (SEBI) and consequent change in Clause 32 of the Listing Agreement, listed companies can send Annual Reports in Electronic Mode to the shareholders who have registered their E-mail ID. 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) Securities and Exchange Board of India (SEBI) vide circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 have advised all the relevant concerned to use electronic mode of payment for making cash payment to the investors. This mode of electronic mode of dividend is welcome step initiated by SEBI as it offers numerous advantages in terms of quick receipt of corporate benefits to the investors and avoids other concerns related physical instruments. In cases of shareholder/s, where it is not possible to effect electronic payment, SEBI has advised to print bank details in the physical warrant instruments issued to them.

   In order to facilitate the shareholders holding shares in Physical Form to have receipt of dividend in electronic form, our Corporation has hosted the required form on its website. The form is available on website www.hindustanpetroleum.com under the menu "Investors" & Sub-Menu "Investors Guide". Shareholders can access the website, download the requisite form, fill it as per the direction given therein and along with the necessary attachment(s), forward the same to the Registrar and Transfer Agents at the address given in note No. (9) below. Form can be obtained from our R& T Agents also.

   Shareholders who are holding shares in Electronic Form and who have not yet updated their bank details but would like to receive dividend in electronic mode are required to contact their respective Depository Participants (DP) only, for updating their bank details. On updation of bank details, they are also advised to seek 'Client Master Advice' from their respective DP and ensure that correct updation has been carried out in their record. It may be noted that the data provided by the Depositories is solely used by Company to effect the payment of dividend. Hence, it is utmost necessary for shareholders to ensure that the Bank details are updated directly with DPs only.
8. Members are hereby informed that Dividends which remain unclaimed / unencashed over a period of 7 years have to be transferred by the Company to Investor Education & Protection Fund constituted by the Central Government under Section 205A and 205C of the Companies Act, 1956.

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

Date of Declaration of Dividend	Dividend for the Year	Month and Year of Transfer to the Fund
14.09.2006	2005-06 (Final)	October 2013
20.12.2006	2006-07 (Interim)	January 2014
06.09.2007	2006-07 (Final)	October 2014
22.09.2008	2007-08 (Final)	October 2015
28.08.2009	2008-09 (Final)	September 2016
16.09.2010	2009-10 (Final)	October 2017
22.09.2011	2010-11 (Final)	October 2018
18.09.2012	2011-12 (Final)	October 2019

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/ not encashed the Dividend Warrants for any of the above mentioned financial years and/ or send for revalidation / 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
   L.B.S. 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, Shri S.K.Roongta, Smt. Nishi Vasudeva, Shri Anil Razdan and Shri G.K. Pillai, retire by rotation and being eligible, offer themselves for re-appointment.

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:

7. Dr. Gitesh K. Shah, was appointed as an Additional Director on the Board effective 26.02.2013. 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 Dr. Gitesh K. Shah, for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956. Dr. Gitesh K. Shah, is a technocrat. .The Board recommends appointment of Dr. Gitesh K. Shah. Dr. Gitesh K. Shah was on the Board of HPCL, who had completed his tenure on December 06, 2012. He does not hold any shares of HPCL.

   None of the Directors other than Dr. Gitesh K. Shah, is interested in the resolution.

8. Shri K.V. Rao, was appointed as an Additional Director and also as Director Finance, on the Board effective 01.06.2013. 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 K.V. Rao, for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956. Prior to the appointment as Director Finance, Shri K.V. Rao, was ED-Corporate Finance of HPCL. The Board recommends appointment of Shri K.V. Rao.

   None of the Directors other than Shri K.V. Rao, is interested in the resolution.

9. Shri R.K. Singh, was appointed as an Additional Director on the Board effective 26.06.2013. 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 R.K. Singh, for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956. Shri R.K. Singh is Joint Secretary (Refineries) in MOP&NG. He does not held any shares of HPCL. The Board recommends appointment of Shri R.K. Singh.

   None of the Directors other than Shri R.K. Singh, is interested in the resolution.

10. Shri B.K. Namdeo, was appointed as an Additional Director and also as Director (Refineries) on the Board effective 01.07.2013. 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 B.K. Namdeo, for the office of a Director in terms of Sections 255 & 257 of the Companies Act, 1956. Prior to the appointment of Director (Refineries), Shri B.K. Namdeo was ED – IT&S of HPCL. The Board recommends appointment of Shri B.K. Namdeo.
    None of the Directors other than Shri B.K. Namdeo, is interested in the resolution.

BY THE ORDER OF THE BOARD

Shrikant M. Bhosekar
Company Secretary

Date : July 18, 2013
Regd.Office : 17, Jamshedji Tata Road
Churchgate, Mumbai - 400 020

ANNEXURE TO ITEMS 3 TO 10 OF THE NOTICE OF ANNUAL GENERAL MEETING

Details of Directors seeking appointment / reappointment at the 61st Annual General Meeting in pursuance of Clause 49 of the Listing Agreement

Name of the Director	S.K. Roongta	Nishi Vasudeva	Anil Razdan	G.K. Pillai	Dr. Gitesh K. Shah	K.V. Rao	R.K. Singh	B.K. Namdeo
Date of Birth	09.05.1950	30.03.1956	07.12.1948	30.11.1949	20.10.1961	03.09.1955	24.11.1964	17.10.1956
Nationality	Indian	Indian	Indian	Indian	Indian	Indian	Indian	Indian
Date of Appointment on the Board	10.01.2011	04.07.2011	10.01.2011	09.04.2012	26.02.2013	01.06.2013	26.06.2013	01.07.2013
Qualification	B.E. (Electrical) PGDBM (IIFT)	B.A. PGDBM (IIM Kolkata)	IAS	IAS M.Sc.	D.Sc. (Organic Chemistry) USA Ph.D. (Organic Chemistry) Gujarat University M.Sc. (Organic Chemistry) Gujarat University	B.Com FCA.	B.A. (Eco), IAS	B.E. (Mech) M.Tech (IIT, Mumbai)
List of Directorship in other Companies	1. Neyveli Lignite Corpn.Ltd. 2. Shipping Corporation of India Ltd. 3. Jubilant Industries Ltd. 4. ACC Ltd. 5. Vedanta Aluminium Ltd. 6. Talwandi Sabo Power Ltd. 7. Bharat Aluminium Co.Ltd. 8. Sterlite Energy Ltd.	1. Hindustan Colas Ltd.. 2. Bhagyanagar Gas Ltd. 3. South Asia LPG Pvt.Ltd. 4. Aavantika Gas Ltd. 5. HPCL Biofuels Ltd.	1. Power Trading Corpn. of India Ltd. 2. MMTC Ltd. 3. Green Valley Energy Venture (P) Ltd.	1. IvyCap Ventures Advisors Pvt. Ltd. 2. Adani Ports & Special Economic Zone Ltd. 3. Zuari Agro Chemicals Ltd. 4. Data Security Council of India	Harita Projects Pvt. Ltd.	1. Prize Petroleum Co.Ltd. 2. CREDA-HPCL Biofuel Ltd. 3. Petronet India Ltd. 4. HPCL Biofuels Ltd. 5. HPCL Mittal Energy Ltd. 6. HPCL Mittal Pipelines Ltd. 7. Hindustan Colas Ltd.	ISPRL	1. Prize Petroleum Co. Ltd. 2. HPCL Mittal Energy Ltd. 3. CREDA HPCL Biofuel Ltd. 4. Mangalore Refinery and Petrochemicals Ltd.

Performance Profile

FINANCIAL	2012-13	2012-13	2011-12	2010-11	2009-10	2008-09
	US $ Million	**₹ / Crores**				₹ / Crores
Sales / Income from operations	**39,726.56**	**215,675.49**	188,130.95	142,396.49	114,888.63	131,802.65
Gross profit	**999.87**	**5,428.31**	5,156.44	4,637.09	4,193.18	3,776.36
Depreciation	**356.31**	**1,934.42**	1,712.93	1,406.95	1,164.40	981.29
Interest	**371.95**	**2,019.33**	2,224.27	884.00	903.75	2,082.84
Tax inclusive Deferred tax	**104.96**	**569.85**	307.81	807.14	823.61	123.23
Provision for Fringe Benefit Tax	**-**	**-**	-	-	0.05	14.03
Net Profit	**166.64**	**904.71**	911.43	1,539.01	1,301.37	574.98
Dividend	**53.02**	**287.83**	287.83	474.08	406.35	177.78
Tax on Distributed Profits	**9.01**	**48.92**	46.70	76.91	67.49	30.21
Retained Earnings	**104.62**	**567.96**	576.89	988.02	827.53	366.99
INTERNAL RESOURCES GENERATED	**555.43**	**3,015.45**	2,179.48	2,785.93	2,196.53	1,382.56
VALUE ADDED	**2,422.76**	**13,153.16**	11,824.30	10,017.94	9,365.26	8,267.54
WHAT CORPORATION OWNS						
Gross Fixed Assets	**6,816.40**	**37,006.21**	33,459.00	29,648.39	24,988.37	20,208.83
Less: Depreciation	**2,663.01**	**14,457.51**	12,609.35	11,003.86	9,681.70	8,554.08
Net Fixed Assets	**4,153.38**	**22,548.70**	20,849.65	18,644.53	15,306.67	11,654.75
Capital Work-in-Progress	**957.68**	**5,199.22**	4,474.73	3,798.70	3,887.59	5,001.07
Investments						
JVCs & Subsidiary	**773.49**	**4,199.27**	3,416.64	3,819.30	2,623.83	1,493.07
Others	**1,183.95**	**6,427.66**	6,953.86	7,515.73	8,763.39	12,703.40
Net Current/Non Current Assets	**2,346.45**	**12,738.92**	10,344.16	6,984.38	4,086.83	4,237.21
Deferred Tax Liability	**(662.80)**	**(3,598.35)**	(3,085.28)	(3,195.63)	(1,807.97)	(1,603.37)
Total	**8,752.14**	**47,515.42**	42,953.76	37,567.00	32,860.34	33,486.13
WHAT CORPORATION OWES						
Net Worth	**2,528.34**	**13,726.40**	13,122.52	12,545.80	11,557.97	10,730.63
Share Capital	**62.57**	**339.71**	339.71	339.71	339.71	339.71
Share Forfeiture	**(0.13)**	**(0.70)**	(0.70)	(0.70)	(0.70)	(0.70)
Reserves	**2,465.90**	**13,387.39**	12,783.51	12,206.79	11,218.96	10,391.62
Borrowings	**6,223.80**	**33,789.02**	29,831.24	25,021.19	21,302.37	22,755.51
Total	**8,752.14**	**47,515.42**	42,953.76	37,567.00	32,860.34	33,486.13
PHYSICAL (TMT)						
CRUDE THRUPUT		**15.78**	16.19	14.75	15.76	15.81
- Mumbai Refinery		**7.75**	7.51	6.55	6.96	6.65
- Visakh Refinery		**8.03**	8.68	8.20	8.80	9.16
PIPELINE THRUPUT		**14.04**	13.62	12.98	11.95	10.58
MARKET SALES		**30.32**	29.48	27.03	26.27	25.39

Notes:

1. Previous year figures have been regrouped / reclassified wherever necessary.

2. 1 US$ = ₹ 54.29 (Exchange Rate as on 31.03.2013).

Performance Profile

	2012-13	2012-13	2011-12	2010-11	2009-10	2008-09
	US $ Million	**₹ / Crores**				₹ / Crores
FUND FLOW STATEMENT						
Sources of Funds :						
Profit after Tax	**166.64**	**904.71**	911.43	1,539.01	1,301.37	574.98
Depreciation	**356.31**	**1,934.42**	1,712.93	1,406.95	1,164.40	981.29
LPG Deposits	**140.63**	**763.44**	839.74	694.18	515.68	193.98
Borrowings (Net)	**547.07**	**2,970.03**	5,085.69	3,177.02	(1,270.19)	6,173.46
Redemption of Oil Bonds	**130.41**	**708.00**	1,127.90	1,486.00	5,270.27	9,238.92
Amortisation of Capital Grant received from OIDB & Amortisation of FCMITDA*	**0.34**	**1.85**	(0.18)	(0.19)	(0.19)	(0.19)
Exchange Rate Variation on Restatement of ECB of 2007-08 in line with transitional provisions of AS-11	**-**	**-**	-	-	-	(199.46)
Oil Bond Receivable	**-**	**-**	-	-	-	2,033.99
Provision for Deferred Tax	**94.51**	**513.07**	(110.35)	1,387.66	204.60	7.39
Adjustment on Account of Sale/ deletion of Assets & Provision for diminution in Investment	**107.68**	**584.62**	27.50	(238.33)	703.73	(75.28)
Total	**1,543.59**	**8,380.14**	9,594.66	9,452.30	7,889.67	18,929.09
Utilisation of Funds :						
Dividend	**53.02**	**287.83**	287.83	474.08	406.35	177.78
Tax on Distributed Profits	**9.01**	**48.92**	46.70	76.91	67.49	30.21
Capital Expenditures	**937.61**	**5,090.31**	4,620.63	4,655.92	3,712.68	2,372.80
Increase/(decrease) in Net Current / Non-Current Assets	**373.24**	**2,026.34**	4,210.24	3,431.07	141.74	(1,999.74)
Investment in JVCs & Subsidiaries (Incl. Adv. towards Equity & Share App. Money pending allotment)	**170.70**	**926.74**	429.26	814.32	1,527.41	206.82
Investment Oil Bonds	**-**	**-**	-	-	2,033.99	18,141.22
Total	**1,543.59**	**8,380.14**	9,594.66	9,452.30	7,889.67	18,929.09
CONTRIBUTION TO EXCHEQUER						
Excise Duty	**1,544.75**	**8,386.47**	8,948.91	8,589.25	7,121.14	6,463.49
Customs Duty	**62.68**	**340.29**	1,321.34	3,192.08	564.74	2,094.37
Sales Tax	**4,029.18**	**21,874.41**	19,233.85	15,804.52	12,583.82	12,352.48
Service Tax	**23.57**	**127.96**	83.52	70.32	55.41	51.13
Income Tax	**16.20**	**87.95**	271.92	542.00	382.32	11.86
Fringe Benefit Tax	**-**	**-**	-	-	0.05	17.00
Others	**249.85**	**1,356.42**	1,440.99	665.98	448.54	369.42
Total	**5,926.23**	**32,173.50**	31,300.53	28,864.15	21,156.02	21,359.75
RATIOS						
Gross Profit/Sales (%)		**2.52**	2.74	3.26	3.65	2.87
Net Profit/Sales (%)		**0.42**	0.48	1.08	1.13	0.44
Earnings Per Share (₹)		**26.72**	26.92	45.45	38.43	16.98
Cash Earnings Per Share (₹)		**96.86**	77.70	98.54	78.86	46.92
Avg. Sales/Employee (₹ / Crores)		**17.23**	15.06	11.79	9.62	10.35
Avg. Net Profit/Employee (₹ / Crores)		**0.07**	0.08	0.14	0.11	0.05
Debt Equity Ratio (Long Term Debt to Equity)		**0.75 : 1**	0.66 : 1	0.54 : 1	0.30 : 1	0.30 : 1
MANPOWER (NOs.)		**11,027**	11,226	11,248	11,291	11,246

* Foreign Currency Monetary Item Translation Difference Account (FCMITDA) as per para 46 of AS-11.

Performance Profile

	2012-13	2012-13	2011-12	2010-11	2009-10	2008-09
	US $ Million	₹ / Crores				₹ /Crores
HOW VALUE IS ADDED						
Income :						
Sales / Income from Operations	**39,726.56**	**215,675.49**	188,130.95	142,396.49	114,888.63	131,802.65
Add: Increase/(Decrease) in Inventory	**(149.10)**	**(809.45)**	824.29	3,438.78	3,249.96	(1,836.78)
	39,577.46	**214,866.04**	188,955.24	145,835.27	118,138.59	129,965.87
Cost of Raw Materials :						
Raw Material Consumption	**11,637.98**	**63,182.62**	56,943.23	40,362.01	37,722.89	40,995.22
Purchases for Resale	**23,609.98**	**128,178.60**	109,370.73	85,396.86	62,677.82	73,394.61
Packages	**33.73**	**183.12**	181.67	143.42	136.39	127.12
Stores & Spares	**28.81**	**156.39**	121.41	116.66	174.27	121.36
Utilities	**201.43**	**1,093.55**	921.87	615.68	473.71	192.19
	35,511.93	**192,794.28**	167,538.89	126,634.63	101,185.08	114,830.51
Duties Applicable to Products :						
Duties	**1,642.77**	**8,918.60**	9,592.04	9,182.70	7,588.25	6,867.83
Total Value Added	**2,422.76**	**13,153.16**	11,824.30	10,017.94	9,365.26	8,267.54
HOW VALUE IS DISTRIBUTED						
Operations :						
Operating & Service Costs	**957.69**	**5,199.29**	5,084.76	3,363.69	3,551.24	3,355.65
Employees' Benefits	**465.20**	**2,525.56**	1,583.10	2,017.16	1,617.32	1,135.53
Providers of Capital :						
Interest on Borrowings	**371.95**	**2,019.33**	2,224.27	884.00	903.75	2,082.84
Dividend	**62.03**	**336.75**	334.53	550.99	473.84	207.99
Income Tax/Fringe Benefit Tax	**104.96**	**569.85**	307.81	807.14	823.66	137.25
Re-deployment in Business						
Retained profit	**104.62**	**567.96**	576.90	988.02	827.53	366.97
Depreciation	**356.31**	**1,934.42**	1,712.93	1,406.95	1,167.92	981.29
Total Value Distributed	**2,422.76**	**13,153.16**	11,824.30	10,017.94	9,365.26	8,267.54

Performance Profile

'000 Tonnes

SALES VOLUME *	2012-13	2011-12	2010-11	2009-10	2008-09
Light Distillates					
Liquified Petroleum Gas	**4,073.41**	3,957.80	3,700.04	3,317.66	3,024.78
Naphtha	**674.59**	778.77	875.69	1,341.85	2,102.40
Motor Spirit	**4,070.66**	3,869.06	3,599.97	3,247.14	2,843.57
Hexane	**19.47**	23.45	14.77	16.58	27.81
Propylene	**48.85**	52.30	41.44	23.21	31.48
Sub-total	**8,886.98**	8,681.38	8,231.91	7,946.44	8,030.04
Middle Distillates					
Mineral Turpentine Oil	**36.88**	37.35	42.67	59.83	53.59
Aviation Turbine Fuel	**567.30**	768.24	698.56	744.12	682.12
Superior Kerosene Oil	**1,375.30**	1,549.13	1,685.29	1,798.48	1,769.03
High Speed Diesel	**15,459.50**	14,216.02	12,328.00	11,747.13	10,807.11
JBO/WO	**0.96**	1.37	2.25	1.54	1.69
Light Diesel Oil	**175.87**	171.00	157.95	121.09	130.88
Sub-total	**17,615.80**	16,743.11	14,914.72	14,472.19	13,444.43
Lubes & Greases	**470.94**	426.63	413.57	469.67	337.37
Heavy Ends					
Furnace Oil	**1,794.17**	2,243.47	2,008.04	1,778.01	2,037.79
Low Sulphur Heavy Stock	**187.09**	220.16	273.76	393.46	449.86
Bitumen	**1,056.13**	930.24	810.17	906.41	880.11
Others	**306.92**	239.39	379.89	306.12	213.66
Sub-total	**3,344.30**	3,633.26	3,471.86	3,384.00	3,581.41
Total	**30,318.03**	29,484.38	27,032.06	26,272.30	25,393.26
* Including Exports					
MARKETING NETWORK (Nos.)	**31.03.2013**	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Regional Offices	**101**	101	101	101	90
Terminals/Installations/TOPs	**34**	33	32	31	31
Depots (including Exclusive Lube Depots)	**90**	90	93	92	100
LPG Bottling Plants	**45**	45	44	44	43
ASFs	**35**	34	32	31	21
Retail Outlets	**12,173**	11,253	10,212	9,127	8,539
SKO/LDO Dealers	**1,638**	1,638	1,638	1,638	1,638
LPG Distributors	**3,194**	2,897	2,633	2,404	2,250
LPG Customers (in Crores)	**3.99**	3.62	3.28	2.92	2.70

Performance Profile

'000 Tonnes

PRODUCTION VOLUME - MUMBAI REFINERY	2012-13	2011-12	2010-11	2009-10	2008-09
Light Distillates					
Liquified Petroleum Gas	**440.60**	448.60	253.70	257.80	226.30
Naphtha	**408.97**	491.20	390.90	549.30	742.20
Motor Spirit	**1,357.59**	1,182.50	935.40	727.50	374.40
Hexane	**16.65**	26.10	12.60	17.60	26.10
Solvent 1425	**5.47**	8.20	4.10	6.10	5.20
Sub-total	**2,229.28**	2,156.60	1,596.70	1,558.30	1,374.20
Middle Distillates					
Mineral Turpentine Oil	**36.19**	40.50	44.20	62.90	54.90
Aviation Turbine Fuel	**536.65**	587.10	543.30	580.00	580.96
Superior Kerosene Oil	**330.93**	285.20	69.30	142.10	155.30
High Speed Diesel	**2,201.83**	1,979.20	1,902.40	2,211.40	2,050.65
Light Diesel Oil	**84.10**	93.40	87.90	46.20	59.30
Sub-total	**3,189.71**	2,985.40	2,647.10	3,042.60	2,901.11
LOBS/TOBS	**361.99**	382.40	300.20	347.00	312.40
Heavy Ends					
Furnace Oil	**847.49**	1,018.00	1,034.70	857.80	854.80
Low Sulphur Heavy Stock	**(1.39)**	8.30	48.20	68.10	129.20
Bitumen	**631.07**	577.40	430.20	559.60	551.50
Others (Including input of BH Gas)	**(33.51)**	(83.70)	(58.90)	(19.90)	81.50
Sub-total	**1,443.66**	1,520.00	1,454.20	1,465.60	1,617.00
Total	**7,224.65**	7,044.40	5,998.20	6,413.50	6,204.71
Intermediate Stock Differential	**(54.52)**	(116.90)	146.70	19.50	5.20
Fuel & Loss	**584.66**	592.80	505.10	532.10	441.80
Total*	**7,754.78**	7,520.30	6,650.00	6,965.10	6,651.71

* Includes Processing of 13.7 TMT other inputs for 2011-12.

Performance Profile

'000 Tonnes

PRODUCTION VOLUME - VISAKH REFINERY	2012-13	2011-12	2010-11	2009-10	2008-09
Light Distillates					
Liquified Petroleum Gas	**382.75**	360.80	281.10	310.05	363.92
Naphtha	**251.38**	270.00	448.20	734.04	1,148.36
Motor Spirit	**1,258.69**	1,357.50	1,097.30	932.16	779.36
Propylene	**48.02**	52.70	41.90	23.15	31.59
Sub-total	**1,940.84**	2,041.00	1,868.50	1,999.40	2,323.23
Middle Distillates					
Mineral Turpentine Oil	**-**	-	-	-	(0.01)
Aviation Turbine Fuel	**65.73**	60.00	57.50	79.87	57.67
Superior Kerosene Oil	**582.38**	640.20	704.90	720.33	832.25
High Speed Diesel	**3,116.26**	3,438.00	3,233.60	3,441.39	3,610.71
JBO / WO	**0.75**	1.00	2.30	1.83	1.75
Light Diesel Oil	**84.76**	83.10	93.00	70.73	104.32
Sub-total	**3,849.88**	4,222.30	4,091.30	4,314.15	4,606.69
Heavy Ends					
Furnace Oil	**1,025.60**	1,220.70	1,020.50	1,033.74	1,175.72
Low Sulphur Heavy Stock	**183.29**	139.30	150.20	340.33	186.14
Bitumen	**394.65**	367.20	295.90	328.51	337.56
Others	**31.40**	26.30	205.80	101.41	24.86
Sub-total	**1,634.94**	1,753.50	1,672.40	1,803.99	1,724.28
Total	**7,425.65**	8,016.80	7,632.20	8,117.54	8,654.20
Intermediate Stock Differential	**(5.00)**	24.50	(28.30)	83.05	(20.12)
Fuel & Loss	**607.81**	641.00	595.80	595.87	520.76
Total	**8,028.47**	8,682.30	8,199.70	8,796.46	9,154.84

Directors' Report

TO THE MEMBERS

On behalf of the Board of Directors, I have great pleasure in presenting to you the sixty-first Annual Report on the working of the Company, together with the Audited Accounts for the year ended 31st March, 2013.

HIGHLIGHTS

₹ / Crores

	2012-13	2011-12
FINANCIAL		
Sales/Income from Operation	**2,15,675.49**	1,88,130.95
Profit before Depreciation, Interest and Tax	**5,428.31**	5,156.44
Depreciation	**(1,934.42)**	(1,712.93)
Interest	**(2,019.33)**	(2,224.27)
Profit before Tax	**1,474.56**	1,219.24
Provision for Tax		
Current Tax	**(250.58)**	(396.65)
Deferred Tax	**(440.95)**	(6.94)
Taxation of earlier years written back	**60.62**	95.78
MAT Credit Entitlement	**61.06**	-
Profit after Tax	**904.71**	911.43
Balance brought forward from previous year	**9,682.74**	9,373.13
Appropriations:		
General Reserve	**(90.47)**	(91.14)
Debenture Redemption Reserve (net)	**31.67**	(176.15)
Proposed Dividend	**(287.83)**	(287.83)
Tax on Distributed Profits	**(48.92)**	(46.70)
Balance Carried Forward	**10,191.90**	9,682.74
PHYSICAL PERFORMANCE (MMT)		
Market Sales (Including Exports)	**30.32**	29.48
Crude Thruput:		
Mumbai Refinery	**7.75**	7.51
Visakh Refinery	**8.03**	8.68
SHAREHOLDERS' VALUE (₹)		
Earnings per Share	**26.72**	26.92
Cash Earnings per Share	**96.86**	77.70
Book Value per Share	**405.35**	387.52

DIVIDEND

Your Directors, after taking into account the financial results of the Company during the year, have recommended dividend of ₹ 8.50 per share for the year 2012-13 as against ₹ 8.50 per share paid for the year 2011-12. The dividend for 2012-13, including dividend tax provision will absorb ₹ 336.75 Crores (2011-12: ₹ 334.53 Crores).

SALES/INCOME FROM OPERATIONS

Your Company has achieved sales/income from operations of ₹ 2,15,675.49 Crores as compared to ₹ 1,88,130.95 Crores in 2011-12.

PROFIT

Your Company has earned gross profit of ₹ 5,428.31 Crores as against ₹ 5,156.44 Crores in 2011-12 and profit after tax of ₹ 904.71 Crores as compared to ₹ 911.43 Crores in 2011-12.

Directors' Report

INTERNAL RESOURCES GENERATION

The Internal Resources generated were ₹ 3,015.45 Crores as compared to ₹ 2,179.48 Crores in 2011-12.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed a sum of ₹ 32,173.50 Crores to the exchequer by way of duties and taxes, as compared to ₹ 31,300.53 Crores in 2011-12.

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, 2013 and of the Statement of Profit & Loss 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 Company has been signing a Memorandum of Understanding (MOU) with the Ministry of Petroleum & Natural Gas. The performance of the Corporation of the year 2012-13 qualifies for "Excellent" rating basis self-evaluation.

REFINERY PERFORMANCE

HPCL refineries processed a combined crude thruput of 15.78 MMT (16.19 MMT in 2011-12) with a capacity utilization of 107% of the installed capacity of 14.80 MMT.

The Combined distillate yield of 73.0% was realized by processing High Sulphur / Low Sulphur crude in the ratio of 65:35.

The Overall MoU Rating for HPCL refineries for parameters Viz. Crude throughput, Distillate yields, Specific Energy Consumption, projects, Sustainable development, HSE and R&D stands at "Very Good" level.

Refineries have achieved best ever production in LPG (818 TMT), MS (2,619 TMT) and Bitumen which has crossed 1 million mark (1,042 TMT).

Gross refining margins of Mumbai Refinery averaged at US $ 2.08 per barrel as against US $ 2.83 per barrel for the year 2011-12.

Gross refining margins of Visakh Refinery averaged at US $ 2.08 per barrel as against US $ 2.95 per barrel for the year 2011-12.

Mumbai Refinery:

The year 2012-13 has been remarkable for Mumbai Refinery with the crude throughput of 7.75 MMT as against installed capacity of 6.50 MMT with capacity utilization of 119%. The refinery has also set a milestone by recording the highest ever crude thruput surpassing the previous best of 7.51 MMT during 2011-12.

The Distillate yields achieved during the year was 73.5%. Mumbai Refinery attained Specific Energy Consumption (MBTU/BBL/NRGF) of 82.6 against MoU Excellent target of 86.0.

The Fuel and loss figure of 7.5% was better than the target of 8.0%.

Refinery recorded best ever production Viz. MS, RPO and Bulk Bitumen production through effective utilization of assets during 2012-13.

Directors' Report

Visakh Refinery :

Visakh Refinery achieved crude thruput of 8.03 MMT as against installed capacity of 8.30 MMT with capacity utilization of 96%. The Distillate yield achieved during the year was 72.6%. It has also contributed in optimizing Fuel and loss figures recording 7.6% was better than the target of 8.1%

Refinery recorded best ever production viz. LPG, Bitumen through optimum utilization of assets during the year 2012-13.

The refinery has taken proactive role in the area of energy conservation and has achieved significant improvement in the area of energy conservation by continuously practicing the energy conservation techniques and implementing energy conservation projects.

These measures have helped in achieving best ever Specific Energy Consumption (MBTU/BBL/NRGF) of 84.0 against MoU Excellent target of 88.0.

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

During the year 2012-13, your Corporation has achieved sales volume (including exports) of 30.32 Million Tonnes as against 29.48 Million Tonnes recorded in 2011-12. HPCL recorded a growth of 4.70% in Marketing Sales, over the sales volume of the previous year and amongst public sector oil companies increased its market share to 20.19% as on 31st March, 2013 from 19.96% recorded in the previous year.

During the year, your Corporation commissioned 1,018 new Retail Outlets, which include 318 retail outlets in the rural areas taking the total tally to 12,173 Retail Outlets. Your Corporation increased its market share in MS and HSD (combined) by 0.14%. In the LPG business line, your Corporation enrolled 32.17 Lakhs new HP Gas Domestic customers taking their total to 395 lakhs as on 31st March, 2013. In order to provide LPG to rural India, your Corporation commissioned 243 distributors under the Rajiv Gandhi Gramin LPG Vitaran Yojana. Your Corporation also commissioned 54 Regular LPG distributors.

The Direct Sales Business line comprises of Industrial & Commercial (I&C) and Lubes & Greases. Your Corporation achieved a marketing sales volume of 3,985 TMT in the I&C segment, posting a growth of 1% and market share gain of 0.20%. In the Lubes & Greases segment the marketing sales recorded was 427 TMT with a growth of 6.4% and market share gain of 1.65%. In the Aviation Business line, your Corporation achieved sales of 567 TMT during the year. A record thruput of 43.2 Million Tonnes was handled by POL installations and your Corporation's pipeline network achieved a thruput of 14.04 Million Tonnes during the year, exceeding the targeted thruput.

VIGILANCE

During the year, the Vigilance Department, continuing with its endeavor to create an environment of proactive vigilance, carried out interactive sessions with officials covering various locations. These sessions included the topic of vigilance awareness and functioning and importance of preventive vigilance.

On the occasion of Vigilance Awareness Week Observed from 29th October, 2012 to 3rd November, 2012 at various locations, various competitions like slogan writing, quiz, essay writing contest etc. were organized for creating awareness amongst the employees. These competitions were also held in the schools and colleges all over India.

INDUSTRIAL RELATIONS

Industrial Relations across the Corporation remained positive and constructive, marked by mutual trust and industrial harmony. Union leadership and workmen played a significant role in achieving performance objectives at their work units/locations across the country through their collaboration in introduction of new technology, acceptance of cost management practices, and

Directors' Report

rationalization of manpower through internal redeployment to fill vacant positions. With a view to enhance employee participation in meeting the challenges of the future, an Industrial Relations Council comprising members from the senior levels of Management drawn from Business Units and Human Resources together with senior office bearers from each of the representative Unions operating in the Corporation has been formed.

A series of workshops were conducted for employees to emphasize ethics in the conduct of business and to ensure that the affairs of the Corporation are managed in a transparent and ethical manner.

OFFICIAL LANGUAGE IMPLEMENTATION

Official Language Implementation has been given the utmost importance in the Corporation. The Corporation was awarded prestigious Indira Gandhi Rajbhasha Award for the fifth consecutive year by Home Ministry.

CORPORATE SOCIAL RESPONSIBILITY

HPCL has a deep understanding of the impact it can make on society and is committed to the Social investment to support communities and the broader society in which we operate. During the year we have spent an amount of ₹ 21.76 Crores on CSR. Our focus areas have been Child Care, Education, Health Care, Skill Development and others including SC/ST beneficiaries.

CORPORATE GOVERNANCE

The Corporation has complied with the requirements of Corporate Governance as provided under Clause 49 of the Listing Agreement and DPE guidelines on Corporate Governance.

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 given in **Annexure III** to this report. The details regarding the number of women employee's vis-à-vis the total number of employees in each group is also given in **Annexure IV**.

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 2011-12 was carried out and the Cost Audit Reports were filed with the Ministry of Corporate Affairs before the stipulated date of filing.

DIRECTORS

HPCL Board presently comprises of 13 Directors. The Whole Time Directors are Shri S. Roy Choudhury (Chairman & Managing Director), Shri B. Mukherjee (Director – Finance), Shri K. Murali (Director – Refineries), Smt. Nishi Vasudeva (Director – Marketing), Shri Pushp Kumar Joshi (Director – Human Resources).

The Part-Time Ex-Officio Directors are Dr. S.C. Khuntia and Shri L.N. Gupta. The Part-Time Non Official (Independent) Directors are S/Shri Anil Razdan, S.K.Roongta, G.K. Pillai, A.C. Mahajan, Dr. G. Raghuram and Dr. Gitesh K. Shah.

Directors' Report

The following are the details of Directors appointment / cessation:

- Dr.S.C. Khuntia, Additional Secretary & Financial Advisor, MOP & NG who joined HPCL Board on August 03, 2012 and Shri L.N. Gupta, Joint Secretary (Refineries), MOP&NG who joined HPCL Board on June 25, 2008 continues to be Ex-Officio Part-Time Directors of the Corporation.
- Shri Anil Razdan and Shri S.K. Roongta who have joined HPCL Board on 10th January, 2011 continue to be Part-Time Non Official Directors of the Corporation. S/Shri G.K.Pillai, A.C. Mahajan and G. Raghuram who have joined HPCL Board on 9th April, 2012 continue to be Part-Time Non Official Directors of the Corporation.
- Dr. Gitesh K. Shah, who joined HPCL Board on 7th December, 2009 ceased to be Part-Time Non-Official Director of the Corporation effective 6th December, 2012 on completion of his tenure of three years. MOP&NG vide letter No.C-31017/5/2012/CA dated 26th February, 2013 have reappointed Dr. Gitesh K. Shah as a Part-Time Non-Official Director on the Board of HPCL effective 26th February, 2013 and Dr. Gitesh K. Shah has been inducted in the Board effective this date.
- Shri S. Roy Choudhury (Chairman & Managing Director), Shri B. Mukherjee (Director – Finance), Shri K. Murali (Director – Refineries), Smt. Nishi Vasudeva (Director – Marketing) and Shri Pushp Kumar Joshi (Director – Human Resources) continue as Whole – Time Directors of the Corporation.

As per the provisions of Section 256 of the Companies Act 1956, Shri S.K. Roongta, Smt. Nishi Vasudeva, Shri Anil Razdan and Shri G K Pillai retires by rotation at the 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

28th May, 2013

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 :

HPCL refineries are committed towards conservation of energy and minimization of losses. In this endeavour, the refineries have taken part in the benchmarking studies organized by CHT in collaboration with M/s Solomon Associates, USA. The outcome of this study brought into light, the refineries performance in comparison to other refineries worldwide bearing similar configuration. The potential areas for improvement were identified and several measures were developed to implement the same under long term and short term strategies. Implementation of some of these measures has made it possible to restrict fuel and loss for Mumbai and Visakh refineries to 7.5% and 7.6% respectively in the year 2012-13.

The energy conservation measures undertaken by both refineries during the year 2012-13 have resulted in a savings of 42,157 SRFT/year (standard refinery fuel tonnage per year). This translates to savings of ₹ 169 Crores/year approximately.

The major energy conservation measures undertaken during the year 2012-13 are as follows:

Mumbai Refinery :

1. In an effort to recover hydrocarbon losses, refinery has commissioned Propane gas recovery system from DWO recovery circuit by installing ejector system. The facility was commissioned during the year 2012-13.
2. Installation of condensate Preheater (CPH) coils in Heat recovery steam generators (HRSG-1 and HRSG-3) has resulted in fuel savings.
3. Reduction in Fuel gas (FG) and Fuel oil (FO) consumption by maximizing cat circulation rate at 90-100 m^3/hour in Old FCCU resulted in fuel savings.
4. Improved the furnace efficiencies by replacing furnace bare tubes with studded tube bundle in convection section of solvent extraction unit.
5. Periodic safety valves surveys were carried out with ultrasonic leak detector throughout the year resulting in potential hydrocarbon loss reduction.

Visakh Refinery :

1. CDU-III Vacuum Furnace efficiency improvement was carried out, Vacuum Column random packing were replaced with structured packing resulting in reduced pressure drop, lower furnace COT and there by resulting in fuel savings and better yields.
2. Optimization of GTGs and shutting down of Frame–III GTGs resulted in reduced specific fuel consumption and there by brought about substantial fuel savings.
3. DEA solvent was replaced with MDEA solvent in ARU thereby reducing steam consumption in ARU reboiler due to lower amine flow rate.
4. Antifoulant injection was carried out at SR side of crude/SR preheat exchangers, thus enabling reduced fouling of exchangers and hence resulting in energy savings.
5. Periodic steam leak survey and steam trap survey was carried out for the entire Refinery by engaging external surveyor using ultrasonic detector and visual methods as a part of regular steam leak monitoring. Arresting of steam leaks was carried out.

Annexure to Directors' Report

6. Online chemical cleaning of CDU's & DHDS furnaces was carried out, which resulted in reduced stack temperatures and increased heater efficiencies. This has resulted in potential savings in fuel consumption.

Oil and Gas Conservation Fortnight was observed both at Mumbai and Visakh refineries from15th January to 31st January, 2013 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 :

Mumbai Refinery :

The above energy conservation measures undertaken during the year 2012-13 have resulted in a savings of 21,986 SRFT/year (standard refinery fuel tonnage per year). This translates to savings of ₹ 85 Crores/year approximately.

The major measures considered for implementation in the future are VDU hot well off gases firing in FR/LR furnaces, replacement of HRSG-V evaporator module and increase steam generation, Furnace Revamps in SEUs, FR/LOUP flare gas routing to recovery systems etc.

Visakh Refinery :

The above energy conservation measures undertaken during the year 2012-13 have resulted in a savings of 20,171 SRFT/year (standard refinery fuel tonnage per year). This translates to savings of ₹ 84.2 Crores/year approximately.

The major measures considered in coming years are implementation of air-fuel controls in CDU's,hot feed maximization to FCCUs, Oil recovery due to in situ processing of sludge, continuous use of IBH boilers in place of less efficient WIL-8 & BHPV boilers etc.

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)is tabulated below.

Technology Imported	Year of Import	Whether fully absorbed or not	If not absorbed, Reasons
Mumbai Refinery			
Integrated Effluent Treatment Plant	2008	Yes	
Solvent Deasphalting (SDA)	2009	No	Project is under implementation
Diesel Hydro Treater (DHT)	2009	No	Project is under implementation
Isotherming Technology	2011	No	Project is under implementation
Visakh Refinery			
New type of nozzles in Wash Oil Distributor in Vacuum column (CDU-I / II / III)	2008/2010/2012	Yes	
Refracto type Skin Thermocouples in furnaces (CDU-I)	2008	Yes	
FCC-NHT/NIU OTS	2008	No	Installation and commissioning planned shortly
Diesel Hydro Treater (DHT)	2008	No	Project is under implementation
Intelligent pigging of 36'' crude line	2009	Yes	
LOTIS inspection of Naphtha Steam Reformer tube	2009	Yes	
New feed nozzles for FCCU-I	2012	Yes	

Annexure to Directors' Report

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 –50 B, C, D & E.

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

MUMBAI REFINERY

	2012-13	2011-12
(A) Power and Fuel Consumption		
1 (a) Electricity Purchased		
Units (Million KWH)	**335.98**	334.89
Total Amount (₹/Crores)	**238.59**	208.20
Rate Per Unit (Excluding demand charges) (₹/KWH)	**6.75**	5.87
Maximum Demand Charges (₹/Crores)	**11.80**	11.55
(b) Own Generation		
Through Steam Turbine / Generator		
Units (Million KWH)	**311.74**	320.65
Units per Tonne of fuel	**2,820.00**	2,789.00
Cost per unit (₹/KWH)	**7.03**	2.34
2 Furnace Oil / Liquid Fuel (LSHS/HSD)		
Quantity (Thousand Tonnes)	**141.14**	144.33
Total amount (₹/Crores)	**509.23**	512.54
Average rate (₹/Tonne)	**36,080**	35,512
3 Other/Internal Generation :		
i. Naphtha		
Quantity (Thousand Tonnes)	**21.77**	0.05
Total amount (₹/Crores)	**107.89**	0.22
Average rate (₹/Tonne)	**49,567**	45,738
ii. LPG		
Quantity (Thousand Tonnes)	**6.22**	14.37
Total amount (₹/Crores)	**31.64**	60.81
Average rate (₹/Tonne)	**50,870**	42,307
iii. Refinery Gas		
Quantity (Thousand Tonnes)	**102.13**	85.70
Total amount (₹/Crores)	**368.48**	304.35
Average rate (₹/Tonne)	**36,080**	35,512
iv. BH Gas		
Quantity (Thousand Tonnes)	**3.46**	6.36
Total amount (₹/Crores)	**4.42**	7.04
Average rate (₹/Tonne)	**12,774**	11,071

Annexure to Directors' Report

	2012-13	2011-12
v. **RLNG**		
Quantity (Thousand Tonnes)	**156.44**	192.90
Total amount (₹/ Crores)	**584.50**	542.10
Average rate (₹/Tonne)	**37,362**	28,102
vi. **Coke**		
Quantity (Thousand Tonnes)	**75.27**	67.35
Total amount (₹/Crores)	**271.59**	239.19
Average rate (₹/Tonne)	**36,080**	35,512
(B) Consumption per Unit of Production		
Electricity (KWH/ Tonne of Crude)	**83.60**	87.33
Liquid Fuel (Tonnes/ Thousand Tonnes of Crude)	**21.02**	19.23
Gas (Tonnes/ Thousand Tonnes of Crude)*	**34.62**	39.88
Coke (Tonnes/ Thousand Tonnes of Crude)	**9.72**	8.97

* RLNG processing included.

VISAKH REFINERY

(A) Power and Fuel Consumption		
1 (a) **Electricity Purchased**		
Units (Million KWH)	**6.15**	8.79
Total Amount (₹/Crores)	**6.20**	6.53
Rate Per Unit (Excluding demand charges) (₹/KWH)	**4.96**	3.87
Electricity Exported (Million KWH)	**0.01**	0.02
Maximum Demand Charges (₹/Crores)	**3.15**	3.13
(b) **Own Generation (CPP)**		
Units (Million KWH)	**506.13**	528.52
Units per Tonne of fuel	**2,843.41**	2,756.02
Cost per unit (₹/KWH)	**9.38**	8.55
2 **Furnace Oil / LSHS**		
Quantity (Thousand Tonnes)	**60.83**	82.64
Total amount (₹/Crores)	**235.61**	293.49
Average rate (₹/Tonne)	**38,735**	35,513
3 **Other/Internal Generation :**		
i. **CPP Fuel**		
Quantity (Thousand Tonnes)	**178.00**	191.77
Total amount (₹/Crores)	**908.53**	880.07
Average rate (₹/Tonne)	**51,040**	45,892
ii. **Naptha (DHDS)**		
Quantity (Thousand Tonnes)	**30.36**	33.43
Total amount (₹/Crores)	**155.46**	153.11
Average rate (₹/Tonne)	**51,197**	45,807
iii. **Refinery Gas**		
Quantity (Thousand Tonnes)	**208.93**	199.40
Total amount (₹/Crores)	**814.15**	713.14
Average rate (₹/Tonne)	**38,968**	35,765

Annexure to Directors' Report

	2012-13	2011-12
iv. Coke		
Quantity (Thousand Tonnes)	**79.37**	73.67
Total amount (₹/Crores)	**309.69**	265.10
Average rate (₹/Tonne)	**39,018**	35,984
(B) Consumption per Unit of Production		
Electricity (KWH/ Tonne of Crude)	63.81	61.88
Fuel Oil (Tonnes/ Thousand Tonnes of Crude)	33.53	35.46
Gas (Tonnes/ Thousand Tonnes of Crude)	26.02	22.97
Coke (Tonnes/ Thousand Tonnes of Crude)	9.89	8.49

FORM - B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ADAPTATION & INNOVATION

I) RESEARCH & DEVELOPMENT (R&D)

Research & Development is envisaged to provide support to the Refineries and Marketing divisions for operational improvement, absorption of new technologies, developing innovative & path breaking technologies, license technologies and support external organizations and develop over long term into a knowledge hub and a profit centre.

To realize this objective HPCL is putting up its R&D Centre at Bengaluru and this centre will be involved in carrying out Research & Development activities in refinery technologies, nano-technology applications and also bio-fuels.

a) Hindustan Petroleum Green R&D Centre (HPGRDC) Project, Bengaluru

The project is being executed in a phased manner with phase-I investment of ₹ 312 Crores. The R&D Centre will be conforming to eco-friendly design norms and will consist of Nine Research Labs covering Crude Evaluation & Fuels Research, Hydroprocessing, Catalytic Cracking (FCC/RFCC), Catalysis, Process Modelling & Simulation, Bio Processes, Standard Testing, Analytical Lab and Centre for Excellence in Nano-Technology under Phase-I.

Various statutory approvals have been obtained for construction of main R&D Centre at Devangonthi, Bengaluru. Construction works for the R&D Centre are underway. An offsite lab & pilot plant facility has been set up in Bengaluru. Equipments have been procured and research activities have commenced. DSIR Recognition has been obtained for HPCL Corporate R&D centre.

b) R&D Projects

An optimization study of FCC unit operation at Mumbai Refinery was carried out and successful field trial was conducted to establish higher cat/oil ratio operation with improved conversion. This is expected to improve Refinery margins by about ₹ 40 Crores per annum.

HPCL R&D has also undertaken collaborative R&D projects with various research institutes. Brief details of the projects are given below :

- 'Hydrogen Production from Natural Gas' with IIT Delhi under Hydrogen Corpus Fund (HCF) funding from Centre for High Technology (CHT). Project duration: May, 2010 - October, 2013.
- 'Chemical Mitigation of Carbon to Fuels & Chemicals' with IIT Madras. Project duration: May, 2010 – June, 2013.
- 'Nano-particle based Lubricants' with Indian Institute of Science (IISc), Bangalore. Project duration: December, 2007 – June, 2013.
- 'An Integrated approach for Hydrogen production through Combined Dark & Photo Fermentation process' with TERI, New Delhi under HCF funding from CHT. Project duration: March, 2011 - March, 2014.
- 'Design and Construction of Metal-Organic Framework Materials with Tunable Physical Properties for Storage of

Annexure to Directors' Report

Hydrogen' with GITAM University, Visakhapatnam under HCF funding from CHT. Project duration: March, 2011 - September, 2013.

- 'Performance Evaluation of Lubricants with Nano-particle Dispersion in Automotive Engines' with GITAM University, Visakhapatnam. Project duration: July, 2011 - June, 2013.
- 'Heat Transfer Studies of Automotive Coolants with Nano-particles' with GITAM University, Visakhapatnam. Project duration: July, 2011 - June, 2013.
- Joint Research Program with IIT Kanpur & Chevron, USA for the following projects with HPCL. Projects duration: February, 2011 – March, 2013.
  - i) Nanocatalysts for Hydro-desulfurization.
  - ii) Alkylation of iso-butane with butene for the production of gasoline.
  - iii) Performance analysis of Fixed Bed Reactor Internals using CFD.
  - iv) CO2 Capture using Zeolites Functionalized with Ionic Liquids.
- 'Development of Microbial Catalysts for Biofuels' with Jawaharlal Nehru Centre for Advanced Scientific Research (JNCASR), Bangalore. Project duration: November, 2012 - November, 2014.
- 'Development of Modified Zeolite Catalysts for Hydrocarbon Conversions' with Poorna Prajna Institute of Scientific Research (PPISR), Project duration: October, 2012 - October, 2014.
- 'Development of Air Pollution Assessment Model and Pollutant Apportionment Study for Visakhapatnam' with GITAM University. Project duration: November, 2012 – November, 2013.

II) COMMISSIONING, UPGRADATION & OTHER INITIATIVES

Mumbai Refinery :

a) As a yield improvement measure the refinery has installed state of the art technology Catalyst Cooler facility in NFCCU during the first quarter of 2012. This has resulted in ability to process heavier feed there by upgrading bottoms.

b) Commissioning of Propane recovery facility from DWO in the third quarter of 2012 has resulted in reduction of propane intake to refinery substantially.

c) Optimization activities viz. Heat Recovery in CCR feed section, Hydrogen Generation Unit thruput and steam consumption in various operating units were carried out. These undertakings have resulted in reducing the fuel cost.

d) Implementation of scheme to route Hydrogen rich Purge Gases (94%) from LOUP to NMP III Hydro finer has resulted in reduced operating cost.

Visakh Refinery :

a) CDU-3 capacity augmentation project completed. Unit feed rate increased by 50-60 m^3/hr post revamp and vacuum furnace efficiency improved by 1%.

b) FCCU I GCU revamp completed, post the revamp FCCU-I reactor temperature increased from 512 to 527 deg resulting in yield improvement.

c) Yield improvement initiative like Provision of internals for VBU soaker drum was carried out thereby improving conversion by around 2%.

d) Achieved sustained operation of DHDS unit by the use of a dispersant chemical to overcome the high pressure drop across the reactor.

e) Commissioning of automatic air to fuel ratio control scheme in CDU-III atmos furnace resulting in significant fuel consumption savings.

f) DHDS Amine recovery system has been improved by replacing DEA with MDEA solvent. This has resulted in capacity enhancement and utilities reduction.

Annexure to Directors' Report

g) Integrated Refinery Business Improvement Programme (IRBIP) was undertaken with M/s Shell for improving refinery profitability. All the 23 recommendations proposed have been implemented. This has resulted in improved product yield and reduced operating expenditures.

Major Ongoing Projects

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

HPCL is setting up Diesel Hydrotreater Units (DHT) of 2.2 MMTPA each with associated facilities at both Mumbai and Visakh Refinery to meet Euro-IV specifications for diesel as per the Auto Fuel Policy. Refineries have accomplished mechanical completion of DHT units at both refineries and HGU at VR. Commissioning and stabilization of the units are scheduled during the first and second quarter of the year 2013-14.

b) Flue Gas Desulphurization (FGD) Project at Mumbai and Visakh Refineries

As a part of their commitment to protection of environment, both the refineries are implementing Flue Gas Desulphurization (FGD) projects for removal of sulphur from the flue gases of the Fluidized Catalytic Cracking Units. FGD facility at Mumbai refinery was commissioned in March, 2011 and at Visakh refinery Project was mechanically completion of FGD-I is completed and FGD-II is underway. The facilities shall be commissioned during 1st quarter of 2013-14.

Annexure-II

Control of Pollution & other Environment initiatives undertaken by Refineries during 2012-13

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 CO_2 and water. This is an ongoing process at Mumbai refinery for low oily silt/ oily sediments after mechanical recovery of oil.

The refinery has disposed 270.98 MT of spent catalysts and discarded chemicals to the registered "Common hazardous Wastes Treatment Storage Disposal Facility" (CHWTSDF) operated by Mumbai Waste Management Limited.

b) Air Emission Control and Monitoring

Continuous Ambient Air Stations are being upgraded with new continuous monitoring facilities for additional parameters viz. Ozone, PM 2.5, Benzene & Ammonia. Apart from online monitoring, manual Monitoring of ambient air as per NAAQS is being carried out by external MoEF approved laboratory.

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

Flue Gas scrubbing unit and Purge Treatment unit is installed and commissioned to control Sulphur Dioxide and Suspended particulate matter wherein more than 90% of these pollutants are reduced before letting the flue gas into the atmosphere.

As a part of community awareness, Continuous "Electronic Display Board" is operational at Mumbai Refinery main gate, displaying ambient air quality parameters.

c) Effluent Water Treatment and Control

State of the art New Integrated Effluent Treatment Plant consisting of primary, secondary and tertiary treatment sections has been in operation consistently since 2010 with a design capacity of 300 m^3/hr. 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.

Additionally, the refinery has contributed significantly to Natural Resource conservation by recycling of effluent water. Water conserved during the year 2012-13 was 6,10,501 KL. Cumulative water recycled since the inception of the "Effluent Treatment Plant" is 12,02,838 KL thereby saving equivalent amount of Natural Water resource for the community.

Annexure to Directors' Report

d) Other Initiatives

- **Rain Water Harvesting** – Mumbai Refinery has constructed necessary infrastructure and has harvested about 74,000 KL of rainwater against a plan of 5,30,000 KL of rain water for the year 2012-13. Further augmentation of rain water management facility is in progress as a part of Natural Water Resource Conservation and sustainable development Project including reduction in refinery carbon foot print.
- **Ground Water Quality Monitoring** – Ground water aquifers are monitored for quality (IS 10500: 1991) regularly with a network of bore-wells spread across entire geographical area of the refinery. Roof top rain water harvesting (>31,000 KL) and recharging the ground water aquifer is envisaged in the year 2013-2014.
- **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 of to the authorized Central Pollution Control Board (CPCB) recyclers. Bio-remediation of 456 m^3 of low oily sludge by M/s TERI was done during the year.

b) Air Emission Control and Monitoring

Data acquisition system was installed by M/s Thermo fisher at all the three CAAQMS. Online connectivity to CPCB server was established in addition to the existing connectivity to APPCB server. Installation of Flue gas Desulphurization Units in FCCU-I and FCCU-II is in progress towards reduction in SPM and SO_2 emissions.

c) Effluent Water Treatment and Control

Bio-system repair jobs were completed and commissioned at the Effluent Treatment Plant (ETP-I). Treatment of ATP – ETP water in ETP-IV started .This has significantly improved compliance to the MINAS (environment standards). To improve the performance of bio-system in ETP-I&II, trial with special bacterial culture (Microbe-Lift) was carried out during the year. A feasibility study by EIL is undertaken towards integration of ETPs.

d) Other Initiatives

- **ISO 14001** – ISO-14001 certification renewed in May, 2012 for 3 years. Internal audits and surveillance audits were conducted as per annual plan.
- **HAZOP Study (Phase-IV)** – Completed for Offsite and Power & Utilities.
- **Leak Detection and & Repair (LDAR)** – LDAR survey completed for all process units and offsite areas towards monitoring fugitive emissions.
- **SWRO plant** was revived and RO skid old membranes were replaced with new ones. Treated water is being used to augment fresh water supply.
- **Rain Water Harvesting** – Implementation of Rain Water Harvesting scheme for A-Block of the refinery is completed in December, 2012 undertaken as a part of MOU 2012-13.
- **World Environment Day (June 5)** – was celebrated and saplings were distributed on the occasion.
- **Process safety Management** – A study on 'Quantitative Risk Assessment' is completed by M/s DNV for identifying and addressing potential process risks.
- **Green Visakh Program** – As a part of the initiative 84,965 saplings were planted in the designated locations of Visakhapatnam.

Health, Safety and Environment Department

To conform to the DPE guidelines on Sustainability Development, HSE Department has undertaken the following initiatives;

- Sustainable Development Policy for the Corporation prepared and approved by the Board. Formation of Board level SD monitoring committee.
- Identification and development of SD projects proposed by various SBUs, approved by the Board.

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, 2012 to 31st March, 2013.

Sr. No.	NAME	Designation / Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age	Last Employement
1	VENKATI ELUGAMU	Senior Mobile Assistant	2,616,170	HSC/Inter/PUC	41	11/04/1972	60	Nil
2	GOTLA YASMIN F	Senior Manager-Finance (Payroll)	2,534,638	DAM,M.COM	39	12/12/1973	60	Mandhira & Co.
3	SATLE A P	Machine Operator	1,589,970	SSC/SSLC	39	26/12/1973	60	Spectomativ Pvt. Ltd.
4	BILAY D R	Chief Finance Superintendent	1,517,484	BSC-Chemistry	37	21/01/1976	60	Mahindra & Mahindra, Kandivali
5	PARANJPE S G	Chief Finance Superintendent	2,679,048	B.COM	37	29/03/1976	60	Vulcan Laval Ltd.
6	KAMBLE PRAKASH SHRIRANG	Manager - Operations	2,853,845	BSC	35	17/10/1977	60	The New Bank of India Ltd.
7	SAMANT GAGAN SINGH	Chief Manager - HR	4,406,590	BA,Certificate in (PM&IR),DAM	35	01/11/1977	60	Gorkha Rifles, Deharadun
8	SHINDE M P	Senior Plant Operator	1,184,287	SSC/SSLC	35	01/11/1977	60	ELKA Laboratories, Thane
9	SOLANKI B M	Chief Finance Superintendent	1,952,561	BA	35	12/12/1977	60	Gujarat Ministeel Ltd.
10	RAJENDRAN P	General Manager-Marketing Projects	4,676,418	DSM,M E (CHEM),PGDFEE	35	02/08/1978	60	National Productivity Council, Delhi
11	JOSEPH M D	Senior Service Station Operatior (SG)	2,155,467	SSC/SSLC	34	09/10/1978	60	Care Care centre
12	BHAIDKAR A N	Chief Administrative Superintedent	1,651,424	BA,LLB,MA,Ph.D	34	20/12/1978	60	Nil
13	BHAN A K	General Manager - Lubes	5,288,217	BE (Chemical)	34	02/08/1979	60	Bhartia Electric Steel Co.
14	PAULKAR B G	Chief Administrative Superintedent	1,750,545	M.COM	33	24/03/1980	60	Nil
15	DESHPANDE V S	Chief Finance Superintendent	1,450,571	BSC	33	02/06/1980	60	Sandoz India. Ltd
16	MAHAJAN K P	Chief Operations Superintendent	1,803,082	SSC/SSLC	33	09/07/1980	60	Indian Computing Corp Pasis services, Mumbai
17	KUMBHAR A B	Chief Finance Superintendent	1,425,534	BA	33	17/09/1980	60	Nil
18	SEKAR G	Senior Manager - Operations	2,734,311	BSC,LLB	32	23/05/1981	60	Ministry Of Defence, GOI, Bangalore
19	SAMARCHAND BABURAM	Senior Manager-FM	3,804,179	DEE	32	02/07/1981	60	Garrison Engineer- MES, Baroda
20	SWAMI GURUSHANT SIDRAMAYYA	Senior Manager-QC	1,912,989	B.COM	31	18/01/1982	60	Pharm CHED Distributors, Mumbai
21	SRINIVASAN K	Manager - Operations	3,385,167	BA	31	08/03/1982	60	B E S T, Mumbai
22	DANIELVIJAYAKU-MAR S	Comco Officer (Ashta)	2,050,988	BSC	31	01/03/1982	57	Mechno Plast, Mumbai
23	CHOUDHURY S R	Chairman & Managing Director	6,291,096	BE(Mech)	31	21/06/1982	59	Assam Oil Company, Digboi
24	SNEHANGSHU CHAKRABORTY	DGM-LPG (Add. Charge DGM-GCGSLC)	5,124,241	BSC,BE(Electrical)	31	22/05/1982	60	Irrigation Department, Govt of Assam, Gauhati
25	MANDI BIKRAM	Senior Installation Manager	3,480,076	BSc Engg (Electrical)	30	08/11/1982	60	Nil
26	GAGRAI GURU CHARAN	Manager- Oerations	3,968,885	BSC	30	25/01/1983	60	Indian Oil Corporation Ltd.
27	MORE S B	Senior Plant Operator (SG)	1,092,758	HSC/Inter/PUC	29	01/09/1984	60	Vita TESS, Mumbai
28	KULKARNI RADHAKRISHNA RAJARAMP	Manager-Operations	2,617,938	BA,DPM	28	02/05/1985	60	M S E B, Nasik
29	R.K.MURUGESHAN	Senior LPG Operator	525,297		26	25/11/1986	50	Telephones Dept, Hubli
30	ACHARYA AUROB-INDO PRASAD	Chief Installation Manager	2,429,341	BSc Engg (Electrical),MBA - Ma	25	28/12/1987	49	Nil
31	GARG SANDEEP	Senior Manager	2,155,116	B Tech (Mechanical),PGDBM	24	09/01/1989	48	Nil
32	SANTANU CHAT-TOPADHYAY	Manager-Operations	1,711,968	BE(Mech)	24	09/01/1989	47	Nil
33	R.GEETHA KRISHNAN	Manager - Projects, Aonla Project	2,130,783	B Tech (Mechanical)	19	27/12/1993	43	Nil
34	THAKUR ALOK	Manager - Projects	1,706,263	BSc Engg (Civil),Post Graduate	17	12/08/1996	39	Nil
35	SHARMA SHIV SHANKAR	Manager - Projects	1,783,671	BE(Mech)	17	12/08/1996	43	VAM Organic Chemicals, Mordabad
36	SHINTRE RAGHU-NATH DAMODAR	Manager - Maintenance	4,369,897	SSC/SSLC,ITI /NCTVT Machinist	40	02/10/1972	60	Industrial Engineering Controls, Mumbai
37	DIGHE P M	Manager - Coordination, Lobs	3,674,053	SSC/SSLC	39	11/09/1974	60	Nil
38	VARKEY VATTALIL MATHAI	Deputy Manager - Maintenance	3,417,061	ITI /NCTVT-Electrical	39	11/09/1974	60	OTIS Elevators (India) Ltd., Mumbai

Annexure to Directors' Report

Sr. No.	NAME	Designation / Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age	Last Employement
39	KETKAR SHRIKANT MADHAV	Chief Manager - Security	3,211,535	BSC	37	05/11/1975	60	J K Chemicals, Thane
40	PATIL V B	Sample Carrier Cum Driver	1,149,042	SSC/SSLC,ITI /NCTVT - MOTOR ME	37	05/01/1976	60	Nil
41	RASAM RAVINDRANATH LAXMAN	Manager - Operations	2,801,283	BSC	34	09/08/1979	60	Advani Oerlikan Ltd., Bhandup
42	KORLEKAR V D	Chief Boiler Technician	3,376,573	Boiler Attendant	30	17/01/1983	54	Kesar Sugar Works Ltd., Goregaon
43	MUKHERJEE CHANDI P	Senior Mobile Assistant	2,057,045	HSC/Inter/PUC	31	01/12/1981	60	Nil
44	RAJAMANI S	Chief Manager - E & P (LPG)	2,851,647	BSC	39	30/10/1973	60	Nil
45	CHARLES GEORGE	Senior Mobile Assistent(SG)	1,062,001	Non SSC	34	08/01/1979	60	Nil
46	M K BASKAR	Chief Finance Superintendent	2,118,223	B.COM	34	05/04/1979	60	Central Training Institute, Guindy, Chennai
47	M P PHILOMINA	Chief Administrative Superintedent	2,420,273	BSC	31	11/06/1982	60	Advani Oerlikan Ltd.
48	S.J.TITUS	Manager - SLC	3,589,935	B.COM	30	11/11/1982	60	Hyderbad Allwyn Limited Sanatnagar
49	MUDALIYAR C V	Chief Maintenance Technician	1,666,309	Non SSC	40	03/09/1973	60	Tata Thermal, Mahul
50	THAKUR M G	Chief Maintenance Technician	1,664,668	Non SSC	40	03/09/1973	60	Nil
51	GOKHALE A P	DGM - Infra	4,340,692	BSC	40	04/09/1973	60	Unik Pharamaceuticals Lab Mumbai
52	MULIK S R	Chief Fire Operator	1,571,989	Non SSC	38	01/09/1975	60	Chemould Chemicals, Mumbai
53	PILLAI VIJAYA SASI	Manager - Administratuion	2,082,858	BA	37	01/10/1975	60	Wester Work Engineering Pvt. Ltd. Mumbai
54	NAIR PRASANNA CHANDRAN	Senior Manager - Payroll	2,603,537	BA	37	01/10/1975	60	International Meters & Electro Corp
55	OAK A V	Chief Manager - Refinery Safety	3,295,633	BSC	37	01/03/1976	60	Dyes & Dispersing Agents Ltd.
56	PURANIK PRAFULLA V	Chief Draftsman	1,732,629	ITI /NCTVT - DRAFTSMAN	36	10/03/1977	60	Chemiequip Pvt. Ltd., Mumbai
57	BHALEKAR V R	Senior Manager - Maintenance	2,836,797	BSC	35	03/07/1978	60	White Star Pigments & Chemicals, Seewri
58	GAIKWAD C B	Senior Engineer - Maintenance	2,402,709	ITI /NCTVT Machinist,BA	35	01/08/1978	60	Khandelwal Builders Pvt. Ltd. Pune
59	GANDHI S M	Manager - Documentation	2,820,131	BE(Mech)	35	28/08/1978	60	Nil
60	GULVE D G	Manager - Operations (LPG/PTU)	2,580,622	BSC	34	09/07/1979	60	Swastik Textile Mills Ltd. Chembur
61	SAWANT DEEPAK SHANTARAM	Deputy Manager - Production	2,714,877	BSC	34	09/07/1979	60	Bayer India Ltd., Thane
62	GAWADE S H	Deputy Manager - Production	2,025,855	BSC	33	10/10/1979	60	Swarna Processors, Mumbai
63	SHAIKH M F	Chief Administrative Assistent	1,182,835	BA	33	01/04/1980	60	Irfan travels, Mumbai
64	SHROFF I J	DGM - Training	5,291,225	BSC,BSC tech	33	09/04/1980	60	Calico Chemicals & Fibers Mumbai
65	KAMBLE C R	Chief Fire Operator	1,341,841	Non SSC	32	22/06/1981	60	Mobile Civil Emergency Column, Mumbai
66	KANSE RAVINDRA NAMDEO	Chief Maintenance Technician	2,015,684	ITI /NCTVT-MMCP	21	06/01/1992	48	Pentokey Organic India Ltd., Khed
67	ASHOK ANKUSH NAIK	Manager - Bulk & Ind. Appl.	3,697,186	BA	38	01/10/1974	60	Joshi & Company Mumbai
68	RAJU P A B	Executive Director - VR	4,662,303	B Tech (Chemical)	37	08/04/1976	60	CORIL, Visakhapatnam
69	BHASKARA RAO M	DGM-PCPIR	3,260,990	B Tech (Chemical)	35	17/04/1978	60	Gujarat Refinery
70	JEEVANRAM D	Manager - Operations	2,176,232	BSC,LLB,Dip in HRM,Dip in Ind	35	15/06/1978	60	Nil
71	KUPPUSAMY SRINIVASAN	General Manager - HSE (Refineries)	6,111,565	B Tech (Chemical)	35	16/08/1978	60	Madras Refineries Ltd, Madras
72	RAMARAO D	Deputy Manager - Maintenance	2,340,260	SSC/SSLC,ITI /NCTVT-MMCP	35	23/08/1978	60	CALTEX
73	ESEPU RAJU G	Manager - Project Site (Shift)	1,941,969	BA,Licensiate in Electronics &	35	28/08/1978	60	NIL
74	BEZZAM JOHN BENHAR BABU	Manager - Electrical Maintenance	2,754,689	ITI /NCTVT-Electrical,BA,DAM	35	28/08/1978	60	Nil
75	SATYANARAYANA B	Manager - Corrosion Cell	1,994,125	SSC/SSLC,ITI /NCTVT Fitter,BA	34	26/10/1978	60	Naval Dock Yard Grade II
76	ESWARA RAO V	Superitendent - Maintainence	1,883,136	SSC/SSLC,ITI /NCTVT - MOTOR ME	34	19/12/1978	60	Vizag Motor Taxies

Annexure to Directors' Report

Sr. No.	NAME	Designation / Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age	Last Employement
77	ESWARA RAO K	Chargeman-Maintenance	1,670,492	SSC/SSLC	34	21/12/1978	60	Nil
78	DEVADAS P	Chargeman-Operations	2,502,740	Non SSC	34	27/06/1979	60	Nil
79	VENKATESWARA RAO B	Manager Finance - Visakh Retail	2,789,901	B.COM	34	26/09/1979	60	National Mineral Development Corporation
80	V VIZIA SARADHI	Director - HR	4,492,249	BSC,MA (IR & LW),Ph.D.-Human R	33	21/12/1979	60	Bharat Heavy Plate & Vessels
81	R.SURYANARAYANA	Manager - Finance	2,654,427	B.COM	33	14/01/1980	60	Visakhapatnam Port Trust
82	RAMANA MURTHY M V	Deputy Manager - Production	3,072,713	BSC	33	29/01/1980	60	CFL
83	RADHAKRISHNA P	Chief Manager - Maintenance	3,041,511	BE(Mech)	33	11/02/1980	60	Nil
84	M.GOPALA KRISHNA RAO	Deputy Manager - Finance	2,607,692	B.COM	33	19/03/1980	60	Nil
85	SANYASIRAO K	Chargeman - Maintenance	1,767,793	SSC/SSLC,ITI /NCTVT - MOTOR ME	32	08/01/1981	60	Continental Construction Pvt. Ltd.
86	APPA RAO E	Chargeman - Maintenance	1,696,840	HSC/Inter/PUC	32	17/08/1981	60	Caltex Refinery
87	M V SUBRAHMANYAM	Manager-Materials (Scrap Management)	3,731,514	BOE,Licensiate in Mechanical E	29	22/11/1983	60	The Serpur Paper Mils Ltd.
88	ANAKAPALLI SRINIVASARAO	Deputy Manager - Electrical Maintenance	1,936,207	BE(Electronics & Telecommunica	29	27/04/1984	49	Nil
89	N RANGA RAJU	Senior Manager - Projects	4,231,885	BOE,BE(Mech)	21	15/09/1992	60	Paradeep Phosparas Ltd
90	VELPULA CHANDRASEKHAR	Executive Operations Officer	2,112,305	PGDPM,MA	34	25/10/1978	60	Nil
91	GANGURDE S M	Chief Operations Superintendent	1,259,634	Non SSC,MA	34	20/11/1978	60	Nil
92	JAGTAP R C	Manager - Operations	4,493,239	BA,DMM	35	16/01/1978	60	Western Maharashtra Development Corporation
93	JAYABAL OMANDU	Senior Manager - Commercial	2,867,494	B.COM	34	12/03/1979	60	Narayanan & Co. Madras
94	KADAM K B	Chief Operations Superintendent	1,701,976	MA	31	17/04/1982	60	The Tata Mills Limited, Mumbai
95	KORLIMARLA SIVA RAMA PRASAD	ED- Joint Ventures	4,212,563	BSC,FCA/ACA	35	26/04/1978	60	National Remote Sensing Agency, Dehradun

Annexure - IV

STATEMENT SHOWING WOMEN EMPLOYEES AS ON MARCH 31, 2013

Group	Total No. of Employees	No. of Women Employees	% of Women Employees
A	5,176	453	8.75
B*	-	-	-
C	5,801	392	6.76
D	50	4	8.00
TOTAL	**11,027**	**849**	**7.70**

* 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: 2012-13

DEVELOPMENTS IN THE ECONOMY AND THE OIL SECTOR

The slowdown in the Indian economy persisted in 2012-13. The GDP growth in 2012-13 was 5% compared to 6.2% in 2011-12. Growth in agriculture was affected by less than normal rainfall in the early phase of the monsoon. The agriculture sector is estimated to grow at 1.9% in 2012-13 as against 3.6% in 2011-12. Industry registered a growth rate of only 2.1% in 2012-13. Manufacturing growth is estimated to be even lower at 1.0%.The services sector has been the mainstay of growth in the last decade, contributing to about 65% of the growth. The growth rate in the services sector declined to 7.1%in 2012-13 from 8.2% in 2011-12. Monetary tightening to contain inflation, slowdown in investment, and a weak global economy has contributed to moderation in growth.

International oil prices averaged above USD 100 per barrel during 2012-13. Higher oil prices coupled with only a partial pass through to consumer prices resulted in higher than budgeted subsidy outgo. The deterioration in the fiscal balances pushed the government to take fiscal consolidation measures. One of the measures undertaken was to increase diesel price by ₹ 5 per liter in September 2012. In January 2013, OMCs were authorized to increase diesel prices in small increments at regular intervals till prices reach international parity. Also, bulk diesel sales directly to consumers are to be made at non-subsidized market determined price. Number of subsidized LPG cylinders has been capped at nine. Rising fuel prices did add to fuel inflation. However, wholesale price index moderated in the second half of the 2012-13 on account of declining non-food manufacturing inflation.

Global economy continues to grow at a sluggish pace. As per IMF, world output growth in 2012 was 3.2% with advanced economies growing at mere 1.2% while growth rate for emerging economies was 5.1%. This weakness was reflected in declining exports by India. Non-oil and non-gold imports also declined due to weak domestic demand. However, higher oil imports offset the decline in non-oil imports. The net invisibles balance (exports of services and remittances) failed to cover the trade deficit completely. India's current account deficit was 4.8% of GDP in the third quarter of 2012-13. However, net capital flows were able to finance the current account and there was even a marginal accretion to foreign exchange reserves in the third quarter. The rupee per US dollar fluctuated significantly, depreciating from ₹ 51 per dollar at the end March 2012 to touch a low of ₹ 57 per dollar in June 2012, appreciating between July 2012 and September 2012 to reach ₹ 51.62 per dollar in October 2012 and depreciating again to fluctuate betweenr 53-55 per dollar during October 2012 to March 2013.

Consumption of petroleum products increased to about 155 million tons in 2012-13 from 148 million tons in 2011-12, an increase of about 5%. Diesel, the largest component of demand barrel, was the main driver of the growth with an increase of 7% over previous year. Diesel accounted for 60% of the incremental demand in 2012-13. Petcoke consumption increased by 49%, accounting for 40% of the incremental demand in 2012-13. Naphtha and Petrol consumption increased by 9% and 5% respectively. Bitumen and LPG consumption increased marginally at 0.7% and 1.6% respectively. Consumption of ATF, FO/LSHS, LDO and SKO declined.

In the near term, recovery in advanced economies is likely to be slow and a number of uncertainties remain, though global economic prospects have improved. Thus, main impetus for growth in India has to be domestic demand. The Government of India has taken a number of steps to stem the slowdown such as setting up of Cabinet Committee on Investment (CCI) to fast track mega investment projects, a scheme for restructuring debts of the state discoms, and permitting FDI in a number of areas. Oil prices are expected to soften in near term as supply growth is expected to slightly exceed growth in demand. This would reduce pressure on India's current account deficit and also reduce the subsidy/under-recovery burden on the government and OMCs.

PERFORMANCE PROFILE

The 2011-12 performance of the Corporation has qualified for 'Excellent' rating in terms of the MOU signed with the Government of India with an MOU score of 1.037. This is the best score amongst all the PSUs under MOP&NG during the year.

Gross Sales

The Gross Sales of the Corporation (inclusive of excise duty) for the year ended 31st March, 2013 was ₹ 2,15,675 Crore as compared to ₹ 1,88,131 Crore in the previous year. The total sale of products (including exports) for 2012-13 was 30.32 MMT as against 29.48 MMT during 2011-12.

Management Discussion & Analysis Report: 2012-13

Profit Before Tax

The Corporation has earned a Profit before Tax of ₹ 1,475 Crore in 2012-13 as compared to ₹ 1,219 Crore in 2011-12.

Provision for Taxation

An amount of ₹ 570 Crore has been provided towards income tax for 2012-13 considering the applicable income tax rates as against ₹ 308 Crore provided during 2011-12.

Profit after Tax

The Corporation has earned a Profit after Tax of ₹ 905 Crore during the current financial year as compared to ₹ 911 Crore in 2011-12 mainly due to higher provision for tax.

Depreciation and Amortisation

Depreciation for the year 2012-13 was ₹1,984 Crore as against ₹ 1,713 Crore for the year 2011-12

Borrowings

The borrowings of the Corporation were ₹ 33,789 Crore as on 31st March, 2013 as compared to ₹ 29,831 Crore as on 31st March, 2012. Borrowings during the year were mainly through short term foreign currency loans and commercial paper. Long Term Loans were borrowed at competitive rates. Non-Convertible Debentures were issued in November2012 and March 2013 for ₹ 545 Crore and ₹ 975 Crore respectively and External Commercial Borrowings (ECB) of ₹ 2,175 Crore were taken in March 2013 for on-going projects. The long term debt to equity ratio stands at 0.75:1 as on 31st March, 2013 as against 0.66: 1 as on 31st March, 2012.

Capital Assets

Net Fixed Assets (including Capital Work in Progress) increased from ₹ 25,294 Crore as on 31st March, 2012 to ₹ 27,722 Crore as on 31st March, 2013. During the year, HPCL incurred ₹ 2883.65 Crores on Plan Projects.

Investments

Investments as on 31st March, 2013 were ₹ 10,627 Crore as compared to ₹ 10,371 Crore as on 31st March, 2012.

Gross Refining Margins (GRMs)

Gross Refining Margin of Mumbai Refinery averaged at US $ 2.08 /bbl during the year as against US $ 2.83/bbl for the year 2011-12.

Gross Refining Margin of Visakh Refinery averaged at US $ 2.08/bbl during the year as against US $ 2.95/bbl for the year 2011-12.

Earnings Per Share

Earnings per share for the current year is ₹ 26.72 as compared to ₹ 26.92 in 2011-12.

Dividend

Dividend of ₹ 8.50 per share has been proposed for the year 2012-13. The dividend would result in total payout of ₹ 337 Crore, including Dividend Distribution Tax.

REFINERIES

Operating Environment

IEA estimates global oil demand to have increased from 88.9 MBPD in 2011 to 89.8 MBPD in 2012. The growth was mainly from Asia Pacific with demand in Europe declining. Poor macroeconomic outlook, high oil prices and improvements in energy efficiency have limited demand.

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Crude oil prices averaged above the key 100 $/bbl, required by Saudi Arabia to finance their public spending. However, this provided incentives for marginal cost producers to maximize their production of alternate crude supplies like Canadian Tar Sands.

Year 2012-13 also witnessed the highest ever production of tight oil (shale) in the US which reduced its dependency on West African crude. This contributed in pressurizing Brent and diverting oil flows to Asia.

On the supply side there were disruptions in oil production in South Sudan, Yemen, Syria, and the North Sea. The uncertain political situation in Libya & Syria, attacks on Oil facilities in Nigeria and the Iran sanctions increased the downside risk on supply. Iran being one of the major term contract suppliers, the sanctions on Iran and its after effects impacted the security of crude supply to HPCL. This was effectively managed by increased term upliftment from other suppliers and spot purchases.

As per IEA, gasoline, rather than middle distillates, led global demand growth last year. Middle distillate demand was affected by lower industrial activity worldwide whereas strong requirement by Saudi Arabia and China for gasoline supported demand. Keeping in mind the increased gasoline demand the strategy of maximization of naphtha conversion to gasoline was continued. World LPG and residual fuels demand in 2012-13 contracted while Jet/Kerosene demand remained at the same level as last year. Indian LPG demand grew at a slower pace due to changes in government policy, however domestic production continued to fall short of demand. Indian refineries were required to maximize LPG production to reduce import dependence and minimize shortfall. The residual fuel demand continued to fall year on year in India and refineries adapted by increasing Bitumen production.

Benchmark crudes Brent and Dubai, were trading at their highest level during the year in April'12. From the high of 119.52 $/bbl witnessed in April'12, Brent declined month on month to 94.84 $/bbl by June affecting refining margins and inventories. Crude oil prices fell during Q1 in part, due to concerns about falling oil demand with a sluggish global economy. The deepening euro zone crisis, slowdown in Chinese growth and rising global oil supplies due to increasing U.S. shale oil production added to the list of concerns. The volatility in prices has affected refinery margins in spite of inventory management across the value chain.

Product cracks mirrored crude with Naphtha differentials falling by 10.86 $/bbl during April to June on weak petrochemical demand and lower cracker runs. Gasoline was also not supported and fell by 7.34 $/bbl from April to June reflecting weak demand from Indonesia and Vietnam. Middle distillate cracks in Asia were relatively stable helped by strong demand from Australia, India and Sri Lanka. Fuel Oil cracks was the only bright spot at a strong (2.45) $/bbl level helped in part by refining maintenance in Europe and Russia limiting supplies.

The Reuters Singapore margin for a cracking refinery was pressured by the weakness in light distillates to settle at 6.67 $/bbl. However, only a few Indian refineries were able to post this margin due to the month on month fall in crude and product prices devaluing both finished goods and Intermediate Stock Differential (ISD). This was compounded by reduced margins in processing higher priced crude of previous month for sale at lower prices in the next month. Planned turnarounds during the quarter also impacted margins.

Brent strengthened significantly in Q2 supported by shutdowns in Norwegian fields, shrinking European refining capacity and steep product draws. Considering the improved operating environment and ensuing monsoon season, HPCL increased its procurement / processing of low sulphur and light crudes. This enabled HPCL to reduce fuel oil exports on back of lower bitumen demand during this period.

Q2 saw firmer petrochemicals margins and tight feedstock supply pulling up naphtha cracks while alternative feedstock LPG surprised, falling below crude in July & August. European gasoline cracks were capped due to weak demand in the US. However, Singapore gasoline market was supported by healthy demand during Ramzan and tight supplies due to refinery turnarounds. Gasoil crack spreads strengthened in Q2 led by strong demand in Europe due to refinery closures, import demand from Australia and outages in Asia. Fuel oil however weakened marginally due to subdued demand for bunkers and from Chinese tea pot refineries.

Reuters Singapore refining margins strengthened to a high of 9.12 $/bbl in Q2 due in part to the strong middle distillate cracks. On the back of improved cracks and inventory gains HPCL also experienced stronger margins. HPCL refineries undertook various margin improvement initiatives like upgrading naphtha to gasoline with PyGas thereby reducing naphtha export. Increased focus on sale of surplus naphtha to end users by way of term contracts assisted in improving margins.

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Crude prices stabilized at 110.02 $/bbl in Q3 as persistent concerns about the economy and the looming US fiscal cliff kept a cap on prices. The downside was limited by geopolitical concerns and reduced exports from Iran.

Naphtha cracks continued to improve in Q3 due to support from petrochemical demand. Gasoline however weakened on the back of improved supplies and end of driving season in US. Gasoil cracks in Asia were also supported by an unusually cold winter. This was offset by fuel Oil crack spreads plunging to its lowest level for the year on higher inventories, reduced demand and increased supply from Middle East.

Q3 Singapore refining margins reflected the frail heavy ends market and settled at 6.47 $/bbl. However, month on month fall in crude prices for the HPCL's basket again impacted inventories and realizations. The fall in crude prices was overshadowed by weakening product cracks resulting in lower margins for refineries. Traditionally lube refiners have benefited from higher margins than standalone fuel refiners. However, the weak world economy resulted in poor demand for lubricants and lower LOBS margins, thereby impacting Mumbai refinery's margins.

Q4 saw crude oil futures prices scaling nine month highs in early February at 116.28 $/bbl. Expectations of a better economic outlook for China and the US, robust financial market activity and seasonal winter demand were drivers for the strong crude prices. 2012-13 concluded with steeply lower prices on back of weak global demand outlook and high crude oil inventories.

Naphtha, Gasoline and Middle Distillate cracks posted their best run during the year in Q4 on the back of heavy refinery maintenance and strong demand. However, cracks fell across all regions in March with Kerosene (SKO) affected the most, as seasonal winter demand for heating faded in the Northern Hemisphere. Fuel oil cracks firmed up mainly due to reduced fuel oil imports from Middle East, lower inventory and rise in Chinese import demand.

Supported by strong light and middle distillates, Singapore refining margins settled at 8.7 $/bbl. The month on month volatility in prices with crude falling 8 $/bbl in March'13 continued to pose a challenge to refineries overshadowing operating performance. Weak lube base oil prices on account of declining demand in OECD countries and reduced growth in Asia capped HPCL Mumbai refinery's margins. However, HPCL refineries posted improved margins compared to previous quarters on account of improved yield and 100 % service factor of all units. Efforts were made to minimize bottoms by optimizing crude selection and maximizing higher margin bottoms like bitumen.

Crude has been averaging above 110 $/bbl for the past three years, as compared to the 75 $/bbl levels seen in the earlier period. This has resulted in higher fuel costs for refineries solely on account of higher feed costs. Product crack spreads not keeping pace with crude has resulted in a scenario of reduced margins for refineries.

Physical Performance

HPCL imported 12.02 MMT of crude oil in 2012-13 as compared to 12.54 MMT in 2011-12. Lower imports were mainly due to planned shutdown of crude distillation units in the year 2012-13. The Free on Board (FOB) cost of imported crude oil amounted to USD 9726 million (₹ 53165 Crore) in 2012-13 as compared to USD 10409 million (₹ 50941 Crore) in 2011-12.The average cost of crude oil imported in 2012-13 stood at USD 109.48 per barrel as compared to USD 112.85 per barrel in 2011-12.

The Brent Dubai spread in 2012-13 of 3 $/bbl favoured increase in sweet crude processing. HPCL refineries responded by increasing low sulphur crude processing to 34.5% for the year 2012-13 as against 31.7% in 2011-12, when Brent Dubai spread was 4.55 $/bbl. This has resulted in higher spot purchases of imported crude of 7% in 2012-13 vis a vis 3% in 2011-12.

HPCL uplifted 3.39 MMT of indigenous low sulphur crude oil (Mumbai High, Ravva and KGB). HPCL was allocated the entire production of Ravva Crude Oil of FY 12-13. The price of Ravva is linked to regional markers like Tapis and Minas crude which is disconnected from comparable markers on account of declining production. This has resulted in indigenous crude price being higher than imported crude and has impacted HPCL's margin adversely. This has been taken up with the government for resolution.

The balance crude requirement of 12.02 MMT was mainly met through term imports and spot purchases. Total high sulphur crude oil procurement of 10.02 MMT was procured through term contracts from the Gulf region. Main suppliers included Saudi Arabia, United Arab Emirates, Iraq, Iran and Kuwait. Total low sulphur crude oil procurement amounted to 2.00 MMT, which was sourced through term and spot purchases. Low sulphur crude from Mediterranean – Saharan Blend was processed for the first time in the Visakh refinery.

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HPCL expanded it crude basket by adding 4 new crudes to its basket of 104 crudes, taking the number of crude oils that can be processed in our refineries to 108. New term contracts with MNCs/NOCs were also entered into, in order to source additional low sulphur crude. Term contract with SOCAR (National Oil Company (NOC) of Algeria for Azeri Light Crude oil) and Petronas (NOC of Malaysia, for purchase of selected Nigerian grades at a discount to declared Official Selling Price) were entered during the year.

HPCL's refineries maximized crude processing in 2012-13, achieving a combined refining throughput of 15.78 MMT with a capacity utilization of 107%.

Mumbai Refinery has achieved crude throughput of 7.75 MMT as against installed capacity of 6.50 MMT with a capacity utilization of 119%. This was the highest ever crude throughput recorded surpassing the previous best of 7.51 MMT during 2011-12. Visakh Refinery achieved crude throughput of 8.03 MMT as against installed capacity of 8.30 MMT with a capacity utilization of 96% due to planned shutdown of larger capacity CDU unit.

In respect of distillates Mumbai refinery achieved 73.5% vs. target of 73.0%, and Visakh refinery has attained 72.6 % vs. target of 73.0%. The specific energy consumption (MBN) was also at MOU Excellent level for both the refineries with 82.6 vs. target of 86.0 for Mumbai Refinery, while Visakh refinery recorded its lowest ever specific energy consumption (MBN figures) during the year 2012-13 with 84.0 MBTU/Bbl/NRGFvs. target of 86.0. The energy conservation measures have made possible to restrict fuel and loss for Mumbai and Visakh refineries to 7.5% and 7.6% which is better than the target of 8.0% and 8.1% respectively. This high level of energy efficiency was made possible by consistent efforts of both the refineries by controlling and optimizing the fuel consumption at micro level for each and every process/equipment consuming energy.

The energy conservation measures undertaken by both refineries during the year 2012-13 have resulted in a savings of 42,157 SRFT/year (standard refinery fuel tonnage per year). This translates to savings of ₹ 165 Crore approximately

Mumbai and Visakh refineries also achieved highest ever annual production of LPG (817.6 TMT against previous best of 809.4 TMT), MS (2619 TMT against previous best of 2540 TMT) and bitumen (1042.5 TMT against the previous record of 946 TMT).

The Bureau of Indian Standards revised the bitumen quality norms from the hitherto 'Penetration Grades' to 'Viscosity Grades'. Both Mumbai and Visakh refineries are producing this more stringent quality bitumen products viz. VG-10 and VG-30. The total bitumen production of HPCL refineries was 1043 TMT during the year surpassing the previous best of 946 TMT in the previous year.

Lubes refinery achieved an annual production of 361.9 TMT of base oils comprising of 319.6 TMT of Gr I base oils and 42.3 TMT of Gr II base oils. Going forward higher conversion of value added lubes to Gr II will yield better margins to lubes refinery.

The State of the Art Integrated Effluent Treatment Plant (IETP) at Mumbai refinery has reduced intake of fresh water from the municipal corporation by purifying and recycling 610 TKL treated water for refinery consumption thus contributing significantly to Natural Resource conservation. Also, in Visakh Refinery 714 TKL of water was purified through desalination RO Plant.

Initiatives

HPCL refineries are committed towards conservation of energy and minimization of losses.In this endeavour, the refineries have taken part in the benchmarking studies organized by CHT in collaboration with M/s Solomon Associates, USA. The outcome of this study brought to light, the refineries performance in comparison to other refineries worldwide bearing similar configuration. In order to address the gaps identified, short term measures were implemented which yielded in better energy efficiencies and long term strategies have been developed with a time bound action plan.

HPCL endeavoured to utilize the period of scheduled turnaround of units to implement yield improvement/ capacity augmentation initiatives. Mumbai Refinery installed and commissioned Cat Cooler facility in NFCCU in May 2012 which has now made it possible to process heavier feed, like lubes extract, VBO, DAO & old FCC resid thereby partially upgrading the bottom streams. Visakh Refinery has tapped the opportunity during CDU-III turnaround and carried out augmentation jobs resulting in throughput enhancement. Change of soaker drum internals in VBU has improved conversion in VBU by 2%. To improve distillate yield of cracked product, FCCU I GCU revamp was completed in September 2012 at VR. This has allowed reactor temperature to increase from 512 OC to 527OC resulting in better distillate yields.

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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. The DHT projects at both the Refineries were mechanically completed and are expected to be commissioned in 2013.

HPCL refineries are continuing their efforts for capacity augmentation and improvement in flexibility of the refineries in handling different varieties of crude oil thereby aligning themselves towards HPCL's overall objective for bridging the gap between refining capacity and the marketing demand of petroleum products.

Presently, HPCL Mumbai and Visakh refineries are capable of meeting about 52% of its total market sales volume. The balance demand is met through domestic purchases from stand-alone refineries and through imports. Commissioning of HMEL, Bathinda Refinery has increased HPCL's overall self-sufficiency to 80% of market demand.

Keeping in view, the growing marketing demand in the coming years this gap would further widen and the demand is projected to be more than 42 MMTPA by the end of 2016-17. In order to bridge this deficit and to attain self-sufficiency of petroleum products, it is vital for the corporation to enhance its refining capacity in line with marketing demand. In that direction the existing refineries at Mumbai and Visakh are scheduled for augmentation to 10 MMTPA and 15 MMTPA respectively. Additionally, Corporation plans to set up a new 9 MMTPA grass root refinery-cum-petrochemical complex at Barmer District, Rajasthan. The proposed refinery will process the locally available Rajasthan crude as well as other crudes and the proposed complex will be the first such complex specifically designed to produce petrochemicals from the indigenous Rajasthan crude oil owing to its specific characteristic properties.

MARKETING

The Corporation continued to record robust physical sales growth during the financial year by implementing effective marketing strategies. The Corporation has registered a total Products sale of 30.32 MMT during FY 2012-13 vis-à-vis sales of 29.48 MMT during the preceding year 2011-12. It has indeed been a significant year for the Corporation, with the growth being 4.7% in Marketing Sales over the sales volume of previous year. This performance has enabled the Corporation to improve its market share amongst Public Sector Oil companies to 20.19% during the current year 2012-13 against 19.96% in 2011-12. Individual Marketing SBUs performance is covered in the sections below.

Retail

As in the past, Retail continues to occupy prime position for the country's public sector oil marketing companies, accounting for a majority share of the physical sales volume for each of them. The Corporation's strategy remains unchanged towards Retail marketing, with focus on continuous improvement in physical presence across geographical areas combined with enriching the customer experience. These are the key elements for ensuring out of the ordinary performance gains on a long term basis.

Several initiatives taken during the year 2012-13 for improvement in Retail performance have borne fruit. Retail has crossed 20 MMT mark in sales for the first time. The sustained focus on customers has led to continued market share gains in combined Petrol and Diesel for 9th consecutive year. The total Motor Fuel market share now stands at 25.20%, with increase of 0.14 % during FY 2012-13.

Individually, Petrol (Motor Spirit) sales has recorded a growth of 5.2 % in the year 2012-13 vis-à-vis preceding year, which compares favourably against PSU oil industry growth of 5.1% for the year. Similarly, Diesel (High Speed Diesel) also registered better than PSU oil industry growth at 9.9 % which is 0.8 % higher than PSU oil industry growth. These numbers are a result of continuous thrust in enlarging the Corporation's Retail footprint across geographies in the country, by commissioning 1018 new Retail Outlets during the year. These include 318 outlets in rural areas which is a special focus area, for tapping the business volumes generated by the government's efforts to ensure a trickledown effect of the GDP gains. The Corporation has crossed the 12000 retail outlets landmark, with the year end of Retail Outlet number standing at 12173.

The Corporation continued with the various productivity enhancement initiatives like Standard Operating Practices (SOP), Outlet Diagnostic Monitoring Tool (ODMT) which were rolled out in 4700 outlets and 4500 outlets respectively and had helped in improved MS and HSD sales performance during Financial Year 2012-13.

A key element in the Corporation's strategy for enhancing the customer experience is product quality assurance, for which Retail Automation is an important part. Retail Automation system was installed at 265 Retail Outlets during the year which have motor fuel sales exceeding 100 KLPM, taking the total all India number of automated outlets to 1948 by the year end.

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Retail has continued to leverage Information Technology for enhancing customer satisfaction levels. One more in this chain is the Retail Outlet Maintenance Management System (ROMMS), which is aweb based multiuser application for providing real time tracking and managing the maintenance of Dispensing Units (DUs) at Retail Outlets for ensuring maximisation of equipment uptime. This solution enables retail dealers to log their complaints and then track the action on them onreal time basis. It also helps to realize value from the comprehensive Annual Maintenance Contracts for these front end equipment entrusted to business associates.

Technology has been leveraged for the first time in the industry for rolling out a web based Pricing Tool Kit for calculation of RSP for all variants of Petrol and Diesel. This application provides instant communication to the retail dealers and field officers on price changes through SMS alerts and emails. Concurrently, all retail outlets have been mapped into Google Map, through which any customer can ascertain the price of Petrol and Diesel at each Retail outlet on the route in which he or she is travelling and stop to fuel at the most suitable outlet.

The focus on technology utilization for retail business pursuit has resulted in recognition by industry and trade forums. The Corporation was conferred with Loyalty Award under the category "Best use of Technology in a Loyalty Program"at the 6th Loyalty Summit for the 'DriveTrack Plus' programme. This programme is Retail's flagship loyalty program with monthly spends of over ₹ 500 Crore with 3200 retail outlets participating in the same. Technology is the key in managing this massive programme, in which a unique online-offline architecture based on smartcards was deployed which enables users to transact even in the remotest of locations. DriveTrack Plus customers can manage their funds through electronic payments, and access from both internet and mobile platforms for ensuring that their user staff can fuel at the designated outlets in a trouble freeway.

The Retail business environment continues to be challenging with a shift to market driven pricing. Petrol price has become market driven during the year and is mostly net positive, even though there have been few situations of under recovery caused by crude price volatility combined with weakening of the Indian rupee vis-à-vis the US dollar. The calibrated approach taken for moving the Diesel price towards market driven price is likely to take some time to yield results, but is unavoidable considering the sensitivities involved which have to be carefully handled. The Corporation believes that the motor fuels business would become excellent in the foreseeable future, and focus is required for recording customer gains and retention, which will hold it in good stead when the changed environment attracts other players into the market.

- **MOU 2012-13 with MOP&NG:**

  During 2012-13, as part of MOU with Government of India, the following were achieved:

  - Achieved (Market effectiveness) against the target of 0.950.
  - Commissioned 318 new rural retail outlets against the target of 160.
  - Automation at 265 Retail outlets (sales > 100 KL/Month) against the target of 200.
  - Maintained Uptime of 98.16 % at Automated Retail outlets against the target of 95%.
  - 3rd party audit of retails outlets selling > than 100 KL/month – target achieved was 106%
  - 238 dealers covered under Management Development Program against the target of 150.
  - Achieved Electrical Safety Audit at 1609 retail outlets as against target of 1000.

Direct Sales - Industrial & Consumer

I&C encountered one of the most challenging business environment during the year, consequent to the impact of slowing of the Indian economy and reduced industrial fuels demand. This adverse business environment was addressed by sharp focus on the segments which had a healthy demand. This strategy paid off for the Corporation with I&C recording best in industry growth amongst PSU oil companies for all major I&C products.

During the year 2012-13, I&C also was significantly impacted by the shift of users to other fuels or by their downsizing of their operations, consequent to the implementation of market aligned pricing for Diesel for majority of bulk consumers from 18th January 2013 onwards. As informed in preceding para, this drop in demand for Diesel in industries and consumer sector was addressed by focus on strong demand in other sectors e.g., infrastructure sector. In addition to robust bitumen demand resulting

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from the government's sustained thrust for road network expansion, the addition of large new capacities in the Power Sector (Thermal) had a beneficial impact by creating demand for liquid start up fuels, which the Corporation tapped effectively.

The Corporation has implemented a clear strategy for balancing the often conflicting requirements of ensuring evacuation of Refineries production in a depressed market while ensuring maximum financial realizations from the same. A cornerstone of this strategy was continuous customer engagement and enhancing their delight which had a salutary effect on I&C profit numbers. The Corporation continued to focus on governmental business opportunities for gaining from the relatively stable demand for petroleum products in this segment.

Strategic thinking described in preceding paras has resulted in I&C business line recording a sales volume of 4.02 MMT during the year, corresponding to YOY growth of 0.4%. The success of the strategy clearly comes out when seen in the context of the de-growth of 2.3% experienced by other marketing companies during the same period.

The Corporation has successfully tapped the strong demand for Bitumen from road infrastructure projects across the country, resulting in Bitumen sales surpassing the 1 Million MT landmark for the first time. The success in customer engagement strategy, which included strengthening the bulk bitumen storage and logistics in key markets has enabled the Corporation to increase the market share by a significant 2.6 % during the year.

Marine trade worldwide has come down, consequent to depressed demand for commodities especially in China. This has led to lower marine fuel demand in India and elsewhere. I&C addressed this adverse business environment by improving customer engagement and by strengthening logistical infrastructure at major port locations. Similarly, I&C volumes in Naphtha segment was tapped successfully, specially from gas based power plants which were called back by some state governments for meeting power shortfalls. This successful strategy had a beneficial spinoff in enabling the Corporation to restrict exports of these two products.

In addition to motor fuels upliftments from JV refinery at Bathinda (HMEL), the Corporation has commenced upliftment and marketing of Hexane from this refinery which also provides a locational advantage for the North India markets.

Direct Sales - Lubes

India retains its importance as the third largest lubes market in the world after US and China, constituting nearly 6% of the total world demand. According to market information, finished lubes market size in India is 2800 TMT approx. which includes Transformer Oils and White Oils. While the all India lube demand remained under pressure as a result of factors affecting GDP growth, the Corporation has recorded remarkable lubes sales during the year 2012-13, registering value added lube products sales of 305 TMT, placing the Corporation at the 2nd position amongst the Indian lubes marketers. This translates to a significant growth of 11% over the previous year, which contrasts with the low single digit growth numbers recorded by the industry.

The Corporation is placed at a commanding position in the Indian lube market, being the owner of India's largest lube base oil refinery, designed to produce Group II and Group III base oils, in addition to continued production of Group I base oil from the legacy unit. Contrary to common perception, certain categories of products perform at their best when made from Group I base oils. These three base oils complement each other and form a complete bouquet from the lube manufacturer's perspective.

An increasing number of individual customers and other buyers such as car and motorcycle mechanics prefer to buy their lube requirements from a shop in their vicinity, who can serve their brand of choice from the many fast moving lube brands stocked by them. The Corporation has created a 213 strong Distributors Network across all geographical areas, who feed the bazaar retail shops numbering over 38000. During the year 2012-13, the successful targeted marketing initiatives and promotional programmes has resulted in YOY growth for this segment which is significantly better than industry peers.

Alongside the lube bazaar market development detailed in preceding sections, constant engagement with HPCL Retail Outlet dealers (petrol/diesel stations) now numbering over 12000 remained the cornerstone in the Corporation's lubes strategy. A series of initiatives and promotional programmes for retail dealers has paid off handsomely during the year, with this segment successfully overcoming the constantly reducing demand for 2 stroke two wheeler engine oils resulting from the shift by OEMs to 4 stroke engines.

Complementing the thrust in the individual Auto lube buyers segment, the Corporation has also strategically focused on enlarging the portfolio of Automotive OEMs genuine oils. HPCL cobranded lubes and associated OEM brands are now entrenched in a large number of OEM service establishments across India, approaching the 2000 number by the year end.

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Traditionally, the Corporation enjoys pride of place amongst Indian lube marketers in the Institutional sales segment. Individual industrial buyers have very high expectations from lubes suppliers, for the quality and technological performance levels of the lubes products concerned, as well as the service quality from the marketer. The Corporation during the year 2012-13 has developed and implemented short term strategies for greater penetration into this large volume but highly competitive market. These have recorded significant success during the year, with the Corporation being placed at the top in industry ranking by growth in the institutional sales segment. The Corporation, as part of continuing strategy, further deepened its network of lube CFAs who cater to the MSME segment. This network has enlarged the Corporation's access to more than 12000 MSMEs across the country, with satisfying outcomes.

The Corporation lubes marketing strategy lays emphasis on continuous innovations in lubes packaging, for keeping pace with customers' expectations. These efforts have led to the Corporation receiving awards such as World Star Packaging Award and India Star Packaging Award for TamperGard Seal (industry first for oil drums tamper evident seals).

A keystone for the Corporation's lubes marketing structure is its highly talented group of R&D professionals working on critical projects important to technologically advanced industrial sectors. More than 40 papers on the new developments have been accepted till date for publication / presentation in International Seminars/ Conferences and 7 patents filed. Collaborative projects with premier academic institutions including NIT, IISc, IIT, Agriculture Universities, Indian Institute of Petroleum are underway for mutually beneficial activities in their individual area of specialization.

The Corporation has always endeavored to continuously raise the bar on quality assurance for its products. During the year the Quality Control department implemented in-depth training programmes numbering 11 for our officers and staff as well as for customers' representatives for their engaging in this activity in a well-informed manner. Laboratory instruments, skills and processes validation through accreditation agencies being a key to successful QC outcomes, three more labs at Tikrikalan, Kandla and Visakhapatnam White Oil Terminal (new) underwent the rigorous process and obtained NABL accreditation. For enlarging the physical presence of QC labs across markets, the Corporation has commissioned three new labs at Jabalpur, Rewari and Mughalsarai during the year serving MP, Haryana and UP markets. In addition to products, the Corporation has developed laboratory facilities for evaluating the quality of various packages in which Lubes is marketed, and the labs at Mumbai, Kolkata, Chennai and Silvassa engaged in this activity diligently during the year.

- **MOU 2012-13 with MOP&NG:**

  During 2012-13, as part of MOU with Government of India, the following were achieved:

  - Successfully set up 3 Nos. New Stationary QC Labs at Jabalpur, Mughalsarai and Rewari
  - 2 CFR Engines were commissioned at Irumpanam (Kochi) and at Betkuchi (Guwahati).
  - As part of R & D for sustained & continuous innovation, we have developed Hydraulic Gear, Transmission Oils for JCBs and CJ-4 engine oil.
  - Achieved value added lubes sales of 305 TMT against MOU target of 250 TMT

LPG

LPG business remains one of the toughest business in the domestic downstream oil and gas sector on account of the under-recoveries on the sale of LPG to domestic households.

Nevertheless, this is a segment which is important to oil marketing companies considering the substantial market volumes involved, and the measures initiated by the government to progressively shift to disbursal of subsidy payouts to individual domestic customers on the 'Aadhaar' card platform. It is expected that this method will improve the delivery and remove anomalies present in the existing system. The new system may also permit oil marketing companies to carry on domestic LPG business in a profitable manner, in due course of time, as the full Indian market shifts to direct benefit transfer on the 'Aadhaar' card platform.

The Corporation is seized of the current situation as well as the potential turnaround in the financials of this business line. Accordingly, the Corporation has continued to stress on enhancing customer satisfaction levels by timely delivery of refill at the customer's premises. The business line calls for highest levels of logistic skills, considering that a significant part of LPG is from foreign sources, movement of bulk LPG from refineries and ports of import to the bottling plants spread across the country and the last mile connectivity to the individual customer's doorstep.

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The established mastery of this complex trade has enabled the Corporation to post a commendable performance this year also. The Corporation has maintained its No. 2 position in overall LPG Sales with 26.77 % share in the Indian market. Market sales during 2012-13 were 4020 TMT as compared to sales of 3899 TMT the previous year, corresponding to a growth of 3.10 % over historical period. The LPG business driver being bottling capability, the bottling plant assets were utilized in a systematic manner during the year resulting in an all-time high bottling of 3847 TMT LPG during the year.

Domestic LPG marketing is similar to many other consumer products, calling for continuous enhancement of customer service quality and engagement. The Corporation has leveraged technology for addressing this aspect in an efficient manner. The LPG Transparency Portal, the 'LPG Portal' for monitoring last mile delivery of domestic LPG cylinders, the IVR /SMS based 'HP Anytime'' refill booking system are some of the initiatives in this category.

Constant stress on Health and Safety in LPG operations has resulted in the Corporation's performance being acknowledged with Golden Peacock Award for Occupational Health and Safety for the Mangalore facility.

The HSE platform in the Corporation was strengthened during the year with IT enabled unique modules for Online HSE Index calculation, Online Accident Reporting Module to manage data on incidents involving LPG cylinders, and a well-designed training module for LPG Mechanics who are the key links in the LPG safety chain. The Corporation's unrelenting emphasis on this critical aspect has resulted in one of the major LPG plants being awarded for 'Excellence in Safety Management' during the year.

LPG SBU continues to maintain its market leadership position in the highly competitive ND Bulk Segment, with 44 % market share. This part of the LPG business line is built upon customer service levels and strength of the relationships built with customers both institutional and commercial. Product price being market driven and many marketers wooing these customers, the Corporation's performance in this segment is significant. As a continuing business strategy, 3 new dedicated Non-Domestic distributorships have been commissioned during the year for enhanced service quality for this discerning set of users.

The Corporation has leveraged the plans created as part of Vision 2015 strategy of MOP&NG for increased penetration of domestic LPG in the rural areas with commissioning of 243 new rural LPG dedicated distributorships for serving this segment. Combined with 54 new regular distributorships across India, the Corporation has finished the year with a sizeable total of 3194 LPG distributorships. With the enrolment of 32.17 lakh customers during the year, the Corporation now has a total of 3.95 Crore domestic LPG customers. The fine performance in customer service has led to acknowledgement by marketing professionals resulting in Superbrands 2012-14 trophy award to HP GAS, figuring in the list of India's 86 strongest consumer brands.

As in other petroleum business lines, infrastructure is the key for sustained market growth and has remained a major action area for the Corporation. Augmentation of bottling capacity was carried out resulting in addition of 180 TMT LPG bottling capacity during the year.

Continuous innovation is the formula for continued success in any business including LPG. The in-house customization and deployment of the Supervisory Control and Data Acquisition System (SCADA) in a bottling plant has received praise in the Industry, with the Corporation awarded the Golden Peacock Innovative Product/Service Award 2012 in the Oil & Gas Category. This innovative streak has also led to the PETROFED Innovator Award during the year.

- **MOU 2012-13 with MOP&NG:**

  During 2012-13, as part of MOU with Government of India, the following were achieved:

  - LPG Plant at Anantpur (AP) was mechanically commissioned in Dec 12
  - Achieved 98.40% (SHE Index) at LPG Plants against the target of 92%
  - Total Bottling achieved at all the Plants stood at 3680 TMT (target 3400 TMT)
  - 326 LPG dealers covered under Management Development Programs (Target100dealers)
  - Achieved 100% redressal under the parameter "Toll Free Number Complaints Redressal"
  - Award of RGGLVY issue of LOI 87.9 % vs. target of 80%
  - LPG connections released to underserved area. 52.9% achieved vs.target of 40%

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Aviation

The Aviation fuel sector in India has registered a negative growth of 4.9 % in the Year 2012-13, in tandem with the lower GDP growth of the country. The adverse business environment impacted the performance of airline companies with one of the major players having to suspend its operations. The Sector has also witnessed relaxation in the policies by the government for independent import of ATF by airline companies and rethink on policy of FDI in this sector.

The Corporation recorded sales of 568 TMT during the year in this business line. The focus remains managing volume growth while protecting revenues in this volatile sector. HPCL commissioned new Aviation Service Facility at Juhu Airport to cater to the growing requirements of the non- scheduled Aviation segment. To build uniform and speedy operational parameters across all working locations, ASF management software was introduced at all Aviation Service facilities.

Natural Gas

During 2012-13, HPCL expanded CNG retailing network in Ahmedabad by adding 1 daughter booster station taking the total CNG network at Ahmedabad to one mother station and 20 daughter stations.

The Corporation is a late entrant into Natural gas sector in the country, having adopted a measured strategy while engaging in this high return but high risk sunrise segment. Gaining from the experience in pilot projects, the Corporation has ventured into joint ventures with many petroleum industry majors, for development of cross country natural gas pipelines. These include GSPL India Gasnet Limited (GIGL) and GSPL India Transco Limited (GITL) for laying, building and operating three gas pipelines (a) Mehsana - Bathinda Pipeline; (b) Bathinda-Srinagar Pipeline; and (c) Mallavaram – Bhilwara Pipeline. The target completion date of these projects is 2014.

To give impetus and build in the area of Natural Gas, HPCL Board has approved setting up a 5 MMTPA LNG regasification terminal on the West Coast at Charra, Gujarat as a Joint Venture Company (JVC) with the port developer M/s S.P. Ports Pvt. Ltd.

Operations & Distribution

The key to success in petroleum marketing worldwide is efficient and effective management of its logistics and distribution across markets. The Corporation has always laid stress on this critical aspect, with the distribution facility recording a thruput of 41.4 MMT during 2012-13, which includes substantial product quantity from sources other than own refineries.

These volumes were handled with enhanced levels of Safety, Security, Service and Efficiency in operations through automation and improved operating processes. Technology was leveraged for rollout of critical IS Tools customized for strengthening the safety systems of oil installations. These include e-Inspection Tool, Online Near Miss Reporting and Online MOC Tool (Management of Change).

The last link in the petrol and diesel distribution chain is the large fleet of Tank Trucks belonging to business associates. The Corporation has rolled out a unique CSR initiative titled ₹Fit for the Road' campaign to provide basic health check-up of TT crew thereby covering a total of 7343 crew members across the country.

The Corporation was in the forefront for implementing safety enhancement measures identified by the M B Lal Committee at terminals / installations.Focus on this activity has led to 91 of the 113 committee recommendations being complied with by the year end, which positions the Corporation at the top of the PSU oil industry table.

Product management on the eastern seaboard was a focus area for the Corporation, for efficiently handling the large production quantity of Visakhapatnam refinery. A new state-of-the-art white oil terminal was commissioned at a green-field site during the year at Visakhapatnam, which has led to a spinoff benefit for Visakhapatnam refinery getting the valuable acreage occupied hitherto by the now decommissioned legacy Terminal facility.

Environmental and green initiatives remain a focus area for the Corporation in petroleum logistics. Continuous thrust on this front has enabled the Corporation to complete the Carbon Footprint Assessment according to GHG global protocols at 25 POL Installations across the country, followed by rollout of measures for carbon footprint reduction. A parallel initiative for addressing the depletion of groundwater resources was the initiative for Rain Water Harvesting at 22 POL locations.

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- **MOU 2012-13 with MOP&NG:**

  During 2012-13, as part of MOU with Government of India, the following were achieved:

  - Rain water harvesting completed at 22 locations (Target 22 locations)
  - Electrical Energy audit completed at 10 POL locations (Target 10 locations)
  - 25 locations successfully covered under Carbon Footprint Assessment versus target of 25 locations
  - Implementation of HSE Index at POL locations completed at 25 locations versus target of 25 locations
  - Surveillance Safety Audits successfully completed at 50 locations versus target of 50

Projects & Pipelines

It is widely recognized in petroleum industry that long term growth of a petroleum organisation depends on efficient and cost effective movement of products from producing centre's to consumption areas. The most efficient and least cost option being pipelines, the Corporation has laid special emphasis on development of a varied set of cross country product pipelines and acquiring high level of competency in managing these effectively for maximum revenue gains.

The Corporation achieved remarkable successes on this front with a record combined thruput of 14.04 MMT during the financial year 2012-13, for Mumbai-Pune-Sholapur Pipeline, Vizag-Vijayawada-Secunderabad Pipeline, Mundra-Delhi Pipeline and the Ramanmandi-Bahadurgarh Pipeline. During the financial year 2012-13, MPSPL and VVSPL achieved highest ever annual thruput of 4.05 MMT and 4.38 MMT against thruput target of 3.5 MMT and 4.0 MMT respectively. The standards followed in this function has been confirmed by ISO 9001, 14001 and OHSAS 18001 accreditation. VVSPL is the first pipeline in the world to achieve Level 8 in ISRS 8th edition Baseline assessment, the latest and toughest protocol of DNV. MDPL received OISD "1st Rank in Cross country pipeline - Product category" safety award for the 4th consecutive year. GGSRPEP received Petrofed Project Management (₹ 500 - ₹ 2000 crores) Company of the Year Award, 2011.

New pipeline projects on the anvil include the Rewari-Kanpur Pipeline (440 KM) and Awa– Salawas Pipeline (92 KM) for transporting white oils and the Mangalore –Hassan-Bangalore-Mysore LPG Pipeline (309 KM). PNGRB Authorization for these projects was issued in November 2012 and project completion is envisaged to be 36 months.

A critical part of petroleum logistics is the last mile connectivity which is undertaken from a large network of major Terminals and Inland Relay Depots spread across consumption centers. These locations play the crucial role of reaching the product to the customers and dealers by Tank Trucks loaded at them. The physical handling of product require commensurate infrastructure planned and developed for managing the large quantities involved, in a safe and secured manner, with supporting Information Technology enabled automation systems being a main driver. Quality Control being paramount, facilities both new and existing are strengthened with on-site fully equipped laboratories.

The Corporation has during the year, as part of long range products logistics perspective planning, undertaken projects and commissioned state of the art facilities at various locations across India. These include additional product tankages at Loni Terminal (Pune) and new Tank Truck gantries in Depots located at Raipur, Bathinda, Ajmer and Jaipur and QC laboratory infrastructure at Bathinda, Irumpanam (Kochi) and Loni Terminal (Pune). A project targeted at creating a high capacity greenfield facility in the state of Bihar achieved fruition with the mechanical completion of Bihta (Patna) project, with an aggregate storage capacity of 61.3 Million Litres. A similar capacity enhancement project achieved mechanical completion at Tikrikalan (Delhi) which is to receive inputs from HPCL JV refinery HMEL, Bathinda.

RESEARCH & DEVELOPMENT (R & D)

Research & Development is envisaged to provide support to the Refineries and Marketing divisions for operational improvement, absorption of new technologies, developing innovative & path breaking technologies, license technologies and support external organizations and develop over long term into a knowledge hub.

To realize this objective HPCL is putting up a R&D Centre at Bengaluru with an investment of ₹ 312 Crore and this centre will be involved in carrying out Research & Development activities in refinery technologies, nano-technology applications and also bio-fuels.

The R&D Centre will be conforming to eco-friendly design norms and will consist of Nine Research Labs covering Crude Evaluation & Fuels Research, Hydro processing, Catalytic Cracking (FCC/RFCC), Catalysis, Process Modelling & Simulation,

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Bio Processes, Standard Testing, Analytical Lab and Centre for Excellence in Nano-Technology. Statutory approvals have been obtained and Construction is in progress.

An offsite lab & pilot plant facility has been set up at Bengaluru and DSIR Recognition also has been obtained for the HPCL Corporate R&D center.

HPCL R&D has also undertaken collaborative R&D projects with various premier institutes like IISc-Bangalore, IIT-Delhi, IIT-Madras,TERI-New Delhi, CIMFR-Dhanbhad, GITAM University-Visakhapatnam, Jawaharlal Nehru Centre for Advanced Scientific Research-Bangalore, Poorna Prajna Institute of Scientific Research (PPISR) and Joint collaboration projects with IIT-Kanpur & Chevron-USA. The areas of research undertaken are related to Process intensification, Nano Catalysts, CO2 Capture & Utilisation, Hydrogen production, purification & storage, Residue upgradation, Improved Lubricants, Bio Fuels development and Development of catalysts for Refinery processes.

- **MOU 2012-13 with MOP&NG:**

  During 2012-13, milestones against the following projects as per MOU 2012-13 with GOI were achieved:

  - An integrated approach for Bio-hydrogen production through Combined Dark and Photo-Fermentative process
  - Nano catalysts for Hydrodesulphurization
  - Design and Construction of Metal-Organic Framework (MOF) materials for Storage of Hydrogen.

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 Quality Control (QC) audits of POL installations 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.

HPCL has a dedicated Quality Assurance department which is independent of Refining & Marketing functions reporting to the Human Resources function. The Quality Assurance department carries out carries out surprise inspections covering Retail Outlets, SKO Agencies, LPG Distributorships and Depots / Terminals in compliance with the Marketing Discipline Guidelines (MDG of Retail & LPG) and HQO directives and acts as an important nodal agency for ensuring supply of Quality & Quantity products to all the customers.

HEALTH, SAFETY & ENVIRONMENT

As an integral part of its business, HPCL believes that no work or service or activity is so important or urgent that safety be overlooked or compromised. HPCL endeavours to promote the health of vital "Human Resource", essential for productivity and effectiveness of the corporation and conduct its operation in such a manner as compatible with environment and economic development of the community. All the major locations across the country and the two refineries are ISO 14001, ISRS & OHSAS 18001 certified and maintain highest standards of Occupational Health, Safety and Environment protection and comply with all applicable Laws & requirements.

- **Health**

  HPCL focuses on achieving excellence in occupational and personal health of employees at all manufacturing sites as well as at its offices. HPCL has set up state-of-the-art Occupational Health Centers (OHC) at refineries. Besides emergency medical services, the OHCs also offer preventive and curative health services to its employees. These OHCs are equipped with state-of-the-art diagnostic and therapeutic equipment and are manned by qualified occupational health specialists. The OHC's also carry out health, education and awareness sessions and diagnostic camps for the benefit of employees and community. All HPCL employees undergo regular periodic medical examinations. The medical emergency facilities are also extended to Contractor's employees at the Refinery sites. The results are analysed to provide targeted interventions at the individual and group levels. The employees are also supported for hospitalization by regular liaison and cashless admission facilities in pan-India hospitals.

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Regular and periodic medical check-ups are done for all the employees, especially for those who are engaged in adverse working conditions. Awareness programs on maintaining healthy lifestyles, heart-care, Yoga, meditation, work-life balance are conducted on a regular basis not only for the employees but also for their family members.

- **Safety**

HPCL is committed to provide a safe workplace to its employees and contractors and safety to the communities where it operates. In pursuit of the same, HPCL continues to work towards its aim of zero incidents. HSE Management systems across all business locations are vital, striving continually to strengthen HSE governance and compliance systems across all businesses and functions thru surveillance audits and benchmarking. While ensuring the HSE standards, major focus areas are targeted to include process safety and construction safety in upcoming projects across the corporation. All critical jobs undergo Job Safety Analysis to ensure safety of personnel and property. HPCL believes that continuous learning and upgrading of systems and processes are indispensable as we move ahead with our vision of achieving best-in-industry status with respect to safety systems and culture. HPCL recognises that personnel competency is a key area to ensure safe and efficient operations.

HPCL continued to build its culture of safety and improve its performance. Safety talks, trainings and case studies form a part of the daily activities of all the personnel directly or indirectly engaged in the refining process. Safety training programs conducted for contractors together in both the refineries were 235 during the year. Out of 284 OISD recommendations (given upto 2011), both the refineries have completed implementation of 278 OISD recommendations. Also, 1815 out of 1838 internal audit safety recommendations (given upto March 2011) have been completed.

- **Environment**

HPCL is committed to ensure environmentally sustainable and responsible operations to achieve highest standards of environmental excellence. HPCL major installations are certified with Environmental Management System based on ISO-14001 and all pollution abatement facilities e.g. effluent treatment plants at our refineries, air emission control and waste disposal facilities are maintained and operated in line with the industrial best practices. HPCL commissioned Flue Gas Desulpharisation projects at both refineries to reduce particulate matter and sulphur emission. Continuous ambient air quality monitoring at our refineries installed to ensure air quality. HPCL has established 'Environmental Audit' surveillance, to ensure continuous environmental performance improvement as well as environmental compliance. This concerted effort has provided opportunities to continuously improve for better environmental management.

- **Other Initiatives**

Rain Water Harvesting: Initiative of rain water harvesting planned during the year reduced the fresh water dependency on Municipal Corporation. Mumbai Refinery has constructed necessary infrastructure and harvested about 74 TKL of rainwater for the year 2012-13. Further augmentation of rain water management facility is in progress as a part of Natural Water Resource Conservation and sustainable development Project including reduction in refinery carbon foot print. Implementation of rain water harvesting for A-Block of Visakh Refinery was completed in December 2012.

Plantation Project: Visakh refinery has conducted a "Green Visakha" program with a plantation of 86965 saplings in the city. These initiatives demonstrate HPCL's commitment to a cleaner, greener and sustainable environment.

Emissions Control: As a part of their commitment to protection of environment, both the refineries are implementing Flue Gas Desulphurization (FGD) projects for removal of sulphur from the flue gases of the Fluidized Catalytic Cracking Units. FGD facilities at Mumbai refinery was commissioned in March 2011 and at Visakh refinery project mechanically completed and commissioning activities are expected to complete in second quarter of 2013.

Hazardous Waste Management: Mumbai refinery has bio-remediated around 3000 m3 of low oily silt using oil zapper technology. Oil sludge and spent catalyst from both Visakh and Mumbai refineries were disposed to CPCB authorized recyclers.

- **Sustainability Development:**

HPCL commenced annual sustainability reporting on its triple-bottom-lineperformance from the Financial Year 2011-12. Sustainable development (SD) Policy for the corporation was prepared and approved by the Board of Directors and a Board level SD committee was formulated.

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The maiden report published 'in-accordance' status with Global Reporting Initiative (GRI) guidelines and externally assured and GRI application level checked 'GRI G3 Checked A+' application level report. The report also aligns with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities for Business. The progress of the SD initiatives is monitored by a Board sub-committee periodically.

During 2012-13, HPCL completed sustainable development projects such as 10 locations Electrical Energy audits, 22 Rain water harvesting at POL locations rain water harvesting at Visakh Refinery, improved treated water output at Mumbai Refinery, 773 lakh KWH Power generation through Wind Mills and carbon foot assessment at 25 POL locations. In addition, 465 Employees across 15 locations and both the refineries were trained by conducting capacity building workshops. During the year key internal and external stakeholders have been mapped and were engaged thru structured consultation process. During the year 2012-13, HPCL has spent ₹ 6.17 Crores on various sustainable development projects.

EXPLORATION & PRODUCTION (E & P)

PPCL, a wholly owned subsidiary has become the upstream arm of HPCL. In the year 2012-13, HPCL/PPCL, have integrated the activities and restructured the organisation of HP E&P and PPCL to achieve overall organisation efficiency and focussed attention. Strong foundation and Balanced Asset Portfolio are the key focus areas for the future upstream strategy of HPCL.

In the Year 2012-13 HPCL/PPCL have focused their attention on acquisition of producing or near to producing assets to balance the portfolio. The results of these efforts will be visible in the near future.

During the year, two new exploration blocks MB-OSN-2010/2 and AA-ONN-2010/1 have been awarded to HPCL and PPCL respectively under NELP IX bidding round and the Production sharing contracts (PSCs) for the same were signed in August 2012 with GOI.

As on 31.3.2013, HPCL has participating interests in 15 active domestic onshore and offshore blocks and relinquishment process is on for 5 blocks. There is a marginal discovery in one of the blocks CB-ONN-2002/3 in Cambay for which Commerciality of Discovery is approved and Final Development Plan is submitted. Out of three overseas blocks which HPCL has, PSC is to be signed for two blocks in Egypt. One block in Australia has been relinquished. The details of the blocks are given in the section of "Statement of Significant Accounting Policy and Notes forming parts of Accounts."

PPCL has plans for building strong internal capability through developing competent and experienced manpower having expertise in all domains of upstream operations. PPCL has developed a state-of-the-art infrastructure, equipped with advanced G&G software and learning center. As a part of continuous development of internal capabilities, a training program on "Play Fairways Analysis & Prospect Evaluation" was conducted in August, 2012 by world's leading Oil & Gas technical consulting company M/s Fugro Robertson, UK. The program received enthusiastic participation from senior Geologists and Geophysicists from other PSUs as well, in addition to the G&G team of PPCL. The team has been reorganized into focused areas to concentrate and develop capabilities in specific areas.

The cumulative expenditure on HP E&P activities till 31/03/2013 has been ₹ 666 Crore out of which ₹ 56 Crore was spent during the year 2012-13.

The cumulative crude oil production by PPCL as on 31.3.2013 from its Sanganpur field awarded under Pre-NELP period and Hirapur field on service contract with ONGC has been 329669 barrels out of which 34271 barrels were produced during 2012-13.

Further details on PPCL have been elaborated under the section Joint Ventures & Subsidiaries.

RENEWABLE ENERGY

As concerns about rising fossil fuel prices, energy security, and climate change increase, renewable energy can play a key role in producing local, clean, and inexhaustible energy to supply nation's growing demand for electricity and transportation fuel.

HPCL has undertaken to put up 100 MW of Wind Farm project to tap the vast wind potential in the country. HPCL has planned to implement the same in two phases. Under the first phase, a total capacity of 50.5 MW has been commissioned in two parts. The wind power generation during the year was 774 Lakh KWH and earned a Revenue of ₹ 30.35 Crore. Going forward HPCL will be implementing the second phase of 50 MW of Wind Farm project.

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HPCL has ventured into bio-diesel segment by incorporating a subsidiary company CREDA-HPCL Biofuel Ltd (CHBL) with State Government of Chhattisgarh, thru an organisation Chhattisgarh State Renewable Energy Development Agency (CREDA). CHBL is already in process of undertaking cultivation of jatropha plant, an energy crop used for production of bio-diesel. The cultivation is scheduled to be on total 15,000 hectares of leased land from the Government of Chhattisgarh. As on 31.03.2013, CHBL has acquired 6,728 hectares of land.

INFORMATION SYSTEMS

Information systems support all business processes of the Corporation. Business transactions are carried out in Enterprise Resource Planning (ERP) system. ERP system is connected to various other applications for transactions processing as well as Decision support.

Over the last few years, ERP system has been helping us close our accounts quickly and accurately. From management control perspective, ERP helps us by way of standardization of business processes. On-line & accurate information is available in the system which eases operational decision making. Cost of operations can be tracked easily in the system which helps the managers in controlling them.

In order to enhance the competencies of employees to manage Information systems, a comprehensive training plan was put in place. Over1600 man days of training have been provided during the year to the end users of the system covering the functional and operational areas of the system.

- **Information Systems Center**

  Information Systems Center (ISC) at HITEC City, Hyderabad hosts all servers, as well as the development team. ISC is spread over 1.3 acres with state-of-art facilities that host 200+ servers that run various IT systems, Network & Operations Control Center, Security Operations Center, Development Center & Training center. ISC has been made secure with Infrastructure facilities that include Integrated Building Management System with access controls, Very Early smoke detection system, waterless fire systems and leak detection system.

- **New Initiatives**

  A multitude of IT enabled solutions have been rolled out to increase effectiveness of business functionaries. ERP platform has made possible development of real time interfaces to the IT enabled systems of our various business partners. Various such new initiatives have been implemented and sustained efforts continue to bring in more of these to reality.

  HPCL has further strengthened an application to plot all our retail outlets using GIS mapping technology. This has enabled us to set default route from supply location & accurately measure distance which in turn has resulted in improving accuracy of calculation of freight payments.

  HPCL has introduced Distributor Consumer Management System (DCMS) for managing LPG distributors operations such as enrolling new consumers, providing new connections, recording & completing refill requirements, recording consumer termination etc. This software has been integrated with HPCL's ERP system for data exchange.

  Consequent to implementation of Government of India's policy on monitoring the supply of subsidised LPG cylinders to consumers, HPCL has introduced Transparency Portal initiative for facilitating complete transparency and visibility in this regard. This Portal provides information on the number of HP Gas consumers with each Distributor, the number of subsidized as well as non-subsidized Domestic LPG cylinders availed by each HP Gas consumer and amount of Subsidy for LPG supplies. Consumers can view the delivery time performance, refill clearance and quarterly performance rating derived from the delivery time of distributor thus indicating best performing distributor. Facility has been provided to view the current waiting list number for new connections. This Portal can also be accessed from mobile phones.

  LPG consumer subsidy has been planned to be transferred to consumer bank account using Direct Benefit Transfer for LPG Consumers (DBTL) scheme to the Aadhaar (UID) - Linked bank account of consumers who are Cash Transfer Compliant (CTC). Every Consumer has to link the Aadhaar Number to the LPG connection as well as link the Aadhaar number to his bank account. The bank seeding details are obtained from NPCI (National Payment Corporation of India) by oil companies and Aadhaar verification from UIDAI. After verification, Aadhaar, details are updated in DCMS Software and consumer becomes CTC compliant. Consumers are paid one time advance towards LPG subsidy and paid refill subsidy for

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subsequent deliveries for eligible number of subsidised cylinders. DBTL Software module receives data from DCMS Module on regular basis and generates payments which are remitted to NPCI using a payment gateway. The payment is credited to consumer's account and same is displayed on the Transparency Portal for benefit of the consumers. This payment module has been implemented at 18 districts on June 1, 2013.

HPCL has put in place a business intelligence system. This system extracts data from various transactions systems, processes the same and stores it in the data warehouse. This processed information is made available to the business for informed decision making.

In procurement function, e-procurement platform is being used for bringing in transparency. HPCL has developed & implemented e-procurement process wherein tender are floated on-line & the responses are obtained from the vendors also on-line using digital signatures. Tender opening & evaluation is being done in this application& orders are placed in ERP system. e-tenders through this system currently constitute close to 50% of total tender value.

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

Activity of processing indents received from the dealers and customers into the loads has been automated. An Indent Management System (IMS) has been implemented through which dealers & customers are being able to send indents by SMS. Facility for placing indents through web-based customer portal has also been made available to institutional customers. The system has enabled stage-wise tracking of indents. This has facilitated effective planning, monitoring and execution of indents ultimately leading to enhanced customer satisfaction.

HPCL has been able to achieve a high percentage (94.5%) of on-line fund transfer in the Sales process. The corporation has been receiving on-line fund transfers in the excess of ₹ 13000 Crore a month. Customers directly make e-payment thru their bank to the Corporation's designated bank. The bank account is credited immediately and Cash Receipt (CR) is generated automatically thereupon and email sent to the customer advising details. At the end of the day the bank forwards a consolidated receipt to the Corporation which is used for control purposes and for carrying out reconciliation. The reconciliation process is also totally automated. This initiative has enabled in faster collection & hence better funds management.

E-banking initiative has been expanded to cover all payments to outside parties such as vendors& contractors and even our employees. We have tied up with multiple banks to offer the service to the various categories of payees. Payment information flows seamlessly as ERP server communicates directly with the bank servers without any manual intervention. The payment is effected by the bank through ECS, account transfer, EFT or by cheque. E-payment is helping the Corporation to bring about transparency in the payment process and also ensure timely payment to all vendors. Over 97 % of payment made to the vendors, other than that for crude purchasesisbeing made by electronic fund transfers.

A customer portal is being maintained which provides complete visibility to the direct customers, dealers & distributors on their transactions with the Corporation. Similarly a portal for the transporters enables them to access information pertaining to their transactions with the Corporation. A number of work flow based applications have been implemented for employee self-service so as to speed up the process of benefits administration. Capital budgeting process for Non-plan projects as well as revenue budgeting process has been captured in the system through workflow based application.

On HR front, 2 initiatives: Samavesh (meaning 'Inclusion': Personal, professional and cultural integration of new recruits) & Santushti (meaning 'Complete satisfaction': e-enabled final settlement process for separating employees) have been further strengthened. Both these are electronic work-flow processes & integrate with ERP as well as other on-line systems.

- **Communication Infra-structure & Security**

HPCL has implemented 802.1 X IEEE standard access controls, which has given us the capability to permit or deny network connectivity. After deployment of this mechanism every employee has to authenticate by putting his ADS username and password to get network access into HPCL network. 802.1X authentication has enabled us to secure our corporate network from unauthorized access.

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Security of information systems continues to be a key consideration and HPCL has taken a number of steps to address this critical area. Security Operations Center has been set up for continuous monitoring of systems for any security related incidents. Identity management system has been implemented. To enforce segregation of duties, implementation of GRC (Governance, Risk & Compliance) solution for ERP systems has been started. Microsoft SCCM (Systems Center Configuration Manager) has been implemented for ensuring all PCs & laptops are patched with latest security patches to protect them.

HUMAN RESOURCES

HPCL is committed towards achieving operational excellence and enhancing productivity through optimum utilization of resources available. The corporation focuses on development of its key resources both personally and professionally through systematic interventions and robust HR strategies. HPCL recognizes the importance of strategic and customer centric HR initiatives based on well-defined HR strategy aligned to overall organizational strategy.

During the year 2012-13, the Corporation has undertaken various initiatives for improvement of employee engagement, capability building, leadership development and promotion of industrial harmony for meeting strategic objectives of the corporation and enhancing the value to various stakeholders.

- **HR Visioning and development of HR strategy execution plan**

  In view of the corporation's business strategy for the year 2016-17, the HR team at HPCL underwent the visioning process to discover its role as an integral part of Business Strategy and define for itself a set of operating values for achieving the means to an end.

  The vision and its essence along with the HR strategy and specific deliverables and actionables have been documented comprehensively in-order to build a robust communication strategy. The HR Strategy Execution Plan titled STRATEX is a robust and comprehensive plan which details the HR deliverables and focus areas for the future in line with the corporation's aspirational strategy, Target Shikhar and long term plan, Udaan 2030.

- **Leadership Development**

  HPCL had launched a leadership development initiative Project – Akshay in the year 2011 to build a strong leadership pipeline which would mobilize the rank and file of the employees towards the common corporate aspiration and vision.

  In a continuing effort, a total of 108 mid-level Officers were mentored by 27 senior management Officials in teams of four with one mentor per team during the year 2012-13.

  The program has benefited the corporation immensely in–terms of the overall development of leadership level executives for ensuring robust succession for critical positions. In addition, the Corporation also nominated the Officers in senior management grades for Advance Management Programs in India and abroad on regular basis.

- **Capability Building**

  Training department at HPCL has been rechristened as Capability Building department this year. Apart from enabling employees to realize their full potential through innovative initiatives and progressive learning techniques, the key focus areas of the capability building include enhancement of competencies, strengthening the leadership pipeline, cultural interventions to enhance collaboration and leveraging technology for Learning and Training.

  HPCL co-hosted EQ leadership summit which was conducted by one of the top 10 most influential International thinker Dr. Richard Boyatzis, senior faculty at Case Western Reserve University. HPCL co-hosted Kaplan Norton workshop on Balanced Score Card. Apart from this HPCL also hosted HR Symposium for both Public Sector and Private Sector to bring out best HR practices for training and development.

  HPCL achieved all time high figures of 5.66 man-days per employee (29446 man-days) of technical & behavioural training programs for the management employees and the training man-days for the Non-Management employees stood at 3.12 (19270 man-days). Specific behavioural & leadership training programs were conducted for 1214 middle/senior level managers. In addition, 533 officers under-gone development centre towards assessment of behavioural and technical

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competencies. Further, 12 nos. of wellness programs were conducted through in house and external faculty. The training expenditure as a percent of employee cost was 0.356% (₹ 9 Crores) against the MOU target of 0.3% during the year.

- **Certified Petroleum Manager Program**

  As part of efforts to build a talented pool of Officers who can be groomed for taking up key middle management positions within the Corporation, the Corporation has implemented a special one year certification course titled **"Certified Petroleum Manager"** which covers all aspects of the Petroleum Industry and formulated by incorporating the right mix of technical, functional and behavioural competencies to ensure that their full potential is utilized and participants are groomed to become future leaders of the Corporation.

- **Project Utthaan**

  Project "Utthan", developmental program for employees promoted from Labour to Clerical cadre was conducted in 2012-13. Training concentrates on attitudinal and behavioural development providing overall understanding of organizational culture and targets, IT orientation, Customer focus & Internal processes competencies.

- **Project Ji Haan Samarth & Samvad – LPG SBU**

  HR department in association with LPG BU conducted training for LPG Deliverymen and LPG Customer Service Staff during FY 2012-13. The programme is being conducted in 8 languages thru HR Officers all across the Corporation and aims at behavioural and technical enhancement of the trainees apart from imparting them training on healthy life styles, savings habit etc. Over 5000 LPG Deliverymen and 2700 LPG Distributor staff were trained during the year.

- **Talent Sourcing and Acquisition**

  Apart from flagship Officer Trainee recruitment, HPCL during the year undertook recruitment for other professionals for various streams like experienced Refinery professionals in S/G B & C, Information systems Officers, Chartered Accounts. The total recruitment figure for the FY 2012-13 stood at 298.

  Further, HPCL also adopted Graduate Aptitude Test in Engineering (GATE) scores as a shortlisting tool in recruitment of Officer Trainees in Engineering Disciplines for the year 2012-13.

- **Performance Management**

  Performance Management initiatives seek to enforce a performance oriented culture in the company. Hence it is the continual endeavour of the department to establish systems and processes which are robust, transparent and user- friendly. Towards this end, the following initiatives were undertaken:

  - Benchmarking exercise was undertaken during the year. Amendments were made to the Performance Appraisal process in order to bring objectivity and inclusivity to the Performance Appraisal process and hence robust behavioural feedback and review mechanisms were incorporated into the process.
  - Saajhi- an e-platform was launched for consolidating the entire process of promotions and re-assignments. The platform seeks to make the transition to new role simple, convenient and expeditious for the employees as well to ensure the timely completion of the process by an effective tracking and monitoring mechanism.

- **Improvement in Industrial Harmony**

  Industrial Relations across the Corporation remained positive and constructive, marked by mutual trust and industrial harmony. During the year around 68 nos. of structured meetings were held with the employees' representatives across the Corporation. Union leadership and workmen played a significant role in achieving performance objectives at their work units/ locations across the country through their collaboration in introduction of new technology, acceptance of cost management practices, and rationalisation of manpower through internal redeployment to fill vacant positions.

  HPCL also has a robust grievance redressal system in-place for all its employees and it is noteworthy to mention that 100% of employees grievances were settled during the year 2012-13.

  HPCL has taken an unique initiative to form an "IR Council" consisting of senior officials from various SBUs, senior office bearers from each of the representative Unions and HR functionaries with a view to create synergy to collaborate for "HP First" culture, enhance employee engagement levels and ensure achievement of Corporate objectives.

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Memorandum of Settlements (LTS) was signed for Mumbai Refinery (effective 1.10.2008), Visakh Refinery (effective 1.7.2007) and Marketing Division (Effective1.10.2008) for 10 years from respective effective dates. Revised Salary including Cafeteria Allowance as per LTS also implemented during FY2012-13. Career Development Policy (CDP) for the non-management employees was implemented for the Marketing Division.

- **Employee Engagement Initiatives**

  - **HP ICON People Manager Award 2012**

    The Second Edition of the HP ICON – People Manager Awards, was held in December 2012 wherein 17 officers working in the middle management cadre were bestowed with the prestigious HP ICON People Manager Award.

  - **Outstanding Achievement Awards 2012**

    Outstanding Achievement Awards are given every year to Officers in Junior Management who lived and displayed corporate Values, displayed extraordinary commitments and achieved outstanding results. During the current year 51 Officers were given outstanding achievement awards after a rigorous multi-stage evaluation process.

  - **HP Gaurav Awards 2012**

    HP Gaurav Awards are given every year to Non-Executive employees who have put in outstanding efforts and exemplary performance in furtherance of the Corporation objectives. During the current year 78 non-executive employees in the Marketing Division were selected after a rigorous multi-stage evaluation process.

    In-addition to the formal reward and recognition mechanisms, the Corporation also rewards its employees on continual basis for the suggestions and inputs received through various forums. During the year around 3152 suggestions were received from employees. To enable creativity and innovation, HPCL had also sent 11 nominations of its employees for various national awards like PM Shram awards, Vishwakarma Rashtriya Puraskar.

- **Productivity Enhancement Initiatives**

  - **Project Utkarsh (LPG)**

    Project Utkarsh uses frontline production management concepts at LPG Plants towards building employee engagement simultaneously on various dimensions and introduction of a renewed LPG incentive scheme which redefined productivity norms as well as incentives. Consequently; a 42% increase in productivity was recorded during 2012-13. Project Utkarsh is today implemented at all 44 LPG Plants of the Corporation.

  - **Project Utkrisht (O&D)**

    Buoyed by the success of Project Utkarsh, a productivity development initiative for O&D locations - Project Utkrisht was piloted at five identified locations on key parameters. Energized by its success; the project was replicated in 82 O&D locations starting from July 2012. The Project is under implementation and till date 18% Improvement in productivity over base line- i.e. July 2012 is recorded. The expected savings in operating expense are pegged at ₹ 3.90 Crore annually.

    Technical Papers on Project O&D Utkrisht and Project LPG Utkarsh were selected for presentation at the 54th Annual Convention and International Conference of Indian Institution of Industrial Engineering (IIIE) held at Bangalore on Oct 30-31, 2012.

- **Other Highlights and Initiatives:**

  - **Centralized HR Services**

    With a view to enhance efficiency and bring more transparency in to processes, HR department has taken an initiative towards centralizing various HR services through leveraging technology. The phase I of this initiative which was implemented during the month of April 2013 will also enable HR functionaries to focus on strategic partner role to business.

  - **Launch of ‘HP FIRST’ as renewed cultural identity**

    This year HPCL undertook various initiatives towards Organization culture building. The call for ‘HP FIRST’ as the renewed cultural identity was given under Top Management Sponsorship.

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'HP FIRST' at one level is a CREDO to direct the behaviours of all the employees towards giving preference to the Corporation in all their dealings. It calls for putting Corporation's interests first in all events of interpersonal or interdepartmental conflicts. 'HP FIRST' is also an acronym where 'F' stands for Free, Frank and Fair – a dimension of our existing culture which needs to be sustained, 'I' stands for Integrity, 'R' for Respect for Individual, 'S' for Sustainable Performance and 'T' for Team Spirit.

- **SC/ST WELFARE & LIASONING**

  HPCL has undertaken a number of significant activities for the welfare of SC/ST in the financial year 2012-13. Some of the major highlights are:

  - A health camp was organized & provisions were made for food on the occasion of Ekveera Devi Yatra on April 9-10, 2012; at Deeksha Bhoomi, Nagpur on October 23, 2012; at Chaitya Bhoomi, Dadar during Dec 4-6, 2012; provision of food at Bhima Koregaon, Pune on January 1, 2013; provision of water and food at Mahad on March 20, 2013.
  - Scholarships were granted to 1563 SC/ST & PWD students from weaker sections of society.
  - HPCL also supported 275 SC youth from Maharashtra, Rajasthan, Bihar and Visakhapatnam for undertaking resource lined vocational training.
  - The roster inspection has also been completed till 2011 for all zones and refineries of HPCL.
  - A documentary on HPCL's and SC/ST Employees' Welfare Association's years of contribution to the welfare activities at Chaitya Bhoomi, Dadar was made.
  - A seminar conceptualized as "Accelerate to Excel" was organized for 145 office bearers of the Association providing platform to collaborate and develop for excellence.

- **OVERVIEW OF SPORTS ACTIVITIES AT HPCL**

  During the year 2012-13, HPCL organised four tournaments namely All India Inter Unit Indoor Games tournament, All India Inter Unit Cricket tournament, All India Annual Sports Meet and the PSPB Inter Unit Bridge Tournament.

  HPCL team finished at the top in unrated teams and won prize for the Best Team in Non-Professional Category in XXIV PSPB Inter Unit Chess Tournament held at Puducherry from December 15-19, 2012. HPCL team was Runners-up in Team Championship and Field Events in XXXIII PSPB Inter Unit Athletics Tournament held at Guwahati, Assam from January 28-30, 2013. HPCL Team won 5 Gold, 4 Silver and 5 Bronze Medals.

  HPCL also provides assistance to the youngsters belonging to the weaker sections of the society in-order to enable them to accomplish their goal in sports. HPCL takes promising and deserving boys/girls and nurture them to grow to the international standards by providing them financial assistance. This is done as a part of Corporation's commitment to help transform the raw talent into medal winners who can keep the tri-color flying at international arena. HPCL also conducts Cricket Coaching Camp to impart professional training for the employees' children to enable them to make a career in this sport.

RIGHT TO INFORMATION (RTI)

HPCL as a PSU Organization with large public interface has successfully ensured compliance with the provisions of Right to Information Act, for providing information to the Indian Citizen, when he seeks information from this public authority.

During the year, a total of 4403 applications were processed. HPCL effectively follows the guidelines of Centralized Public Grievances Redress & Monitoring – CPGRAMS - online Grievance handling mechanism (complaints received and transferred by President's Secretariat, PMO, MOP&NG, DPG & DARPG instituted by Government of India, inter-alia, adhering to the time line norms as advised by DARPG (Department of Administrative Reforms and Public Grievances).

CORPORATE SOCIAL RESPONSIBILITY

HPCL has always worked towards being a model of excellence in meeting our commitment to society with which we engage and interact, and beyond. HPCL has been consciously striving towards this commitment. Initiatives of our corporation are broadly classified under Focus Areas: Child-Care, Education, Health Care, Skill Development and Community Development. Interventions in these areas make a meaningful and long-term impact on the community.

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In the above areas the following are the Major Projects that were undertaken in the year 2012-13.

Child Care

- Children with Special needs (ADAPT)

  To ensure equal opportunities and dignity to Persons with disability requires effort, awareness and mobilization beyond just the addressing their medical needs. It is in the spirit of this endeavor that HPCL through this programme supported the Inclusive Education, therapeutic needs and vocational training 300 children.

- **Childline**

  By supporting rescue vans in three major metropolitan cities in the country – Delhi, Kolkata and Mumbai for 1098 helpline – responsible for rescue of children in distress in India, we have been able to enhance and ensure the impact of the project in rescuing groups of children in risk situations like trafficking, child labour, dangerous circumstances, etc.

- **Muskan**

  Muskan has been providing rehabilitation of destitute and neglected street children and underprivileged children. The two centres supported by HPCL aims at addressing the fundamental needs of care, protection, clothing, food, education, health etc, along with vocational training and counseling services for 200 children.

Health Care

Through following initiatives we have tried to target the most needy and vulnerable groups of the community in the area of health care.

- **Dil without Bill**

  Sai Heart Hospital is one of the very few medical institutions in the country which can boast of heart surgeries being performed every single day. What makes this achievement stand apart even still is the fact that these are conducted at free of cost for all patients with a monthly family income of less than ₹ 10,000, giving preference to children. Awareness and follow-up camps conducted at various cities and towns, during the year is also an initiative to reach out to the most needy patients.

- **Suraksha**

  Our interventions through the Khushi Clinics for Long Distance Truckers (LDT) who are among the high risk category for AIDS were set up at various retail outlets on the highways.

- **Sushrut Hospital**

  Sushrut hospital a Multispeciality hospital and charity institute at Chembur, Mumbai is being supported by HPCL for the past many years.

- **Rural health**

  HPCL CSR partnering with ground-level NGOs is running three Mobile Medical Vans in states of Odisha, Bihar and Rajasthan. These Vans provide basic medical attention to rural populace in 75 villages.

Education

HPCL's initiatives in the field of education have been manifold with a larger impact on various sections of society.

- **Mid-Day Meal Programme**

  HPCL CSR is providing hygienic and nutritious food to students from rural areas of Visakhapatnam and Guwahati through specialized agencies. This programme has addressed a vital requirement of young children form rural areas belonging to economically marginalized section. During the year, 5000 students have been benefitted through Akshaya Pathra programme.

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- **Nanhi Kali**

  Our intervention to the growing issue of decreasing girl child education includes providing material support to first generation girl child learners from communities which are educationally and economically backward. During the year, 7552 girl children have been benefitted under this programme.

- **Unnati**

  HPCL has partnered with specialized agencies to provide computer awareness and basic education to first generation computer learners of Class VI to Class IX in semi-urban and rural areas. Further, ten computers each are also installed at each of these schools where training is imparted, so as to ensure continued practice for the students. During the year, 4100 students have been benefitted under this programme.

Skill Development

HPCL through various partners have also been exploring diverse options to build the capacity and employability of the youth, especially the underprivileged.

- **Swavalamban**

  It is in line with the demand based needs that diverse training skills like electrical, welding, hospitality, driving, tailoring, beautician course etc. are identified and imparted to 2850 Nos. underprivileged youth in these areas through our Swavalamban programme.

- **STeP(Smile Twin e-learning Programme)**

  This programme aims at providing job-oriented skills to underprivileged youths. Training in IT, functional English, Personality Development- elements which have become important factors for employability are provided, along with career-counselling, placement support and follow-up.

OFFICIAL LANGUAGE IMPLEMENTATION

Office Language Implementation (OLI) Official Language Implementation has been given the utmost importance in the Corporation. To promote implementation of Official Language, Hindi Pakhwada was observed at all locations of the Corporation; All India Hindi Mahotsav 2013 was organized; Vishwa Hindi Diwas was celebrated at all locations and Hindi Conference was held under the chairmanship of Director – HR, HPCL under the aegis of TOLIC wherein various PSUs, Government Offices, Banks, Institutions working towards progress of Hindi, Autonomous Institutions and 175 people participated in the Conference. A workshop was also organized by HPCL North Zone for Hindi Officers of member PSUs of TOLIC.

HPCL continues to head the Town Official Language Implementation Committee (TOLIC) in Mumbai for Government Undertakings/ Corporations since its formation.

HPCL was conferred with the "Indira Gandhi Rajbhasha Award" for the fifth consecutive year for best official language implementation among Public Sector Enterprises in India. The award was for outstanding achievements of the Corporation in the realm of Official Language Implementation in 'B region".

AWARDS RECEIVED

- HPCL has received the PETROFED Project Management – Company of the year award for Guru Gobind Singh Refinery Products Evacuation Project (GGSRPEP) from the Hon'ble Minister of Petroleum on June 8, 2012 at New Delhi.
- HPCL was declared the winner among the Public Sector Category at the 8th Edition of BML Munjal Awards 2013 towards Excellence in Learning & Development during the Mindmine summit held at New Delhi on 4th April 2013. The prestigious award was handed over by Hon'ble Minister of State for Human Resource Development at the annual flagship event organized by the Hero Group.
- HP Gas was recognized as the most respected brand and awarded the Super brand trophy 2012-14 by Superbrands UK in December 2012.
- HPCL was conferred with the prestigious SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness Commendation Certificate for the year 2010-11 by Standing Conference of Public Enterprises (SCOPE).

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- HPCL has been awarded the Greentech Gold Award for Outstanding Achievement in 'Best HR Strategy' by Greentech Foundation at 3rd Annual Greentech HR and Corporate Governance Conference 2013 held on 19th April 2013 at Goa
- HPCL received the Indira Gandhi Rajbhasha Puraskar for the fifth consecutive year for best official language implementation among Public Sector Enterprises in India for outstanding achievements of the Corporation in the realm of Official Language Implementation in 'B region'.
- HPCL has been honored by Associated Chambers of Commerce and Industry of India (ASSOCHAM) with the "CSR Excellence Award" 2012-13 for the immense contribution and relentless efforts towards Socially and Environmentally Sustainable growth from His Excellency Dr A.P.J. Abdul Kalam, Former President of India.
- HPCL was conferred with the Golden Peacock National Training Award for the Year 2012 for its contribution towards training initiatives for its employees.
- HPCL was honoured with the "Golden Peacock Innovative Product/ Service Award 2012" for the innovative development of Supervisory Control and Data Acquisition System (SCADA) for LPG Bottling Plant Operations under Oil & Gas category.
- HPCL has been conferred with INDIASTAR 2012 Award, as recognition of excellence in Packaging for 'TamperGard Security Labels on 210 Litres Lube Oil Metal Barrels' from the President – World Packaging Organization at the International Summit for Packaging Industry held in Mumbai.
- HPCL has been honoured with the PSE Excellence Awards for its contribution towards Corporate Social Responsibility, by Indian Chamber of Commerce [ICC] and Dept. of Public Enterprises [Govt. of India] during the Summit on "Indian Public Sector Agenda @ 2020" at New Delhi under Maharatna & Navratna category.
- HPCL has been conferred with Loyalty Award at the 6th Loyalty Summit under the category "Best use of Technology in a Loyalty Program" at Mumbai.
- HPCL has been conferred with three awards at the Corporate Social Responsibility Awards 2012 conferred jointly by the Institute of Public Enterprise (IPE) & Subir Raha Centre for Corporate Governance, viz., 1) Best Overall Corporate Social Responsibility Performance 2) Support and Improvement in Quality of Education and 3) Community Development.
- HPCL has been honored with the prestigious Civic Award for "Sustainable Environmental Initiative" by Bombay Chamber of Commerce and Industries in June 2012 for the best corporate practices that promote and enhance the interests of the Society and Environment.
- HPCL has been conferred Safety Awards in the following categories by Oil Industry Safety Directorate [OISD] under the aegis of Ministry of Petroleum & Natural Gas, viz 1) "Best Performer" under POL Marketing Organizations category the year 2009-10 2) "Best Performer" under Most Consistent Performer category for the year 2009-10 3) "Best Performer" for Mundra Delhi Pipeline Division under Cross Country Pipeline (Product Pipeline) category for three years 2008-09, 2009-10 and 2010-11 and 4) "Best Performer" for LPG SBU for the year 2009-10 for the Most Consistent Safety Performer in Oil Marketing Company (LPG & POL combined).
- HPCL was conferred with the Global CSR Excellence & Leadership Award2013 by World CSR Congress on World CSR Day. HPCL won awards in the three categories of 1) Best Corporate Social Responsibility Practices 2) Support and Improvement in Quality of Education and 3) Most Caring Company of India.
- HPCL's Mangalore LPG Import Facility (MLIF) has been conferred with the prestigious Golden Peacock Award 2012 for Occupational Health and Safety.
- Mangalore LPG Import Facility (MLIF) has been honoured with the First Prize in Safety at the State level by the Department of Factories, Boilers, Industrial Safety & Health, Govt. of Karnataka, for the year 2012.
- HPCL was honored by CRY with the prestigious 'CRY Child Rights Champion 2012-13' Gold Award for demonstrating extraordinary commitment to the Rights of Children in India.
- HPCL's Mysore LPG Plant has been conferred the Prashansa Patra by National Safety Council of India in recognition of developing and implementing effective Management Systems and Procedures.
- HPCL has won the Best Overall Display Runners Up Trophy for the Exhibition Stall at the Petrotech 2012 Exhibition at New Delhi.

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- HPCL has bagged the Internal Communication Excellence Award, (ICE Award), instituted by Shailaja Nair Foundation, Mumbai.
- HPCL has been honored with 2 Awards by Asia Pacific HRM Congress in 1) HR Practices in CSR and 2) Outstanding Contribution to the Cause of Education.
- Visakh refinery was conferred with TOLIC award.
- HP MDI received the Best Maintained Garden from Pimpri - Chinchvad Municipal Corporation in April12.
- HPNE Housing Complex and Vashi Terminal have received Best Maintained Gardens from Municipal Corporation of Greater Mumbai.

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 has implemented a robust grievance redressal mechanism.

- **Integrity pact**

  The Corporation has complied with “Integrity Pact” (IP) to enhance ethics / transparency in theprocess of awarding contracts. A MOU has been signed with “Transparency International” onJuly 13th, 2007. HPCL has implemented the Integrity Pact with effect from September 1st, 2007. The Integrity Pact has now become an integral part of procurement process for all tenders above ₹ 1.0 Crore.

RISK MANAGEMENT

HPCL has put in place a properly defined Risk Management framework. This system is implemented as an integral part of our business processes across the entire HPCL's operations and includes recording, monitoring, and controlling internal enterprise business risks and addressing them through informed and objective strategies. The Company has engaged the services of independent experts to facilitate the detailed exercise and ensuring the effectiveness by adopting best practices in Risk Management.

As part of effective implementation of the Risk Management framework, Risk Management Steering Committee (RMSC) continues to provide direction and guidance. The Company has in place mechanism to inform Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risks by means of a properly defined framework.

GLOBAL COMPACT

HPCL is also a member of the Global Compact Society of India which is the India Unit of the UN 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

In the near term, though global economic prospects have improved, a number of uncertainties remain. Thus, main impetus for growth has to be domestic demand. Current economic environment in the country is stagflationary- slowing growth and high inflation. The Government of India has taken a number of steps to stem the slowdown such as setting up CCI to fast track mega investment projects, a scheme for restructuring debts of the state discoms, and permitting FDI in a number of areas. Low growth will impact fuel demand though supply constraints in other energy sources could shift the demand to oil products.

Global crude oil prices are expected to soften in near term as supply growth is expected to slightly exceed growth in demand. This should reduce pressure on India’s current account and also reduce the subsidy/under-recovery burden on the government and OMCs. However, this may be counteracted by depreciation of the rupee due to a high current account deficit and volatile

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capital flows. High and rising petroleum subsidies and deterioration in the fiscal position of the government has made fuel pricing reform crucial. However, impact of rising prices on growth in a slowing economy and on inflation means that process would be difficult.

JOINT VENTURES & SUBSIDIARIES

The Joint Venture companies and subsidiaries of HPCL have performed well during the year 2012-13.

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

  HPCL-Mittal Energy Ltd (HMEL) is a joint venture between Hindustan Petroleum Corporation Ltd and Mittal Energy Investments Pte Ltd (MEI), Singapore, an L N Mittal Group Company. The Company was incorporated on 13th December 2000 and name changed to HMEL on 31st December 2007. The initial authorized share capital was ₹ 200 Crore and subsequently enhanced to ₹ 10,000 Crore. HPCL has 48.82% equity participation in HMEL. As of 31st March 2013, paid up capital of HMEL is ₹ 6,592.70 Crore. HMEL has built a Greenfield refinery of 9 MMTPA capacity called the Guru Gobind Singh Refinery (GGSR) at Bathinda in the State of Punjab. The refinery was dedicated to the nation by the Hon'ble Prime Minister of India on 28th April 2012.

  GGSR has stabilized its integrated commercial operations during the year and the finished liquid products are being evacuated by HPCL to meet the demand of Northern and North-Western part of the Country. The Refinery, with a high Nelson Complexity Index, provides flexibility to process heavy and acidic crudes and produce petroleum products compliant with Euro IV emission norms and other value added product such as Polypropylene (under the brand name 'Polysure').

  The Refinery consists of various units, associated utilities and a fuel based Captive Power Plant of 165 MW. Apart from various state of the art infrastructure facilities, HMEL has set up a self-sustained township for the employees within the vicinity of Refinery.

  During 2012-13, HMEL achieved crude thruput of 4.91 MMT with a turnover of ₹ 7,789 Crore. The Company is in the process of stabilization and consolidation of its operations during 2013-14 by buying high sulfur heavy grades of crude oil, reducing costs, increase in volumes and enhanced monitoring and controlling mechanism with better mix of products and its marketing.

  HMEL has a wholly owned subsidiary company HPCL-Mittal Pipelines Ltd, engaged in receipt, storage and cross country transportation of crude oil to GGSR. HMPL has built a 1,017 km cross-country pipeline and associated facilities for transportation of crude from Mundra to Bathinda, crude receiving facilities [including Single Point Mooring (SPM)], sub-sea pipelines and Crude Oil Terminal (COT) at Mundra and receipt terminal at Bathinda.

- **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) was incorporated on 16th November 1999 with an authorized share capital of ₹ 1 Crore which was subsequently enhanced to ₹ 100 Crore. HPCL has 50% equity participation in SALPG. As of 31st March 2013, paid up capital of SALPG is ₹ 100 Crore.

  SALPG has commissioned an underground Cavern Storage of 60 TMT capacity and associated receiving & despatch facilities at Visakhapatnam in December 2007. SALPG Cavern is the first of its kind in South and South East Asia and ranks among the deepest Caverns in the World. The commercial operations commenced in January 2008.

  During 2012-13, SALPG received 977 TMT of LPG into the Cavern through 49 Vessels including 46 Very Large Gas Carriers (VLGC). 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. Also, propane-butane blender at the Cavern Terminal has helped Oil Marketing Companies to maximise the propane inputs into Visakhapatnam considering the limited availability of butane and price advantage of propane in the international market.

  During 2012-13, SALPG achieved 6.55% higher turnover at ₹ 155.16 Crore and earned 2.36% higher profits (PAT) at ₹ 75.51 Crore compared to the previous year turnover of ₹ 146 Crore and PAT of ₹ 74 Crore.

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The Cavern cum Marine Terminal achieved 1,462,895 Safe Man-hours since commencement of commercial operations in January 2008 without a Lost Time Accident. SALPG won British Safety Council International Safety Award 2012 with distinction and secured second place in medium scale category in the EHS awards from Confederation of Indian Industry (CII) during 2012-13.

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

HPCL, in partnership with ICICI and HDFC, had formed a Joint Venture E & P Company called Prize Petroleum Company Ltd (PPCL) on 28th October 1998 for participation in exploration and production of hydrocarbons. The initial authorised share capital of PPCL was ₹ 20 Crore which was subsequently enhanced to ₹ 720 Crore. As on 31st March 2013 the paid up equity capital of the company is ₹ 72.50 Crore. Over the years, Prize Petroleum Company Limited (PPCL) has built up a portfolio of 2 producing fields and one exploration block. During 2011-12, HPCL acquired the entire equity shareholdings of ICICI Group and HDFC in PPCL and thus PPCL became wholly owned subsidiary of HPCL.

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 2012-13, 33,384 barrels of crude oil (cumulative production of 316,534 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 2012-13, 887 barrels of crude oil (cumulative production of 13,135 barrels from inception) has been produced. The crude produced is benchmarked to Bonny light crude. During 2012-13, PPCL had a turnover of ₹ 7.66 Crore.

The company was awarded South Rewa Block in Madhya Pradesh under NELP-VI, a biggest onshore exploration Block with 13,277 sq. km area. PPCL is the Operator for this block and has completed all the activities under Minimum Work Program. One of the major highlights of the year was drilling of first well at South Rewa (AA ONN 2004/1) on February 28, 2013 pursuant to interpretation of seismic 2D and 3D data and release of well locations. PPCL is the operator in this block and drilling activities are in progress.

PPCL has bagged onshore exploration block (401 sq. kms area) in Tripura along with consortium partner ABG Energy Limited (ABG) in 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.

PPCL is actively pursuing acquisition of producing/discovered assets to enhance its portfolio.

- **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 with an authorised share capital of ₹ 10 Crore which was subsequently enhanced to ₹ 30 Crore. HPCL has 50% equity participation in HINCOL. As on 31st March 2013, paid up capital of HINCOL is ₹ 9.45 Crore.

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 eight manufacturing plants across India. HINCOL products find extensive use in the road construction industry.

During 2012-13, HINCOL has commissioned its first portable plant for site manufacturing of modified bitumen at the customer premises. HINCOL has implemented new processes and formulations to improve safety, efficiency, quality, energy saving and profitability. The environment friendly cold mix technology for construction and repairs of roads is also being promoted through carrying out various trials in coordination with regulatory agencies as well as Government and other customers. HINCOL is also getting into a new application technology for road surface rejuvenation viz. Micro-surfacing with state of art equipment imported specifically for the said application. During 2012-13, HINCOL recorded a production of 177.44 TMT. The turnover was increased by 46% to of ₹ 619.18 Crore compared to ₹ 422.43 Crore in the previous year and increased net profit (PAT) by 30% to ₹ 34.42 Crore, during the year compared to ₹ 26.44 Crore in the previous year.

HINCOL has been continuously paying dividend for last 13 years. For 2012-13, HINCOL paid an interim dividend of 157% and has further declared a final dividend of 124%, making the total dividend to 281% which is highest ever dividend declared by HINCOL.

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- **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 16th October 2009 to produce ethanol with an authorized share capital of ₹ 250 Crore. As on 31st March 2013 paid up equity capital of HBL is ₹ 205.52 Crore.

  HBL has built integrated plants with cane crushing capacity of 3,500 TCD with Distillery of 60 KLPD for manufacturing Ethanol and co-gen plant of 20 MW each at Sugauli and Lauriya in East and West Champaran Districts in the State of Bihar.

  The year 2012-13 has seen full season operations at HBL with production of 24.345 TMT of Sugar, 6.947 TKL of Ethanol and 50.173 Million KWH of power compared to 15.514 TMT of Sugar, 4.558 TKL of Ethanol and 25.497 Million KWH of power during 2011-12.

  During the year, crushing of Sugarcane started at Sugauli on 17th December 2012 and Lauriya on 6th December 2012. Sugauli plant was declared highest producer of Certified Cane Seed (640 acres) by the Joint Director (Sugarcane), the State of Bihar.

  During the year 2012-13, operations at HBL were significantly higher than previous crushing season with accident free operations. Being in the early years of the operations and going thru the process of stabilisation, the company achieved a turnover of ₹ 92.05 Crore. HBL plants were operated with the designed capacity of 50% juice for sugar manufacture and 50% juice directly for ethanol manufacture. To improve the performance of the plants substantially, ethanol is proposed to be manufactured from molasses instead of directly from sugar cane juice. HBL has embarked on expansion of the sugar boiling house capacity in both plants to process 100% juice for production of sugar. Resultant molasses will be used for production of ethanol.

  Consequent to deregulation of marketing of sugar and ethanol pricing, HBL has a positive outlook for the years ahead.

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

  CREDA-HPCL Biofuel Ltd. (CHBL) was incorporated on 14th October 2008 as a subsidiary company of HPCL with an authorized share capital of ₹ 200 Crore. As on 31st March 2013, paid up equity capital of CHBL is ₹ 10.58 Crore with equity shareholding of 74% by HPCL and 26% by Chhattisgarh State Renewable Energy Development Agency (CREDA). The company's objective is to venture into alternate fuels.

  CHBL is in the process of undertaking cultivation of jatropha plant, an energy crop used for production of bio-diesel. The cultivation is scheduled to be on total 15,000 hectares of leased land from the Government of Chhattisgarh. Production of bio-diesel and its blending with normal diesel will help in meeting domestic demand. HPCL shall have exclusive rights over the producing and marketing of biodiesel and bi-products from the produce.

  As on 31st March 2013, CHBL has acquired 6,728 hectares of land. Acquisition of balance land is expected to be completed by next year. Maintenance of jatropha seedlings/nursery plants is currently being carried out on 3,100 hectares of land out of which 1300 hectares are under the JCC (Jatropha Care Centre) Model. JCC has been introduced with an objective to achieve huge savings in water and costs in the first year. Plantation on the balance land shall be undertaken in a phased manner.

  During 2012-13, the turnover (interest on deposits) was ₹ 0.47 Crore compared to ₹ 0.25 Crore in the previous year. The company has started the process of planting High Yielding Varieties (HYV) of Jatropha. These HYV hybrids give higher yield and oil content are pest resistant and sturdier. Operational Trials conducted with these HYVs are showing promising results.

- **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 Crore with debt equity ratio of 3:1. The joint venture company was incorporated on 31st July 1998 with an initial authorised share capital of ₹ 1 Crore which was subsequently enhanced to ₹ 600 Crore. HPCL has 28.77% equity participation in PMHBL. As on 31st March 2013, paid up capital of PMHBL is ₹ 548.71 Crore.

  During 2012-13, PMHBL achieved 1.4% higher throughput at 2.81 MMT as compared to 2.77 MMT in 2011-12. The turnover was increased to ₹ 103.17 Crore compared to ₹ 86.02 Crore in the previous year and earned net profit (PAT) of ₹ 27.31 Crore during the year compared to ₹ 36.50 Crore in the previous year.

Management Discussion & Analysis Report: 2012-13

Initially PIL and HPCL contributed 26% each towards equity of the company. In April 2003, ONGC joined as a strategic partner in PMHBL by taking 23% equity. Post debt restructuring of PMHBL, the equity holding of HPCL and ONGC increased to 28.766% each and PIL's holding decreased to 7.90%.The Pipeline is meeting the transportation needs between Mangalore-Hassan-Bangalore.

PMHBL Integrated Management System is certified by DNV covering Quality Management System-ISO-9001-2008, Environmental Management System-ISO-14001-2004 and OHSAS–18001-2007. GPRS based Security Tracking System (STS) was commissioned for monitoring movement of security line walker's movement on PMHBL Right of Use (ROU) land. Telecom System up-gradation & CCTV camera installation were carried out at PMHBL Main Stations.

- **Bhagyanagar Gas Ltd. (BGL)**

Bhagyanagar Gas Limited (BGL) was incorporated on 22nd August 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.

BGL has been authorized to set up City Gas Distribution networks in Hyderabad, Vijayawada and Kakinada by MOP&NG and PNGRB.

The initial authorised share capital of BGL was ₹ 0.10 Crore, which was subsequently enhanced to ₹ 100 Crore. As on 31st March 2013, HPCL has 25% equity participation in the JV company with an equity investment of ₹ 0.01 Crore in BGL.

During 2012-13, BGL commissioned 5 CNG Stations in the twin cities of Hyderabad and Secunderabad. At present, BGL has a network of 29 CNG stations spread over three cities in Hyderabad, Vijayawada and Kakinada. BGL has provided 1784 Domestic, 14 Commercial and 1 Industrial PNG connections across these cities. CNG sales recorded by BGL was at 24,617 MT registering a growth of 61% over previous year.

During 2012-13, BGL increased the turnover by 99% to ₹ 83.65 Crore compared to ₹ 42.02 Crore in the previous year and earned net profit (PAT) of ₹ 2.98 Crore during the year compared to loss of ₹ 0.88 Crore in the previous year.

- **Aavantika Gas Ltd. (AGL)**

Aavantika Gas Ltd (AGL) was incorporated on 7th June 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.

The authorised share capital of AGL is ₹ 100 Crore. As on 31st March 2013, HPCL has 25% equity participation with an investment of ₹ 0.01 Crore in AGL.

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

During 2012-13, the company commissioned Mother Station at Gwalior and two online stations at Indore. With this AGL now operates 14 CNG stations - 7 daughter stations (5 at Indore and 2 at Ujjain), 5 online stations (4 at Indore and 1 at Gwalior) and 2 mother stations (1 at Indore and 1 at Gwalior). AGL has started supplying PNG at Palda Industrial area, Indore to cater to the needs of big industrial customers. AGL has started supplying PNG at Palda Industrial area, Indore to cater to the needs of big industrial customers. AGL recorded sales volume of CNG/PNG at 21,441 MT registering a growth of 62% over previous year.

During 2012-13, AGL increased the turnover by 93% to ₹ 97.64 Crore compared to ₹ 50.47 Crore in the previous year and earned net profit (PAT) of ₹ 0.21 Crore during the year compared to loss of ₹ 0.19 Crore in the previous year.

- **GSPL India Gasnet Ltd (GIGL) and GSPL India Transco Ltd (GITL)**

GSPL India Gasnet Limited (GIGL) and GSPL India Transco Limited (GITL) was incorporated on 13th October 2011 as a subsidiary of Gujarat State Petronet Limited (GSPL) with an authorised share capital of ₹ 220 Crore.

HPCL has signed two Joint Venture Agreements on 30th April 2012 with Gujarat State Petronet Limited (GSPL), IOCL and

Management Discussion & Analysis Report: 2012-13

BPCL (Equity holding: GSPL- 52%; IOCL- 26%; HPCL – 11% and BPCL – 11%) and has become an equity partner in GIGL and GITL. As on 31st March, 2013, paid up capital of GIGL and GITL was ₹ 67.79 Crore and ₹ 48.59 Crore respectively.

GIGL will lay two cross country gas pipelines viz 1,611 KM Mehsana to Bathinda Pipeline (with initial capacity of 43 MMSCMD to final capacity of 77 MMSCMD) and 750 KM Bathinda to Srinagar Pipeline (with initial capacity of 32 MMSCMD to final capacity of 43 MMSCMD).

GITL will lay 1,712 KM pipeline Mallavaram to Bhilwara (with initial capacity of 53 MMSCMD to final capacity of 77 MMSCMD).

The above JV Companies will facilitate HPCL to source gas and market it to customers along the pipeline route independently. It will also help HPCL to enter into direct gas sourcing and marketing to protect and retain the marketing share in future.

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 has not declared any dividend during 2012-13

CAUTIONARY STATEMENT

Matters covered in the Management Discussion and Analysis Reports describing the Company's Objective, Projections, estimates, expectations may be "forward looking statements' within the meaning of 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 include 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.

Auditor's Report

TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

Report on the Financial Statements

1. We have audited the accompanying Financial Statements of **HINDUSTAN PETROLEUM CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, in which, is incorporated financial statements of Visakh Refinery, audited by the branch auditor, whose report has been considered in preparing this report.

Management's responsibility on the Financial Statements

2. Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and Cash Flows of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

3. Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

   (b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion we draw attention to

i) Note # 44 of Financial Statements regarding impairment of assets , which being technical matters subject to uncertainty we have relied on the estimates and assumptions made by the Company in arriving at recoverable value of assets, based on desired margins.

ii) Note # 38(b) of Financial Statements regarding recognition of Minimum Alternative Tax (MAT) credit wherein, we have relied on the management judgement / assessment that the MAT credit of ₹ 406.85 Crore will be availed during the period specified in Section 115JAA of the Income Tax Act, 1961.

Auditor's Report

TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. As required by Section 227(3) of the Act, 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 our audit;

   b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;

   e. 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.

   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on behalf of

For Om Agarwal & Co.
Chartered Accountants
Firm No. 000971C

K. C. Gupta
Partner
Membership No.072936

Place : New Delhi
Date : 28th May, 2013

For and on behalf of

For B. K. Khare & Co.
Chartered Accountants
Firm No. 105102W

Naresh Kumar Kataria
Partner
Membership No.037825

Annexure To The Auditors' Report

(Referred to in Paragraph (7) of our report of even date)

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

b) As per the information and explanation given to us, the Company has physically verified its fixed assets during the previous year, other than LPG cylinders with customers, in accordance with the phased programme. The existence of fixed assets situated at the residence of employee has, however, been ascertained on a self-declaration basis. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its asset. 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.

c) In our opinion and according to the information and explanations given to us, fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.

(ii) a) As explained to us, the inventories were physically verified during the year by Management at reasonable intervals. In 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 inventories 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 and on the basis of our examination of the inventory records, the Company has maintained proper records of its inventories. The 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.

(iii) Based on the audit procedures applied by us and according to the information and explanations given to us and on the basis of our examination of the records, the Company has neither granted nor taken loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 Consequently, sub-clause (b),(c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation 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 procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods and services. Further , on the basis of our examination of the books and records of the Company, and according to the information and explanation given to us, we have neither come across, nor have been informed of , any continuing failure to correct major weaknesses in the aforesaid internal control system.

(v) In our opinion and according to the information and explanation given to us, there are no contracts and arrangements referred in Section 301 of the Companies Act,1956 entered 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.

(vi) The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed here under.

(vii) In our opinion, the Company has an adequate internal audit system commensurate with its size and the nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company in respect of the products, 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. We have not, however, made a detailed examination of these records with a view to determine whether they are accurate or complete.

Annexure To The Auditors' Report

(Referred to in Paragraph (7) of our report of even date)

(ix) a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company, during the year, has been generally regular in depositing with 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, as applicable, with the appropriate authorities.

b) According to the information and explanations given to us and the records of the Company examined by us there are no undisputed dues in respect of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess were in arrears, as at March 31, 2013, which were in excess for a period of more than six months from the date they became payable.

c) According to information and explanation given to us and the records of the Company examined by us, the dues relation to Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess, which have not been deposited on account of disputes with the relevant authorities, are as under:

Statute	Forum Pending	Amount ₹ in crores	Period to which amount relates
Income Tax	Income Tax Appellate Tribunal	0.60	Various years pertaining to 2006 to 2011
	Total – A	**0.60**	
Central Excise	Central Excise Service Tax Appellate Tribunal	240.90	Various years pertaining to 1994 to 2012
	Asst. Commissioner/ Asst. Deputy Commissioner/ Commission Appeal/ Commissioner of Central Excise Appeal	7.34	Various years pertaining to 1994 to 2012
	Various High Courts	0.05	Various years pertaining to 2007 to 2009
	Revision Authority	1.16	Various years pertaining to 1999 to 2009
	Total – B	**249.45**	
Customs	Central Excise Service Tax Appellate Tribunal	6.80	Various years pertaining to 1992 to 2011
	Commissioner (Appeals)	0.85	Various years pertaining to 1994 to 1999
	Supreme Court	40.78	Various years pertaining to 2005 to 2007
	Total - C	**48.43**	
Service Tax	Commissioner of Central Excise Appeal	0.05	Various years pertaining to 2005 to 2009
	Central Excise Service Tax Appellate Tribunal	147.59	Various years pertaining to 2002 to 2010
	Total – D	**147.64**	
Sales Tax	Board of Revenue	1.71	Various years pertaining to 2003 to 2008
	Sales Tax Appellate Tribunal	5,631.86	Various years pertaining to 1985 to 2009
	Various High Court	1,218.55	Various years pertaining to 1979 to 2012
	Supreme Court	10.04	2006-2007
	Commissioner/Deputy Commissioner Commercial Tax/ Asst. Deputy Commissioner/ Joint Commissioner Commercial Tax/ Asst. Commissioner Commercial Tax	5,276.91	Various years pertaining to 1976 to 2012
	Total – E	**12,139.07**	
	Grand Total – (A+B+C+D+E)	**12,585.15**	

Annexure To The Auditors' Report

(Referred to in Paragraph (7) of our report of even date)

(x) The Company has no accumulated losses as at the end of the financial year and has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) According to the information and explanations given to us and the records of the Company examined by us the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.

(xii) 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.

(xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund and or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of sub-para (xiii) of para 4 of the Order are not applicable to the Company.

(xiv) In our opinion and according to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of sub-para (xiv) of para 4 of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions during the year. Accordingly, the provisions of sub-para (xv) of para 4 of the Order are not applicable to the Company.

(xvi) In our opinion and according to the 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. Accordingly, the provisions of sub-para (xvi) of para 4 of the Order are not applicable to the Company.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet, funds raised on short-term basis have, prima facie, not been used for making long-term investments.

(xviii) 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. Accordingly, the provisions of sub-para (xviii) of para 4 of the Order are not applicable to the Company.

(xix) The Company has created securities / charge as per the debenture trust deed in respect of debentures issued and outstanding at the year end.

(xx) The Company has not raised any money through a public issue during the financial year.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us , we neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For and on behalf of

For Om Agarwal & Co.
Chartered Accountants
Firm No. 000971C

K. C. Gupta
Partner
Membership No.072936

For and on behalf of

For B. K. Khare & Co.
Chartered Accountants
Firm No. 105102W

Naresh Kumar Kataria
Partner
Membership No.037825

Place : New Delhi
Date : 28th May, 2013

Balance Sheet as at 31st March, 2013

₹ / Crores

			Notes	2012-2013	2011-2012
I.	**EQUITY AND LIABILITIES**				
(1)	**Shareholders' Funds**				
	(a)	Share Capital	3	**339.01**	339.01
	(b)	Reserves and Surplus	4	**13,387.39**	12,783.51
				13,726.40	13,122.52
(2)	**Non-Current liabilities**				
	(a)	Long - Term Borrowings	5	**8,947.18**	6,291.37
	(b)	Deferred Tax Liabilities (Net)	6	**3,598.35**	3,085.28
	(c)	Other Long Term Liabilities	7A	**6,211.19**	5,471.27
	(d)	Long - Term Provisions	7B	**498.96**	436.55
				19,255.68	15,284.47
(3)	**Current Liabilities**				
	(a)	Short - Term Borrowings	8	**23,511.09**	21,187.88
	(b)	Trade Payables	9	**11,036.94**	12,561.12
	(c)	Other Current Liabilities	10A	**6,914.08**	7,406.52
	(d)	Short - Term Provisions	10B	**1,800.54**	1,547.04
				43,262.65	42,702.56
	TOTAL			**76,244.73**	71,109.55
II.	**ASSETS**				
(1)	**Non - Current Assets**				
	(a)	Fixed Assets			
		(i) Tangible Assets	11	**22,441.67**	20,735.56
		(ii) Intangible Assets	12	**107.03**	114.09
		(iii) Capital Work - in - Progress	13	**5,172.87**	4,444.47
	(b)	Non - Current Investments	14	**8,266.07**	7,483.43
	(c)	Long - Term Loans and Advances	15	**1,930.47**	1,499.28
	(d)	Other Non - Current Assets	16	**95.98**	67.46
				38,014.09	34,344.29
(2)	**Current Assets**				
	(a)	Current Investments	17	**2,360.86**	2,887.07
	(b)	Inventories	18	**16,438.70**	19,454.53
	(c)	Trade Receivables	19	**4,935.04**	3,565.16
	(d)	Cash and Bank Balances	20	**147.13**	226.38
	(e)	Short - Term Loans and Advances	21	**14,070.36**	10,151.31
	(f)	Other Current Assets	22	**278.55**	480.81
				38,230.64	36,765.26
	TOTAL			**76,244.73**	71,109.55

Significant Accounting Policies 1 & 2

Significant Accounting Policies and Notes Forming Part of Accounts are an integral part of the Financial Satetments

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director - Finance

SHRIKANT M. BHOSEKAR
Company Secretary

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

K C GUPTA
Partner
Membership No. 072936

For B K KHARE & CO.
Chartered Accountants
Firm No. 105102W

NARESH KUMAR KATARIA
Partner
Membership No. 037825

Date : 28th May, 2013
Place : New Delhi

Statement of Profit & Loss for the year endeding as on 31st March, 2013

₹ / Crores

	Notes	2012-2013	2011-2012
Revenue from Operations			
a. Gross Sale of Products	23A	**215,675.49**	188,130.95
Less : Excise Duty		**(9,146.15)**	(9,991.72)
b. Net Sale of Products		**206,529.34**	178,139.23
c. Other Operating Revenue	23B	**201.92**	196.59
d. Other Income	23C	**1,102.36**	1,025.59
Total Revenue (b+c+d)		**207,833.62**	179,361.41
Expenses:			
Cost of Materials Consumed		**63,182.61**	56,943.23
Purchases of Stock-in-Trade		**128,178.60**	109,370.73
Packages Consumed		**183.12**	181.67
Excise Duty on Inventory Differential		**(227.54)**	(399.68)
Transhipping Expenses		**3,785.43**	3,254.50
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	24	**809.45**	(824.29)
Employee Benefits Expense	25	**2,525.56**	1,583.10
Exploration Expenses		**54.81**	96.38
Finance Costs	26	**2,019.33**	2,224.27
Depreciation and Amortization Expense	11 & 12	**1,983.52**	1,712.93
Other Expenses	27	**3,977.56**	3,998.83
Total Expenses		**206,472.45**	178,141.67
Profit Before Prior Period, Exceptional and Extraordinary Items and Tax		**1,361.17**	1,219.73
Prior Period Expenses / (Incomes)	28	**(113.39)**	0.49
Profit Before Exceptional and Extraordinary Items andTax		**1,474.56**	1,219.24
Tax Expense:			
Current tax		**250.58**	396.65
MAT Credit Entitlements		**(61.06)**	-
Provision for Tax for Earlier years written back (net)		**(60.62)**	(95.78)
Deferred tax		**440.95**	6.94
Profit / (Loss) for The Period		**904.71**	911.43
Earnings per equity share: (Basic and Diluted)		**26.72**	26.92
(2012 - 13 : EPS = Net Profit ₹ 904.71 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(2011 - 12 : EPS = Net Profit ₹ 911.43 Crores / Weighted Avg. no of shares - 33.863 Crores)			
Significant Accounting Policies	1 & 2		

Significant Accounting Policies and Notes Forming Part of Accounts are an integral part of the Financial Satetments

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director - Finance

SHRIKANT M. BHOSEKAR
Company Secretary

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

K C GUPTA
Partner
Membership No. 072936

For B K KHARE & CO.
Chartered Accountants
Firm No. 105102W

NARESH KUMAR KATARIA
Partner
Membership No. 037825

Date : 28th May, 2013
Place : New Delhi

Notes to the Financial Statements for the Year ending 31st March, 2013

SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

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.

2. SIGNIFICANT ACCOUNTING POLICES

2.1 TANGIBLE ASSETS

a. Tangible assets are stated at cost net of accumulated depreciation / amortization

b. Land acquired on lease for 99 years or more is treated as freehold land.

c. Technical know-how /licence fee relating to plants/ facilities are capitalized as part of cost of the underlying asset.

2.2 INTANGIBLE ASSETS

a. Cost of Right of Way for laying pipelines is capitalised as Intangible Asset and is amortisedover a period of 99 years.

b. Technical know-how /licence fee relating to production process and process design are recognized 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.

2.3 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 rate variation 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.

2.4 DEPRECIATION / AMORTIZATION

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 R5000/-, 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 and cost of right of way are amortized 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.

2.5 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.

Notes to the Financial Statements for the Year ending 31st March, 2013

2.6 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.

c. All exchange differences (except as stated in note # 2.3 (b), 33, 34 and 35) are dealt with in the Statement of Profit and Loss 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 Statement of Profit and Loss 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.

2.7 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.

2.8 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 materials 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 oratnet realisable value, whichever is lower.

d. Finished products other than Lubricants are valued at cost (on FIFO basis month-wise) 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 and 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.

2.9 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).

2.10 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 Statement of Profit & Loss over the period and in the proportion in which depreciation is charged.

b. Grants received against revenue items are recognised as income.

2.11 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.

2.12 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.

Notes to the Financial Statements for the Year ending 31st March, 2013

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.

2.13 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 Statement of Profit & Loss.

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

2.14 REVENUE RECOGNITION

a. Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer.

b. 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.

c. Dividend income is recognised when the Company's right to receive the dividend is established.

2.15 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.

2.16 TAXES ON INCOME

a. Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

b. 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.

c. 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 Corporation.

2.17 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.

2.18 ACCOUNTING/CLASSIFICATION OF EXPENDITURE AND INCOME

a. Insurance claims are accounted on acceptance basis.

b. All other claims/entitlements are accounted on the merits of each case/realisation.

c. Raw materials consumed are net of discount towards sharing of under-recoveries.

d. Income and expenditure of previous years, individually amounting to ₹ 5 lakhs and below are not considered as prior period items.

Notes to the Financial Statements for the Year ending 31st March, 2013

	₹ / Crores 2012-2013	2011-2012
3. SHARE 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
	350.00	350.00
B. Issued, Subscribed & Paid up :		
33,93,30,000 Equity Shares of ₹ 10 each	**339.33**	339.33
Less: 7,02,750 Shares Forfeited	**(0.70)**	(0.70)
33,86,27,250 Equity Shares of ₹ 10 each fully paid up	**338.63**	338.63
Add: Shares Forfeited (money received)	**0.39**	0.39
	339.01	339.01

(a) Details of shares held by each shareholder holding more than 5% shares in the Company

	31.03.2013		31.03.2012	
Name of shareholder	**% Holding**	**No. of Shares**	**% Holding**	**No. of Shares**
President of India	**51.11**	**173,076,750**	51.11	173,076,750
Life Insurance Corporation of India	**9.84**	**33,332,314**	8.89	30,130,750

(b) Right and Restrictions on Equity Shares

The Company has only one class of Equity Shares having a face value of ₹ 10/- per share which are issued and subscribed. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of the winding up of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held by the shareholders and the amount paid up thereon. The Company also has 75,000 6% cummulative Redeemable Non-convertible Preference Shares of ₹ 100 /- each as a part of the Authorised Capital , which were issued earlier by the erstwhile ESRC. Presently the said Preference Shares stand redeemed .

	2012-2013	2011-2012
4. 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	**438.69**	262.54
Add: Transfer from Surplus in the Statement of Profit and Loss	**227.52**	176.15
Less: Transfer to Surplus in the Statement of Profit and Loss	**(259.19)**	-
	407.02	438.69
Capital Grant		
As per last Balance Sheet	**3.80**	3.98
Less: Amortised during the year	**(0.14)**	(0.18)
	3.66	3.80

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
Foreign Currency Monetary Item Translation Difference Account (Refer Note # 34)		
As per last Balance Sheet	**-**	-
Additions during the year	**(6.66)**	-
Less: Amortised during the year	**2.00**	-
	(4.66)	-
General Reserve		
As per last Balance Sheet	**1,504.51**	1,413.37
Add:Additions during the year *	**40.72**	-
Add:Transfer from The Statement of Profit and Loss	**90.47**	91.14
	1,635.70	1,504.51
Surplus		
As per last Balance Sheet	**9,682.74**	9,373.13
Add : Profit for the year	**904.71**	911.43
Less : Profit appropriated to General Reserve	**(90.47)**	(91.14)
Add : Transfer from Debenture Redemption Reserve	**259.19**	-
Less : Profit appropriated to Debenture Redemption Reserve	**(227.52)**	(176.15)
Less : Profit appropriated to Proposed Dividend (Dividend Per Share ₹ 8.50 (2011 - 12 ₹ 8.50 per share)	**(287.83)**	(287.83)
Less : Profit appropriated to Tax on Distributed Profits	**(48.92)**	(46.70)
	10,191.90	9,682.74
	13,387.39	12,783.51

* Pertains to Exchange Difference for the year 2007-08 on Syndicated Loans from Foreign Banks (repayable in foreign currency) and which has been adjusted to the carrying costs of the related depreciable assets pursuant to clarification dated 9th August 2012 from the MCA.

5. LONG-TERM BORROWINGS

	2012-2013	2011-2012
Secured Loans		
8.77% Non-Convertible Debentures (a) (i)	**975.00**	-
8.75% Non-Convertible Debentures (a) (ii)	**545.00**	-
7.70% Non-Convertible Debentures (a) (iii)	**-**	1,000.00
	1,520.00	1,000.00
Unsecured Loans		
Term Loan from Oil Industry Development Board (b)	**559.50**	890.25
Syndicated Loans from Foreign Banks (repayable in foreign currency) (c)	**6,867.68**	4,401.12
	7,427.18	5,291.37
	8,947.18	6,291.37

Notes to the Financial Statements for the Year ending 31st March, 2013

(a) Debentures

The Company has issued the following Secured Redeemable Non-convertible Debentures:

i. 8.77% Non-Convertible Debentures were issued on 13th March, 2013 with the maturity date of 13th of March, 2018. These are secured by mortgage, on first pari passu charge basis, over certain fixed assets of the Company.

ii. 8.75% Non-Convertible Debentures were issued on 9th November, 2012 with the maturity date of 9th of November, 2015. These are secured by mortgage, on first pari passu charge basis, over certain fixed assets of the Company.

iii. 7.70% Non-Convertible Debentures were issued on 12th April, 2010 with the maturity date of 12th of April, 2013. The same have been shown as "Current Maturity of Long Term Debts" under Note # 10 A. These are secured by mortgage, on first pari passu charge basis, over certain fixed assets of the Company situated at Mumbai Refinery and Visakh Refinery.

(b) Term Loan from Oil Industry Development Board

Repayable during	As on 31st March, 2013		As on 31st March, 2012	
	Repayable Amount (₹ / Crores)	Range of Interest Rate	Repayable Amount (₹ / Crores)	Range of Interest Rate
2012-13 *	-	-	230.75	7.10% - 9.96%
2013-14*	330.75	7.10 % - 9.96%	330.75	7.10% - 9.96%
2014-15	234.50	7.10 % - 8.39%	234.50	7.10% - 8.39%
2015-16	200.00	7.20% - 8.39%	200.00	7.20% - 8.39%
2016-17	125.00	8.07% - 8.39%	125.00	8.07% - 8.39%
Total	890.25		1,121.00	

* ₹ 330.75 Crores (2011 - 12 : ₹ 230.75 Crores) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

(c) Syndicated Loans from Foreign Banks (repayable in foreign currency)

The Company has availed Long Term Foreign Currency Syndicated Loans from banks on floating LIBOR. These loans are taken for the period of 5 years. During the year ended March, 2013 an amount of ₹ Nil . (2011-2012 ₹ 1,121.23 Crores) of Syndicated Loans is repayble withing one year.

₹ / Crores

	2012-13	2011-12
6. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Assets		
Provision for Employee Benefits	385.79	424.30
Others	229.56	291.22
Total (A)	615.35	715.52
Deferred Tax Liabilities		
Depreciation	3,808.73	3,411.42
Others	404.97	389.38
Total (B)	4,213.70	3,800.80
Total Deferred Tax Liability (Net) (A) + (B)	3,598.35	3,085.28

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

		2012-13	2011-12
7A.	**OTHER LONG TERM LIABILITIES**		
	Deposits from Dealers /Consumers/Suppliers	**6,143.29**	5,379.85
	Other Deposits	**3.08**	0.75
	Retention Money	**64.82**	90.67
		6,211.19	5,471.27
7B.	**LONG-TERM PROVISIONS**		
	Provision for Long Term Employee Benefits	**498.96**	436.55
		498.96	436.55
8.	**SHORT-TERM BORROWINGS**		
	Secured Loans		
	Collateral Borrowing and Lending Obligation (CBLO) (Secured by Pledge of 6.90 % Oil Marketing Companies' GOI Special Bonds, 2026 of ₹ 2,750 Crores)	**975.00**	1,260.00
	Overdrafts from Banks (Secured by hypothecation of Inventories)	**1,379.82**	392.06
		2,354.82	1,652.06
	Unsecured Loans		
	Short Term Loans from Banks (repayable in foreign currency)	**19,707.27**	14,850.82
	Clean Loans from Banks	**1,449.00**	600.00
	Inter Company Deposits	**-**	945.00
	Commercial Papers	**-**	3,140.00
		21,156.27	19,535.82
		23,511.09	21,187.88
9.	**TRADE PAYABLES**		
	Micro, Small and Medium Enterprises*	**-**	-
	Other Trade Payables	**11,036.94**	12,561.12
		11,036.94	12,561.12
10A.	**OTHER CURRENT LIABILITIES**		
	Outstanding dues of Micro, Small and Medium Enterprises (Refer Note # 39)*	**8.06**	5.85
	Other Deposits	**124.47**	116.27
	Interest accrued but not due on loans	**139.66**	195.67
	Unclaimed Dividend **	**2.46**	2.36
	Unpaid matured Fixed Deposits	**0.02**	0.02
	Preference Share Capital redeemed remaining unclaimed / unencashed	**0.01**	0.01
	Current Maturities of Long Term Borrowings***	**1,330.75**	2,351.98
	Other Liabilities****	**5,308.65**	4,734.36
		6,914.08	7,406.52

* 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.

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

*** This includes following loans repayable withing one year: Non - Convertible Debenture ₹ 1,000 Crores (2011 - 12: ₹ 1,000 Crores), Loan from Oil Industry and Development Board ₹ 330.75 Crores (2011 - 12: ₹ 230.75 Crores) and Syndicated Loans from Foreign Banks (repayable in foreign currency) ₹ Nil Crores (2011 - 12: ₹ 1,121.23 Crores).

****Includes Statutory Liabilities of ₹ 2,060.22 Crores (2011 - 12: ₹ 1,728.71. Crores), Superannuation Fund Scheme of ₹ Nil crores (2011 - 12: ₹ 330.00 Crores) , Liabilities towards Forward Exchange Contracts of ₹ 472.97 Crores (2011 - 12: ₹ 90.01 Crores), Liabilities relating to retention money payable to Suppliers within one year, Supplies / Project related payables, etc. ₹ 2,387.73 Crores (2011 - 12: ₹ 2,266.15 Crores)

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

	2012 - 13	2011 - 12
10B. SHORT-TERM PROVISIONS		
Other Employee Benefits	**1,463.63**	1,212.35
Proposed Dividend	**287.83**	287.83
Fringe Benefit Tax	**0.16**	0.16
Tax on Distributed Profits	**48.92**	46.70
	1,800.54	1,547.04

11. TANGIBLE ASSETS

₹ / Crores

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
		As at 1st Apr, 2012	Additions/ Reclassifi-cations	Deductions/ Reclassifi-cations	As at 31st Mar, 2013	As at 1st Apr, 2012	For the Year	Deductions/ Reclassifi-cations	As at 31st Mar, 2013	As at 31st Mar, 2013	As at 31st Mar, 2012
1	Land -Freehold	649.65	24.26	27.23	**646.69**	-	**-**	-	**-**	**646.69**	649.65
2	Buildings	2,943.05	1,163.63	729.10	**3,377.58**	406.55	**(11.82)**	0.50	**394.23**	**2,983.35**	2,536.50
3	Plant & Equipment	26,234.95	2,744.68	41.75	**28,937.88**	11,279.36	**1,792.50**	30.67	**13,041.20**	**15,896.68**	14,955.61
4	Furniture & Fixtures	132.76	18.55	1.90	**149.40**	61.04	**7.81**	0.97	**67.88**	**81.52**	71.72
5	Transport Equipment	159.17	12.20	2.43	**168.95**	90.22	**13.94**	2.10	**102.05**	**66.89**	68.95
6	Office Equipment	562.28	71.93	54.39	**579.82**	222.91	**48.31**	49.69	**221.53**	**358.29**	339.37
7	Roads and Culverts	1,855.67	315.74	0.45	**2,170.95**	163.15	**33.16**	0.26	**196.06**	**1,974.90**	1,692.52
8	Leasehold Property - Land	389.46	15.23	-	**404.70**	71.34	**7.67**	-	**79.01**	**325.69**	318.12
9	Railway Siding & Rolling Stock	288.10	18.20	-	**306.31**	184.98	**13.68**	-	**198.66**	**107.65**	103.12
10	Unallocated Capital Expenditure on Land Development	0.20	-	-	**0.20**	0.20	**-**	-	**0.20**	**-**	-
	Grand Total	**33,215.29**	**4,384.42**	**857.25**	**36,742.48**	**12,479.75**	**1,905.26**	**84.19**	**14,300.82**	**22,441.67**	**20,735.56**
	Previous Year 2011-12	29,432.21	3,922.28	139.20	**33,215.29**	10,905.86	**1,681.33**	107.44	**12,479.75**	**20,735.56**	18,526.37

Notes:

1 Includes assets costing ₹ 76,191 (2011-2012: ₹ 76,191) of erstwhile Kosan Gas Company not handed over to the Corporation. In case of these assets, Kosan Gas Company was to give up their claim. However, in view of the tenancy right sought by third party, the matter is under litigation.

2 Includes ₹ 73.34 Crores (2011-2012 : ₹ 72.98 Crores) being the Corporation's Share of Cost of Land & Other Assets jointly owned with other Oil Companies.

3 Includes ₹ 35.32 Crores (2011-2012 : ₹ 35.32 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.

4 Includes following assets which are used for distribution of PDS Kerosene under Jana Kalyan Pariyojana against which financial assistance is being provided by OIDB.

₹ / Crores

Description	Original Cost (31.03.2013)	Original Cost (31.03.2012)
Roads & Culverts	0.14	0.16
Buildings	1.64	1.68
Plant & Equipment	2.82	3.25
Total	**4.60**	5.09

Notes to the Financial Statements for the Year ending 31st March, 2013

5 Includes Assets retired from active use and held for disposal - Gross Block : ₹ 22.04 Crores / Net Block: ₹ 1.6 Crores (2011-2012 : Gross Block : ₹ 12.95 Crores / Net Block: ₹ 1.76 Crores). These Assets are valued at their Net Book Value or Net Realisable Value whichever is lower: ₹ 1.02 Crores (2011-2012 : ₹ 1.23 Crores).

6 Includes Assets under verification – Gross Block : NIL/Net Block : NIL (2011-12 : Gross Block : ₹ 52.70 crores/Net Block : ₹ 5.53 crores) on which provision of NIL (2011-12 : ₹ 5.53 crores) was made pending verification.

7 Depreciation for the year includes reversal of excess depreciation on building charged in earlier years of ₹ 60.85 crores (2011-12: NIL) on account of re-classification of various assets under Factory Building, Non-Factory Building and Fences, and additional charge of ₹ 14.36 crores (2011-12: NIL) on Plant and Machinery on account of other adjustments and reversal of excees depreciation charged in earlier years of ₹ 3.94 crores (2011-12 : NIL) on Leasehold Land. These have been disclosed under the head "Depreciation" in note # 28 on Prior period expenses / (income).

8 Leasehold Land includes ₹ 18.05 Crores for land acquired on lease-cum-sale basis from Karnataka Industrial Area Development Board (KIADB). Lease shall be converted into Sale on fulfillment certain terms and conditions as per allotment letter.

12. INTANGIBLE ASSETS

₹ / Crores

Description	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
	As at 1st Apr, 2012	Additions/ Reclassifi-cations	Deductions/ Reclassifi-cations	As at 31st Mar, 2013	As at 1st Apr, 2012	For the Year	Deductions/ Reclassifi-cations	As at 31st Mar, 2013	As at 31st Mar, 2013	As at 31st Mar, 2012
Right of Way	40.80	4.50	-	**45.29**	-	**1.77**	-	**1.77**	**43.52**	40.80
Technical / Process Licenses	63.00	-	-	**63.00**	19.07	**8.73**	-	**27.80**	**35.19**	43.93
Software	139.90	17.62	2.09	**155.43**	110.53	**18.66**	2.08	**127.11**	**28.32**	29.36
Grand Total	**243.70**	**22.12**	**2.09**	**263.73**	**129.60**	**29.17**	**2.08**	**156.69**	**107.03**	**114.09**
Previous Year 2011-12	216.18	27.55	0.03	**243.70**	98.02	**31.59**	0.01	**129.60**	**114.09**	118.16

Notes:

1 Cost of Right of Way upto Financial Year 2011-12 was capitalised as Intangible Asset and not amortised being perpetual in nature. Right of Way is now being amortised over a period of 99 years, which has resulted in additional depreciation/ amortisation in the c urrent year of ₹ 1.77 crores including ₹ 1.33 crores related to Prior Periods which has been disclosed under the head "Depreciation" in note # 28 on Prior period expenses / (income).

₹ / Crores

	2012 - 13	2011 - 12
13. CAPITAL WORK-IN-PROGRESS		
Unallocated Capital Expenditure and Materials at Site	**4,298.05**	3,680.54
Capital Stores	**0.07**	1.04
Capital Stores lying with Contractors	**80.18**	99.27
Capital goods in transit	**126.66**	230.73
	4,504.96	4,011.58
Construction period expenses pending apportionment (Net of recovery) :		
Establishment charges	**149.73**	137.06
Borrowing Costs	**518.18**	295.83
	667.91	432.89
	5,172.87	4,444.47

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

	2012 - 13	2011 - 12
14. NON-CURRENT INVESTMENTS		
Trade Investments		
Quoted		
Investments in Equity		
Investments in Joint Venture		
Mangalore Refinery and Petrochemicals Ltd.		
29,71,53,518 Equity Shares of ₹ 10 each fully paid up	**471.68**	471.68
Investments in Others		
Oil India Ltd.	**561.76**	561.76
1,33,75,275 (2011 - 12 : 53,50,110) Equity Shares of ₹ 10 each fully paid up *		
Scooters India Ltd.	**0.01**	0.01
10,000 Equity Shares of ₹ 10 each fully paid up		
Investment in Government Securities		
6.90% Oil Marketing Companies' GOI Special Bonds 2026**	**3,500.00**	3,500.00
Unquoted		
Investment in Equity		
Investments in Subsidiaries		
CREDA HPCL Biofuel Ltd.	**7.83**	7.83
78,26,923 Equity Shares of ₹ 10 each fully paid		
HPCL - Biofuels Ltd.	**205.52**	205.52
20,55,20,000 Equity Shares of ₹ 10 each fully paid up		
Prize Petroleum Co. Ltd	**72.50**	70.00
6,99,99,600 (2011 - 12 : 6,99,99,600) Equity Shares of ₹ 10 each fully paid up & ₹ 0.50 called up on 5,00,00,000 shares during the year		
Investments in Joint Venture		
HPCL-Mittal Energy Ltd.	**3,218.56**	2,449.02
3,21,85,55,200 (2011 - 12 : 2,44,90,20,000) Equity Shares of ₹ 10 each fully paid up		
Hindustan Colas Ltd.	**4.73**	4.73
47,25,000 Equity Shares of ₹ 10 each fully paid-up		
Petronet India Ltd.	**16.00**	16.00
1,59,99,999 Equity Shares of ₹ 10 each fully paid up		
Less : Provision for Diminution	**(16.00)**	(16.00)
Petronet MHB Ltd.	**157.84**	157.84
15,78,41,000 Equity Shares of ₹ 10 each fully paid up		
South Asia LPG Co. Pvt. Ltd.	**50.00**	50.00
5,00,00,000 Equity Shares of ₹ 10 each fully paid up		
Bhagyanagar Gas Ltd.	**0.01**	0.01
12,497 Equity Shares of ₹ 10 each fully paid up		
Aavantika Gas Ltd.	**0.01**	0.01
12,498 Equity Shares of ₹ 10 each fully paid up		
GSPL India Transco Ltd.	**4.24**	-
42,41,359 Equity Shares of ₹ 10 each fully paid up		

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

	2012 - 13	2011 - 12
GSPL India Gasnet Ltd	6.36	-
63,56,743 Equity Shares of ₹ 10 each fully paid up		
Investment in Other Non - Current Investments		
Petroleum India International (Association of Persons)	5.00	5.00
Contribution towards Seed Capital ***		
Total Trade Investments - A	8,266.05	7,483.41
*: Includes 80,25,165 bonus shares issued during the current year.		
**: ₹ 2,750 Crores bonds pledged with Clearing Corporation of India Limited against CBLO Loan.		
***: 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. Each one is holding 10% share except IOC which is holding 30% and Bharat Petroleum Corporation Ltd. which is holding 20%.		
Other Investments		
Unquoted		
Investment in Government securities		
Government Securities of the face value of ₹ 0.02 Crores		
Deposited with Others	0.02	0.02
On hand - ₹ 0.25 lakhs (2011-12 : ₹ 0.25 lakhs)	0.00	0.00
Government Securities of the face value of ₹ 0.24 lakhs		
Deposited with Others - ₹ 0.10 lakhs (2011-12 : ₹ 0.10 lakhs)	0.00	0.00
On hand* - ₹ 0.14 lakhs (2011-12 : ₹ 0.14 lakhs)	0.00	0.00
Investment in Debentures or bonds		
East India Clinic Ltd.		
1/2% Debenture of face value of - ₹ 0.15 lakhs	0.00	0.00
5% Debenture of face value of - ₹ 0.07 lakhs	0.00	0.00
Investment in Other non - current investments		
Shushrusha Citizen Co-operative Hospital Limited	0.00	0.00
100 Equity Shares of ₹ 100/- each fully paid		
Less: Provision for diminution on Investments* - NIL (2011-12 : ₹ 0.14 lakhs)	(0.00)	(0.00)
Total Other Investments - B	0.02	0.02
Total Non - Current Investments (A + B)	8,266.07	7,483.43

* Includes ₹ 0.14 lakhs (2011-12 : ₹ 0.14 lakhs) not in the possession of the Company

Disclosure towards Cost / Market Value	2012 - 13		2011 - 12	
	Market Value	Cost	Market Value	Cost
a Aggregate amount of Quoted Investments	5,294.97	4,533.45	5,280.76	4,533.45
b Aggregate amount of Unquoted Investments		3,732.61		2,949.98

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

		2012 - 13	2011 - 12
15.	**LONG-TERM LOANS AND ADVANCES**		
	Secured, considered good :		
	Employee Loans and Advances	**238.47**	241.31
	Interest Accrued thereon	**168.98**	159.71
	Unsecured, considered good :		
	Capital Advances	**26.35**	30.26
	MAT Credit Entitelments	**406.85**	268.77
	Balances with Excise, Customs, Port Trust etc.	**1.45**	1.51
	Other Deposits	**64.86**	52.22
	Advance tax (net of provisions)	**83.97**	171.66
	Share application money pending allotment (to Related Parties)	**4.97**	4.97
	Advance towards equity (to Related Parties)	**454.27**	310.17
	Advances given to others	**12.00**	12.00
	Other Receivables *	**162.84**	166.69
	Loans to Related Party (Refer Note # 46)	**305.46**	80.00
		1,930.47	1,499.28
	*Includes Working Capital Loans to customers ₹ 52.65 Crores (2011 - 2012 : ₹ 57.67 Crores) and Statutory Receivables of ₹ 109.02 Crores (2011 - 2012 : ₹ 109.02 Crores)		
16.	**OTHER NON - CURRENT ASSETS**		
	Unamortized Expenses (including ancillary cost refer note # 37)	**95.98**	67.46
		95.98	67.46
17.	**CURRENT INVESTMENTS**		
	TRADE INVESTMENTS (Quoted)		
	i. 7.61% Oil Marketing Companies' GOI Special Bonds, 2015	**5.10**	5.02
	ii. 6.90% Oil Marketing Companies' GOI Special Bonds, 2026	**23.64**	22.45
	iii. 8.00% Oil Marketing Companies' GOI Special Bonds, 2026	**24.02**	22.93
	iv. 8.20% Oil Marketing Companies' GOI Special Bonds, 2024	**123.49**	605.02
	v. 6.35% Oil Marketing Companies' GOI Special Bonds 2024	**2,184.61**	2,231.65
		2,360.86	2,887.07

Disclosure towards Cost / Market Value	**2012 - 13**		**2011 - 12**	
	Market Value	**Cost**	**Market Value**	**Cost**
Aggregate of Quoted Investments	**2,360.86**	**2,711.71**	2,887.07	3,419.71
Aggregate provision made for diminution in value of current Investments	**350.85**		532.64	

Notes to the Financial Statements for the Year ending 31st March, 2013

		₹ / Crores 2012 - 13	2011 - 12
18.	**INVENTORIES**		
	(As per Inventory taken, valued and certified by the Management)		
	Raw Materials (Including in transit ₹ 831.91Crores; 2011 - 12 : ₹ 2,466.78 Crores)	**2,896.39**	5,122.64
	Work - in - Progress	**1,208.43**	1,635.59
	Finished Goods	**7,414.37**	6,890.54
	Stock-in-Trade (Including in transit ₹ 182.44 Crores; 2011 - 12 : ₹ 310.86 Crores)	**4,634.64**	5,540.76
	Stores and Spares (Including in transit ₹ 10.50 Crores; 2011 - 12 : ₹ 27.02 Crores)	**271.87**	257.28
	Packages	**13.00**	7.72
		16,438.70	19,454.53
19.	**TRADE RECEIVABLES**		
	Over six months (from the due date) :		
	Unsecured Considered good	**23.02**	103.92
	Considered doubtful	**121.06**	112.88
	Less: Provision for Doubtful Debts	**(121.06)**	(112.88)
		23.02	103.92
	Others :		
	Unsecured Considered good	**4,912.02**	3,461.24
	Considered doubtful	**-**	27.21
	Less: Provision for Doubtful Debts*	**-**	(27.21)
		4,912.02	3,461.24
		4,935.04	3,565.16
	* Effective 2012-13 only specific provision has been made		
20.	**CASH AND BANK BALANCES**		
	i. Cash and Cash Equivalents		
	Cash on Hand	**11.58**	9.24
	Cheques Awaiting Deposit	**0.25**	1.23
	With Scheduled Banks:		
	- On Current Accounts	**128.61**	209.66
	- On Non-operative Current Accounts	**0.01**	0.01
	- On Fixed Deposit Accounts	**4.16**	3.82
	ii. Earmarked for Unclaimed dividend	**2.46**	2.36
	iii. Current Account with Municipal Co-operative Bank Ltd.	**0.06**	0.06
		147.13	226.38

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

		2012 - 13	2011 - 12
21.	**SHORT-TERM LOANS AND ADVANCES**		
	Secured, considered good :		
	Employee Loans and Advances	111.87	351.27
	Interest Accrued thereon	4.74	6.74
	Unsecured, considered good :		
	Advances recoverable in cash or in kind or for value to be received	11.40	7.55
	Balances with Excise, Customs, Port Trust etc.	378.52	345.40
	Other Deposits	3.30	3.38
	Prepaid Expenses	13.69	108.56
	Amounts recoverable under Subsidy Schemes	12,663.93	8,520.76
	Loans to Related Parties (Refer Note # 46)	155.00	187.46
	Other Receivables*	727.91	620.19
	Total A	14,070.36	10,151.31
	Unsecured, considered doubtful :		
	Accounts Receivable & Deposits	3.97	3.99
	Less : Provision for Doubtful Receivables	(3.97)	(3.99)
	Total B	-	-
	Total (A+B)	14,070.36	10,151.31

* Includes : ₹ 535.87 Crores (2011 - 12 ₹ 488.51 Crores) deposits made with LIC for liability towards Leave Encashment.

		2012 - 13	2011 - 12
22.	**OTHER CURRENT ASSETS**		
	Interest Accrued on Investments	82.82	88.13
	Unamortized Expenses (including ancillary cost refer note # 37)	42.67	26.03
	Delayed Payment Charges Receivable from Customers	219.78	143.96
	Less : Provision for doubtful receivables	(66.72)	-
	Gains on Forward Exchange Contracts Receivables	-	222.69
		278.55	480.81
23A.	**GROSS SALES OF PRODUCTS**		
	Sale of Products (Net of Discount of ₹ 1,340.59 Crores, 2011-12 : ₹ 1,177.00 Crores)	190,048.85	169,011.37
	Recovery under Subsidy Schemes	25,626.64	19,119.58
		215,675.49	188,130.95
23B.	**OTHER OPERATING REVENUE**		
	Rent Recoveries	91.00	80.56
	Net Recovery for LPG Filling Charges	2.83	2.57
	Miscellaneous Income	108.09	113.46
		201.92	196.59

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

		2012 - 13	2011 - 12
23C.	**OTHER INCOME**		
	Interest On :		
	Deposits	**0.46**	0.43
	Staff Loans	**19.02**	13.21
	Customers' Accounts	**137.30**	99.54
	Long Term Investments	**241.50**	241.50
	Current Investments	**207.56**	286.83
	Others	**143.05**	70.72
	Dividend income*	**112.19**	95.87
	Share of Profit from Petroleum India International (AOP)	**0.61**	0.37
	Miscellaneous Income	**240.67**	217.12
		1,102.36	1,025.59
	* Includes Dividend from Long - Term Investments ₹ 107.85 Crores (2011 - 12 : ₹ 95.72 Crores)		
24.	**CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE : (INCREASE) / DECREASE**		
	Closing Stock:		
	Work - in - Progress	**1,208.43**	1,635.58
	Finished Goods	**7,414.37**	6,890.54
	Stock - in - Trade (In respect of goods acquired for trading)	**4,634.64**	5,540.76
		13,257.44	14,066.88
	Less: Opening Stock:		
	Work - in - Progress	**1,635.58**	1,693.98
	Finished Goods	**6,890.54**	6,237.96
	Stock - in - Trade (In respect of goods acquired for trading)	**5,540.76**	5,310.65
		14,066.89	13,242.59
		809.45	(824.29)
25.	**EMPLOYEE BENEFITS EXPENSE**		
	Salaries, Wages, Bonus, etc.	**1,675.72**	1,096.16
	Contribution to Provident Fund	**134.50**	76.92
	Pension, Gratuity etc.	**457.81**	60.70
	Employee Welfare Expenses	**257.53**	349.32
		2,525.56	1,583.10
26.	**FINANCE COSTS**		
	(a) Interest Expense*	**1,219.75**	1,203.26
	(b) Other Borrowing Costs	**878.99**	210.87
	(c) Applicable Net (Gain)/Loss on Foreign Currency Transactions	**(79.41)**	810.14
	and Translation (refer note # 35)	**2,019.33**	2,224.27

* Includes interest u/s 234 B/ C of Income Tax Act, 1961 for an amount ₹ 6.18 Crores (2011 - 12 : ₹ 6.80 Crores)

Notes to the Financial Statements for the Year ending 31st March, 2013

₹ / Crores

		2012 - 13	2011 - 12
27.	**OTHER EXPENSES**		
	Consumption of Stores, Spares and Chemicals	**156.39**	121.41
	Power and Fuel	**2,063.08**	1,958.91
	Less : Fuel of own production consumed	**(1,428.39)**	(1,440.00)
		634.69	518.91
	Repairs and Maintenance - Buildings	**36.78**	33.81
	Repairs and Maintenance - Plant and Machinery	**618.17**	507.92
	Repairs and Maintenance - Other Assets	**157.98**	143.37
	Insurance	**34.97**	31.29
	Rates and Taxes	**116.85**	115.38
	Irrecoverable Taxes and Other Levies	**184.89**	153.74
	Equipment Hire Charges	**5.41**	4.20
	Rent	**178.83**	157.90
	Travelling and Conveyance	**156.86**	122.71
	Printing and Stationery	**14.28**	13.13
	Electricity and Water	**458.86**	402.95
	Charities and Donations	**21.78**	26.54
	Stores and Spares written off	**0.58**	0.19
	Loss on Sale of Current Investments	**35.53**	96.56
	Provision / (Reversal) for Diminution in value of Current Investments	**(181.79)**	(4.28)
	Provision for Doubtful Receivables	**(0.02)**	0.14
	(After adjusting provision no longer required)		
	Provision for Doubtful Debts	**47.69**	4.95
	(After adjusting provision no longer required written back ₹ 27.80 crores, 2011-12 : ₹ 0.44 crores)		
	Loss on Sale/ write off of Fixed Assets/ CWIP (Net)	**12.39**	9.55
	Security Charges	**95.82**	85.52
	Advertisement & Publicity	**91.91**	82.45
	Sundry Expenses and Charges (Not otherwise classified)	**382.07**	383.96
	Consultancy & Technical Services	**42.84**	35.90
	Exchange Rate Variations (Net)	**673.80**	950.63
		3,977.56	3,998.83
28.	**PRIOR PERIOD EXPENSES / (INCOMES)**		
	Expenditure on Enabling Assets	**-**	1.70
	Depreciation (refer note # 11 & 12)	**(49.10)**	-
	Finance Costs (refer note # 36)	**(64.82)**	-
	Exchange Rate Varitions	**0.53**	(1.21)
		(113.39)	0.49

Notes Forming Part of Accounts

29. During the current financial year 2012-13, 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) ₹ 1,587.82 Crores (2011-12: ₹ 1,868.12 Crores) discount received on purchase of PDS SKO and Domestic LPG from ONGC and GAIL has been adjusted against Purchases of Stock-in-Trade.

(b) ₹ 9,600.71 Crores (2011-12: ₹ 10,211.63 Crores) discount received on Crude Oil purchased from ONGC has been adjusted against purchase cost of Crude Oil.

30. In principle approval of Government of India for Budgetary Support amounting to ₹ 24,825.28 Crores (2011-12: ₹ 18,342.77 Crores), has been received and the same have been accounted under 'Recovery under Subsidy Schemes'.

31. (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.

32. The Corporation has, as at the Balance Sheet date, entered into foreign exchange hedging contracts amounting to USD 246.90 Crores (2011-12 : USD 194.58 Crores) 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 to 90 days. Exposures not hedged as of Balance Sheet date amounted to USD 103.70 Crores (2011-12: USD 138.38 Crores) towards purchase of Crude & Products and USD 242.60 Crores (2011-12: USD 219.97 Crores) in respect of loans taken. As at Balance Sheet date, Corporation has interest rate swap contracts for a value of USD 16 Crores (2011-12: JPY 1,050 Crores) to cover its floating interest rate exposure to fixed interest rate.

33. 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 and depreciated over the balance life of the assets. The Corporation has continued to exercise the option during the year 2012-13 as per Ministry of Corporate Affairs' Notification.

34. In accordance with the option exercised by the company as referred in note # 33, an amount of ₹ 4.66 Crores related to non-depreciable assets is remaining to be amortized over the balance period of loan in "Foreign Currency Monetary Item Translation Difference Account" as at March 31st, 2013.

35. Exchange differences arising from Syndicated Loans from Foreign Banks (repayable in foreign currency) taken for acquisition of fixed assets, to the extent that they were regarded as an adjustment to interest cost, were being treated as finance costs in line with the guidance issued by MCA during May 2009. During the year and pursuant to clarification dated 9th August 2012 by MCA, such exchange differences pertaining to all the Syndicated Loans from Foreign Banks (repayable in foreign currency) taken by the Corporation have now been treated as foreign exchange fluctuation and accordingly retrospectively adjusted to the carrying costs of the related assets.

Consequently, exchange difference of ₹ 95.56 Crores pertaining to previous years and charged to the Statement of Profit and Loss Account has been written back and correspondingly credited in Finance Cost during the year. This change has resulted in increase in Profits for the year before tax (net of depreciation) for the year by ₹ 62.52 Crores.

36. Hitherto, premium on forward exchange contracts entered into to hedge the liability from Syndicated Loans from Foreign Banks (repayable in foreign currency) were amortized over the period of the Syndicated Loans from Foreign Banks (repayable in foreign currency). As per AS 16, Borrowing Costs include costs incurred by an enterprise in connection with borrowing of funds. Accordingly, during the current financial year, the premium on forward exchange contracts entered into to hedge the liability towards from Syndicated Loans from Foreign Banks (repayable in foreign currency) have been considered as borrowing costs as per AS 16. Consequently, an amount of ₹ 64.82 Crore has been capitalized in the current financial year and disclosed as a part of Note # 28, "Prior Period Expenses / (Incomes)". As a result, Profit for the year before Tax of the Corporation (net of depreciation) is higher by ₹ 52.43 Crores during the current financial year.

Notes Forming Part of Accounts

37. Ancillary costs incurred towards raising of Syndicated Loans from Foreign Banks (repayable in foreign currency) is being amortized over the tenure of the loan. Total amount of such ancillary costs remaining unamortized as on the Balance Sheet date is ₹ 118.89 Crores (2011-12 : ₹ 81.71 Crores).

38. (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 legal precedents, tax has not been provided for.

Accordingly, upon receipt of Appellate Orders covering the assessment periods 1991-92 to 1995-96, 1997-98, 2000-01 to 2002-03 & 2009-10, and Assessment Order for the assessment year 2010-11 during the year, the Corporation has reversed provision for tax/deferred tax/MAT Credit Entitlement amounting to ₹ 20.58 Crores (2011-12: ₹ 58.11 Crores) after duly considering MAT Credit, available for set off U/s 115JAA of the Income Tax Act, 1961.

For other assessment years, a reversal of provision for tax/deferred tax /MAT credit Entitlement amounting to ₹ 40.04 Crores (2011-12: ₹ 37.67 Crore) is made after duly considering MAT Credit, available for set off U/s 115JAA of the Income Tax Act, 1961.

The above reversal of provision of ₹ 60.62 Crore (2011-12: ₹ 95.78 Crore) for earlier years is disclosed as "Provision for Tax for earlier years written back (net)" in the Statement of Profit and Loss.

(b) The recognition of MAT Credit Entitlements of ₹ 406.85 Crore as at March 31, 2013 (₹ 268.77 Crore as at March 31, 2012) is on the basis of cogent evidence that the Corporation will be able to avail the credit during the period specified in Section 115JAA of the Act.

39. 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	2012-13	2011-12
1.	Amounts payable to "suppliers" under MSMED Act, as on 31.03.2013 :-		
	- Principal	**8.07**	5.85
	- Interest	**-**	-
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2012 – 13 (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	**-**	-

40. RELATED PARTY DISCLOSURE:

(A) Names of and Relationship with Related Parties

1. Joint Venture Companies

a. Prize Petroleum Company Ltd. (upto 18-12-2011)
b. HPCL-Mittal Energy Ltd.
c. Hindustan Colas Ltd.
d. South Asia LPG Company Pvt. Ltd.
e. Petronet India Ltd.
f. Aavantika Gas Ltd.

Notes Forming Part of Accounts

2. Key Management Personnel

a. Shri S. Roy Choudhury - Chairman and Managing Director.

b. Dr. V. Vizia Saradhi - Director - Human Resources (upto 31-7-2012)

c. Shri B. Mukherjee - Director - Finance.

d. Shri K. Murali - Director - Refineries.

e. Smt. Nishi Vasudeva - Director – Marketing.

f. Shri Pushp Kumar Joshi - Director - Human Resources (w.e.f 1-8-2012).

The above disclosure does not include following Related Parties for which no disclosure is required as they are State-Controlled Enterprises.

1. Subsidiaries

a. CREDA-HPCL Biofuels Ltd.

b. HPCL Biofuels Ltd.

c. Prize Petroleum Company Ltd. (w.e.f. 19-12-2011)

2. Joint Venture Companies

a. Mangalore Refinery and Petrochemicals Ltd.

b. Petronet MHB Ltd.

c. Bhagyanagar Gas Ltd.

d. GSPL India Gasnet Ltd. (w.e.f 04-07-2012)

e. GSPL India Transco Ltd. (w.e.f 04-07-2012)

(B) Related Party Transactions

(i) Transaction with Joint Ventures

₹ / Crores

Nature of Transactions	2012-13	2011-12
(i) Sale of goods		
HPCL-Mittal Energy Ltd.	**48.89**	362.30
Hindustan Colas Ltd.	**473.58**	313.73
Others	**0.47**	0.27
	522.94	676.30
(ii) Purchase of goods		
HPCL-Mittal Energy Ltd.	**17,935.00**	27.89
Hindustan Colas Ltd.	**128.36**	6.38
Aavantika Gas Ltd.	**32.20**	18.23
	18,095.56	52.50
(iii) Dividend income received		
Hindustan Colas Ltd.	**15.69**	5.91
South Asia LPG Company Pvt. Ltd.	**25.00**	25.00
	40.69	30.91
(iv) Services given (Manpower Supply Service)	**3.92**	7.83
(v) Lease rental received	**2.33**	0.99

Notes Forming Part of Accounts

₹ / Crores

Nature of Transactions	2012-13	2011-12
(vi) Others - provided / (availed) (net)		
HPCL-Mittal Energy Ltd.	**22.39**	-
Hindustan Colas Ltd.	**(8.57)**	(10.18)
South Asia LPG Company Pvt. Ltd.	**(97.08)**	(89.41)
Others	**-**	(1.25)
	(83.26)	(100.84)
(vii) Investment in equity shares / Converted to Equity Shares		
HPCL-Mittal Energy Ltd.	**769.54**	142.10
Prize Petroleum Company Ltd. (up to 18th December, 2011)	**-**	10.00
	769.54	152.10
(viii) Investment in preference shares		
Prize Petroleum Company Ltd. (up to 18th December, 2011)	**-**	7.00
(ix) Advance against equity given		
HPCL-Mittal Energy Ltd.	**913.64**	261.90
(x) Net outstanding receivable / (payable) as on	**31.03.2013**	31.03.2012
HPCL-Mittal Energy Ltd.	**(949.94)**	281.73
Hindustan Colas Ltd.	**33.05**	27.77
Others	**13.26**	15.21
	(903.63)	324.71

(ii) Remuneration paid to Key Management Personnel

₹ / Crores

Details	2012-13	2011-12
Salary and Allowances	**1.42**	1.48
Contribution to Provident Fund	**0.10**	0.09
Pension and Gratuity	**0.14**	0.03
Other benefits	**1.17**	0.40
Total	**2.83**	2.00

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

Name of the Block	Participating Interest of HPCL in %	
	31.03.2013	31.03.2012
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-2003/3	**15**	15
Under NELP VI		
CY-DWN-2004/1	**10**	10

Notes Forming Part of Accounts

Name of the Block	Participating Interest of HPCL in %	
	31.03.2013	31.03.2012
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
Under NELP IX		
MB-OSN-2010/2	**30**	-
Outside India		
BLOCK WA-388-P, AUSTRALIA	**Nil**	8.40
SOUTH SENAI, EGYPT	**25**	25
SOUTH QUSEIR, EGYPT	**25**	25

a) The Blocks KK-DWN-2002/3, AA-ONN-2003/3, MB-OSN-2004/1, MB-OSN-2004/2 and RJ-ONN-2004/3 are in the process of relinquishment.

b) One exploration block name MB-OSN-2010/2 has been awarded under NELP IX Bidding Round; Production Sharing Contract (PSC) of the same has been signed on 30/08/2012.

c) Block WA-388-P was relinquished during the year on completion of Minimum Work Program (MWP) under exploration phase. Drilling of one well was completed as per committed work program, which was declared as dry.

d) 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 of these blocks is yet to be signed.

e) In addition to the above, the Corporation was awarded Service Contract for development of Cluster-7 Marginal Field by ONGC. However the same was terminated by ONGC. In view of said termination, HPCL has initiated arbitration against M3nergy as well as ONGC, which is under process.

Notes Forming Part of Accounts

42. 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, 2013**	Percentage of ownership interest as on 31st March, 2012
HPCL-Mittal Energy Ltd.	India	**48.82**	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
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
GSPL India Transco Ltd	India	**8.73**	-
GSPL India Gasnet Ltd	India	**9.38**	-

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:

₹ / Crores

	2012-13	**2011-12**
(I) SHARE OF ASSETS & LIABILITIES :		
(i) Liabilities		
(1) Share application money pending allotment	**433.57**	262.71
(2) Non-current liabilities	**8,459.23**	7,238.89
(3) Deferred tax liabilities (Net)	**146.14**	361.64
(4) Current liabilities	**7,985.64**	6,473.60
(ii) Assets		
(1) Non-current assets	**14,089.46**	12,200.61
(2) Current assets	**6,627.53**	5,314.81
(3) Current investments	**-**	4.62
(II) SHARE OF INCOME & EXPENSES :		
(a) Income	**15,393.57**	9,478.95
(b) Expenses	**15,799.36**	10,120.25
(III) SHARE OF CONTINGENT LIABILITIES & CAPITAL COMMITMENTS :		
(a) Contingent Liabilities	**170.20**	133.41
(b) Capital Commitments	**409.87**	590.78

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

₹ / Crores

	2012 – 13	2011 – 12
Jointly Controlled Operations		
Contingent Liabilities	**198.24**	185.78
Capital Commitment	**530.96**	479.29

Notes Forming Part of Accounts

43. Operating Leases - Assets taken on lease primarily consist of leased land taken for the purpose of setting up retail outlets, depot operations and properties for use by the Corporation. These lease arrangements are normally renewed on expiry of the term. Amount of lease rental expenses recognized in the Statement of Profit & Loss is given under Note # 23 - 'Other expenses'.

44. 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.

45. During the year 2012-13, an amount of ₹ 8.11 Crores (2011-12: ₹ 3.83 Crores) has been charged to revenue towards Enabling Assets on which the Corporation does not have a control.

46. Disclosure as required by Clause 32 of Listing Agreement

₹ / Crores

	Particulars	**Balance as on**		**Maximum amount outstanding during the year**	
		31.03.2013	**31.03.2012**	**2012 – 13**	**2011 - 12**
a)	Loans and advances in the nature of loans to subsidiary Companies (by name and amount)				
	8% Inter Corporate Loan to HPCL - Biofuels Ltd.	**107.46**	107.46	**107.46**	107.46
	12.5% Inter Corporate Loan to HPCL - Biofuels Ltd.	**80.00**	100.00	**100.00**	100.00
	10.17% Inter Corporate Loan to HPCL - Biofuels Ltd.	**198.00**	-	**198.00**	-
b)	Loans and advances in the nature of loans to joint ventures (by name and amount)				
	10% Inter Corporate Loan to Bhagyanagar Gas Ltd.	**45.00**	45.00	**45.00**	45.00
	13% Inter Corporate Loan to Bhagyanagar Gas Ltd.	**30.00**	15.00	**30.00**	15.00
c)	Loans and advances in the nature of loans where there is	**-**	-	**-**	-
	i) No repayment schedule or repayment beyond seven years				
	ii) No interest or interest below Section 372A of Companies Act				
d)	Loans and advances in the nature of loans to firms/ companies in which directors are interested	**-**	-	**-**	-
e)	Investment by the loanee in the shares of HPCL and its subsidiary company, when the Company has made a loan or advance in the nature of loan	**-**	-	**-**	-

47. The net worth of one of the subsidiary companies, HPCL Biofuels Ltd., which has started regular operations only during the year, is largely eroded. Based on the current price trends of Ethanol and in view of withdrawal of levy sugar mechanism and keeping in view the long term strategic nature of this investment, this diminution is not considered permanent in nature. Hence, no provision has been considered necessary for the value of the said investment and loans given (refer note # 14 and 46).

48. The Employee cost for the year 2012-13 includes ₹ 813 Crores towards implementation of Long Term Settlement of Non-management employees and Superannuation Benefits for all the employees finalized during the year, including for the past periods.

Notes Forming Part of Accounts

		₹ / Crores 2012-13	2011-12
49	**Commitements and Contingent Liabilities**		
	A. (i) Estimated amount of contracts remaining to be executed on Capital Account not provided for	**2,408.32**	2,801.00
	(ii) Other Commitements (for Investments in Joint Ventures)	**756.41**	15.00
	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	**87.60**	82.54
	ii. Sales Tax/Octroi	**4,260.21**	2,890.34
	iii. Excise/Customs	**377.24**	414.99
	iv. Land Rentals & Licence Fees	**98.90**	93.64
	v. Others	**125.99**	87.65
		4,949.94	3,569.16
	C (I) Contingent Liabilities not provided for in respect of appeals filed against the Corporation		
	i. Income Tax	**-**	-
	i. Sales Tax/Octroi	**7.33**	14.48
	ii. Excise/Customs	**25.96**	34.01
	iii. Employee Benefits/Demands (to the extent quantifiable)	**183.44**	167.16
	iv. Claims against the Corporation not acknowledged as Debts	**316.89**	243.46
	v. Others	**267.78**	267.25
		801.39	726.37
	(II) Uncalled liability on partly paid up equity shares	**47.50**	-
		47.50	-
	(III) Guarantees given	**54.91**	50.51
		54.91	50.51
50.	**Other Notes**		
	A. Payment to auditors		
	-Audit fees	**0.21**	0.21
	- Other Services	**0.15**	0.15
	- Reimbursement of expenses	**0.07**	0.10
		0.43	0.47
	B. C.I.F.value of imports during the year(excludes canalised imports):		
	- Raw materials	**56,117.40**	51,465.12
	- Stores, Spares and Chemicals	**88.88**	63.09
	- Capital Goods, Components and Spares	**126.33**	100.10

Notes Forming Part of Accounts

₹ / Crores

			2012-13	2011-12
C.	(i)	Expenditure in foreign currency on account of: (on cash basis) Engineering, Technical and other services, demurrage charges, royalties, interest and other matters	**553.92**	329.72
	(ii)	Foreign Currency payments for crude	**55,591.13**	49,354.54
D.		Earnings in foreign exchange :		
		Export of goods calculated on FOB basis	**6,416.82**	7,782.48
		Includes ₹ 204.28 Crores (2011-12 : ₹ 258.31 Crores) received in Indian currency out of repatriable funds of foreign customers		
E.		Value of Raw Materials, Spare Parts and Components consumed		
	(i)	Raw Materials		
		- Imported (in %)	**86.04**	86.17
		- Imported (in Value)	**55,934.50**	50,827.61
		- Indigenous (in %)	**13.96**	13.83
		- Indigenous (in Value)	**9,074.08**	8,160.44
	(ii)	Spare Parts & Components:		
		- Imported (in %)	**27.42**	26.52
		- Imported (in Value)	**64.78**	40.71
		- Indigenous (in %)	**72.58**	73.48
		- Indigenous (in Value)	**171.47**	112.78
F.		Production in Metric Tonnes:		
	(a)	Petroleum fuel and lube products		
		i. Bulk Petroluem Products	**14,354,694**	14,765,526
		ii. Lubricating Oil Base Stocks(including Transformer Oil Base Stocks)	**361,988**	382,420
		iii. Axle Oil	**41**	-
		iv. Rubber Processing oil	**98,287**	94,168
	(b)	Lubricating Oils	**314,429**	183,249
	(c)	Textile Auxiliaries	**1,295**	17
	(d)	Insecticides	**103**	168
	(e)	Greases	**4,941**	6,873
G.		Raw Materials consumed :		
	(a)	Crude Oil Processed:	**62,971.15**	57,063.58
	(b)	Other Petroleum Products *	**1,875.95**	1,684.53
	(c)	Additives, Inhibitors and Chemicals	**319.66**	242.55

* Includes Base Oil Consumption

Notes Forming Part of Accounts

	₹ / Crores 2012-13	2011-12
H. Expenditure incurred on Research and Development		
- Capital	**41.63**	6.63
- Revenue	**16.27**	11.85
I. Interest on Project borrowings capitalised	**274.75**	214.81
J. Exchange Differences / Forward Premiums		
i Exchange Differences adjusted in the carrying amount of Assets during the accounting period.	**386.51**	233.52
ii Premium in respect of Forward Exchange contracts to be recognised in Statement of Profit and Loss for one or more subsequent accounting periods	**222.68**	255.64

K. Information for each class of good purchased, sold and stocks during the year ended 31st March 2013

₹ / Crores

			Opening Stock		Purchases		Sales*		Closing Stock	
			2012-13	2011-12	**2012-13**	2011-12	**2012-13**	2011-12	**2012-13**	2011-12
a.	Bulk Petroleum Products	MT	**2429276**	2685769	**22190252**	20861908	**36785456**	35894556	**2252110**	2429276
		Value	**11,876**	11,223	**128,178**	109,371	**185,486**	164,937	**11,555**	11,876
b.	Lubricating Oil Base Stocks(Incl. Trnsformer oil Base stock)	MT	**38711**	12049	**-**	-	**197906**	153345	**29015**	38711
		Value	**247**	73	**0**	0	**1,071**	820	**178**	247
c.	Carbon Black Feeding Stock	MT	**0**	38	**-**	-	**0**	0	**0**	0
		Value	**0**	0	**-**	-	**0**	0	**0**	0
d.	Axle Oil	MT	**5**	11	**-**	-	**41**	4	**7**	5
		Value	**0**	0	**0**	0	**0**	0	**0**	0
e.	Lubricating Oils	MT	**29312**	26974	**-**		**314658**	299872	**29851**	29312
		Value	**284**	236	**0**	0	**3,398**	3,175	**302**	284
f.	Textile Auxillaries	MT	**33**	40	**-**	-	**1301**	10	**27**	33
		Value	**0**	0	**0**	0	**8**	0	**0**	0
g.	Insecticides	MT	**73**	203	**-**	5	**103**	77	**171**	73
		Value	**1**	2	**0**	0	**2**	1	**1**	1
h.	Greases	MT	**2,337**	1,536	**46**	0	**5,657**	5,467	**1,492**	2,337
		Value	**22**	14	**1**	0	**83**	77	**13**	22
i.	Automative Accessories	MT	**0**	0	**-**	-	**0**	0	**0**	0
		Value	**0**	0	**-**	-	**0**	0	**0**	0
	Total	MT	**2,499,748**	2,726,619	**22,190,298**	20,861,913	**37,305,122**	36,353,332	**2,312,673**	2,499,748
		Value	**12,431**	11,549	**128,179**	109,371	**190,049**	169,011	**12,049**	12,431

* 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.

Notes Forming Part of Accounts

L Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31st, 2013 is as under:

₹ / Crores

	2012-13			2011-12		
	Downstream Petroleum	**Exploration & Production**	**Total**	Downstream Petroleum	Exploration & Production	Total
Revenue						
External Revenue	**206,971.93**	**-**	**206,971.93**	178,552.94	-	178,552.94
Inter-segment Revenue	**-**	**-**	**-**	-	-	-
Total Revenue	**206,971.93**	**-**	**206,971.93**	**178,552.94**	**-**	**178,552.94**
Result						
Segment Results	**2,540.75**	**(54.81)**	**2,485.94**	2,823.70	(96.38)	2,727.32
Less: Unallocated Expenses						
Net of unallocated Income	**-**	**-**	**-**	-	-	-
Operating Profit	**2,540.75**	**(54.81)**	**2,485.94**	2,823.70	(96.38)	2,727.32
Less:						
Borrowing Cost			**2,019.33**			2,224.27
Provision for dimunition in investments			**(181.79)**			(4.28)
Loss on Sale of Investments			**35.53**			96.56
Add:						
Interest/Dividend (Incl Share of profit from PII)			**861.69**			808.47
Profit on Sale of Investments			**-**			-
Profit before Tax			**1,474.56**			1,219.24
Less: Taxes (including Deferred tax / FBT)			**569.85**			307.81
Profit after Tax			**904.71**			911.43
Other Information						
Segment Assets	**64,499.90**	**40.38**	**64,540.28**	59,530.00	39.20	59,569.20
Corporate Assets			**11,704.45**			11,540.35
Total Assets			**76,244.73**			71,109.56
Segment Liabilities	**42,117.64**	**666.13**	**42,783.77**	41,559.85	610.14	42,169.99
Corporate Liabilities			**4,077.23**			3,617.85
Total Liabilities			**46,861.00**			45,787.84
Capital Expenditure	**4,382.91**	**1.34**	**4,384.25**	4,627.97	6.19	4,634.16
Depreciation and Amortization	**1,934.42**		**1,934.42**	1,712.93		1,712.93
Non cash expenses excluding depreciation			**673.80**			950.63

Notes:

1. The Company is engaged in the following business segments:
   a) Downstream i.e. Refining and Marketing of Petroleum Products
   b) Exploration and Production of Hydrocarbons
   Segments have been identified taking into account the nature of activities and the nature of risks and returns.
2. Segment Revenue comprises the following:
   a) Turnover (Net of Excise Duties)
   b) Subsidy from Government of India
   c) Other income (excluding interest income, dividend income and investment income)
3. There are no geographical segments.

Notes Forming Part of Accounts

51 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	Resettle ment 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, 2013**								
	Defined Benefit Obligation at the beginning of the year	433.77	447.73	51.15	315.81	58.69	22.67	28.44	2.33
		448.27	*430.88*	*50.38*	*136.45*	*58.44*	*26.80*	*28.82*	*1.91*
	Interest Cost	38.70	37.59	4.03	27.50	5.40	1.74	2.19	0.22
		38.28	*35.80*	*3.87*	*11.73*	*5.04*	*2.03*	*2.15*	*0.16*
	Current Service Cost	21.56	8.52	0.09	16.80	9.12	-	-	0.39
		15.72	*11.25*	*0.07*	*14.20*	*7.15*	-	-	*0.25*
	Past Service Cost (Vested Benefits)	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Benefit Paid	-	(28.03)	(7.75)	(18.14)	(8.48)	(4.29)	(5.28)	(0.17)
		-	*(16.40)*	*(7.02)*	*(17.00)*	*(8.96)*	*(4.34)*	*(5.52)*	*(0.33)*
	Acturial (gain)/loss on Obligation	35.06	23.74	7.98	27.84	5.01	1.45	0.37	(0.32)
		(68.50)	*(13.80)*	*3.85*	*170.43*	*(2.98)*	*(1.82)*	*2.99*	*0.34*
	Defined Benefit Obligation at the end of the year	**529.09**	**489.55**	**55.50**	**369.81**	**69.74**	**21.57**	**25.72**	**2.45**
		433.77	*447.73*	*51.15*	*315.81*	*58.69*	*22.67*	*28.44*	*2.33*
2	**Change in Fair Value of Assets during the year ended March 31, 2013.**								
	Fair Value of Plan Asset at the beginning of the year	488.93	454.47	N/A	N/A	N/A	N/A	N/A	N/A
		286.30	*382.58*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
	Expected return on Plan Assets	42.05	35.24	N/A	N/A	N/A	N/A	N/A	N/A
		35.86	*33.83*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
	Acturial gain/(loss) on Plan Assets	4.89	6.94	N/A	N/A	N/A	N/A	N/A	N/A
		4.79	*6.01*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
	Contribution by employer	-	-	7.75	18.14	8.48	4.29	5.28	0.17
		161.98	*48.45*	*7.02*	*17.00*	*8.96*	*4.34*	*5.52*	*0.33*
	Benefit Paid	-	(28.03)	(7.75)	(18.14)	(8.48)	(4.29)	(5.28)	(0.17)
		-	*(16.40)*	*(7.02)*	*(17.00)*	*(8.96)*	*(4.34)*	*(5.52)*	*(0.33)*
	Fair Value of Plan Asset at the end of the year	**535.87**	**468.62**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
		488.93	*454.47*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
3	**Net asset/(liability) recognized in balance sheet as at March 31, 2013.**								
	Defined Benefit Obligation at the end of the year	529.09	489.55	55.50	369.81	69.74	21.57	25.72	2.45
		433.77	*447.73*	*51.15*	*315.81*	*58.69*	*22.67*	*28.44*	*2.33*
	Fair Value of Plan Asset at the end of the year	535.87	468.62	-	-	-	-	-	-
		488.93	*454.47*	-	-	-	-	-	-
	Amount recognised in the Balance Sheet	**6.78**	**(20.93)**	**(55.50)**	**(369.81)**	**(69.74)**	**(21.57)**	**(25.72)**	**(2.45)**
		55.16	*6.74*	*(51.15)*	*(315.81)*	*(58.69)*	*(22.67)*	*(28.44)*	*(2.33)*
4	**Components of employer expenses**								
	Current Service Cost	21.56	8.52	0.09	16.80	9.12	-	-	0.39
		15.72	*11.25*	*0.07*	*14.20*	*7.15*	-	-	*0.25*
	Interest Cost	38.70	37.59	4.03	27.50	5.40	1.74	2.19	0.22
		38.28	*35.80*	*3.87*	*11.73*	*5.04*	*2.03*	*2.15*	*0.16*
	Past Service Cost (Vested Benefits)	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Expected Return on Plan Asset	(42.05)	(35.24)	-	-	-	-	-	-
		(35.86)	*(33.83)*	-	-	-	-	-	-
	Acturial (gain)/loss	30.17	16.80	7.98	27.84	5.01	1.45	0.37	(0.32)
		(73.29)	*(19.81)*	*3.85*	*170.43*	*(2.98)*	*(1.82)*	*2.99*	*0.34*
	Total expenses recognized durng the year	**48.38**	**27.67**	**12.10**	**72.14**	**19.53**	**3.19**	**2.56**	**0.29**
		(55.15)	*(6.59)*	*7.79*	*196.36*	*9.21*	*0.21*	*5.14*	*0.75*

Notes Forming Part of Accounts

₹ / Crores

	Particulars	Leave Encashment	Gratuity	Pension	Post Retirement Medical Benefit	Long Service Awards	Ex - Gratia	Death Benefits	Resettle ment 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
5	**Actuarial Assumptions**								
	Discount Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
	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	43.50%	43.50%	N/A	N/A	N/A	N/A	N/A	N/A
	Bonds / Debentures	37.66%	37.66%	N/A	N/A	N/A	N/A	N/A	N/A
	Equity Shares	4.67%	4.67%	N/A	N/A	N/A	N/A	N/A	N/A
	Others	14.17%	14.17%	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, 2013	404.76			348.55				
	Revised service cost for 2012-13	16.37			17.76				
	Revised interest cost for 2012-13	30.94			24.06				

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, 2013 over March 31, 2012 towards leave encashment is funded to LIC. As per the practice followed, the payment made to employees during the year to the extent of ₹ 31.64 Crores is not claimed from LIC, hence, benefit paid during the year is shown as "NIL" in the above table. Total expenses recognised in Profit & Loss Account of this benefit is ₹ 80.02 croes (i.e. provision of ₹ 48.38 Crores towards increase in liability and payments made by Corporation for ₹ 31.64 croes).

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 momento 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.

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 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.

10 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.

11 The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

12 Figures in italics represent last year figures.

52. Previous year's figures are reclassified / regrouped wherever necessary.

Cash Flow Statement For The Year Ended 31st March, 2013

₹ / Crores

	2012 - 13	2011 - 12
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	**1,474.56**	1,219.24
Adjustments for :		
Depreciation Prior Period	**(49.10)**	-
Depreciation / Amortisation	**1,983.52**	1,712.93
Loss/(Profit) on Sale/write off of Fixed Assets/ CWIP	**12.39**	9.55
Amortisation of Foreign Currency Monetary Item Translation Difference	**2.00**	-
Amortisation of Capital Grant	**(0.14)**	(0.18)
Spares Written off	**0.58**	0.19
Provision for Diminution in Value of Current Investments	**(181.79)**	(4.28)
(Profit)/Loss on Sale of Current Investment	**35.53**	96.56
Finance Costs	**2,019.33**	2,224.27
Exchange Rate Difference on Loans (unrealised)	**(431.51)**	403.57
Provision for Doubtful Debts & Receivables	**47.67**	5.09
Interest Income	**(449.06)**	(528.33)
Share of Profit from PII	**(0.61)**	(0.37)
Dividend Received	**(112.19)**	(95.87)
Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}	**4,351.18**	5,042.39
Increase /(Decrease) in Assets and Liabilities :		
Trade Receivables	**(1,417.57)**	(493.26)
Loans and Advances and Other Assets	**(4,091.33)**	(4,689.93)
Inventories	**3,015.24**	(2,832.44)
Liabilites and Other Payables	**(600.79)**	5,471.00
Sub Total - (ii)	**(3,094.44)**	(2,544.62)
Cash Generated from Operations (i) + (ii)	**1,256.73**	2,497.77
Less : Direct Taxes / FBT refund / (paid) - Net	**(107.17)**	(271.50)
Net Cash from Operating Activities (A)	**1,149.56**	2,226.26
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets (incl. Capital Work in Progress / excluding interest capitalised)	**(3,680.71)**	(4,135.86)
Sale of Fixed Assets	**13.90**	35.76
Purchase of Investments (Including share application money pending allotment/ Advance towards Equity)	**(924.24)**	(412.27)
Investment in Subsidiary	**(2.50)**	(17.00)
Sale Proceeds of Oil bonds	**672.47**	1,031.34
Interest received	**454.37**	538.59
Dividend Received	**96.14**	95.87
Share of profit from PII	**-**	-
Net Cash Flow generated from / (used in) investing activities (B)	**(3,370.57)**	(2,863.56)

Cash Flow Statement For The Year Ended 31st March, 2013 *(Contd.)*

₹ / Crores

	2012 - 13	2011 - 12
C. Cash Flow From Financing Activities		
Long term Loans raised/(repaid)	**1,342.88**	1,421.51
Short term Loans raised / (repaid)	**2,364.28**	2,270.15
Finance Cost paid	**(2,218.71)**	(2,080.46)
Dividend paid (including dividend distribution tax)	**(334.43)**	(550.93)
Net Cash Flow generated from / (used in) Financing Activities (C)	**1,154.02**	1,060.28
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**(1,066.99)**	422.98
Opening Balance of Cash and Cash Equivalents		
i. Cash and Cash Equivalents		
Cash on hand	**9.24**	6.60
Cheques Awaiting Deposit	**1.23**	0.59
With Scheduled Banks:		
On Current Accounts	**209.66**	65.91
On Non-operative Current Accounts	**0.01**	0.01
On Fixed Deposit Accounts	**3.82**	2.30
ii. Earmarked for Unclaimed dividend	**2.36**	0.08
iii. Current Account with Municipal Co-operative Bank Ltd.	**0.06**	3.53
	226.38	79.02
Overdraft from Bank	**(392.06)**	(667.68)
	(165.69)	(588.66)
Closing Balance of Cash and Cash Equivalents		
i. Cash and Cash Equivalents		
Cash on hand	**11.58**	9.24
Cheques Awaiting Deposit	**0.25**	1.23
With Scheduled Banks:		
On Current Accounts	**128.60**	209.66
On Non-operative Current Accounts	**0.01**	0.01
On Fixed Deposit Accounts	**4.16**	3.82
ii. Earmarked for Unclaimed dividend	**2.46**	3.82
iii. Current Account with Municipal Co-operative Bank Ltd.	**0.06**	0.06
	147.13	227.84
Overdraft from Bank	**(1,379.81)**	(392.06)
	(1,232.68)	(165.69)
Net Increase / (Decrease) in Cash and Cash Equivalents	**(1,066.99)**	422.98

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director - Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 28th May, 2013
Place : New Delhi

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

K C GUPTA
Partner
Membership No. 072936

For B K KHARE & CO.
Chartered Accountants
Firm No. 105102W

NARESH KUMAR KATARIA
Partner
Membership No. 037825

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 31ST MARCH 2013

The preparation of financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2013 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 28 May 2013.

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 2013. 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 & Auditor General of India

Parama Sen
Principal Director of Commercial Audit
& *ex- officio* Member, Audit Board –II, Mumbai

Place : Mumbai
Date : 31 July 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of

Hindustan Petroleum Corporation Limited

1. We have audited the accompanying Consolidated Financial Statements of **Hindustan Petroleum Corporation Limited** ("the Company") and its subsidiaries and its jointly controlled entities, hereinafter referred to as the "Group", refer note # 1.1 to the attached Consolidated Financial Statements, which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, in which, is incorporated Financial Statements of Visakh Refinery, audited by the branch auditor, whose report has been considered in preparing this report..

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of the Accounting Standards (AS) 21- Consolidated Financial Statements, Accounting Standards (AS) 23- Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standards (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under Section 211(3C) of the Companies Act 1956.

7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the Financial Statements of the subsidiaries as noted below, the 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 state of affairs of the Company as at March 31, 2013;

   (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to

i) Note # 43 of Consolidated Financial Statements, regarding impairment of assets wherein, being technical matters subject to uncertainty we have relied on the estimates and assumptions made by the Company in arriving at recoverable value of assets, based on desired margins.

ii) Note # 36(b) of Consolidated Financial Statements regarding recognition of Minimum Alternative Tax (MAT) credit wherein, we have relied on the management representation that the MAT credit of ₹ 406.58 crore will be set off during the period specified in section 115JAA of the Income Tax Act, 1961.

iii) Note # 42(c) of Consolidated Financial Statements regarding deferred tax asset of ₹ 10.56 Crore recognised in earlier years by Prize Petroleum Corporation Limited being carried forward as at 31st March, 2013, despite continuous losses, for reasons detailed therein.

iv) Note # 37(a) of Consolidated Financial Statements, relating to the Joint Venture Entity namely HPCL- Mittal Energy Limited (JV) regarding captialisation of net additional expenditure of ₹ 2,817 crores incurred during trial run as part of cost of project, for the reason detailed therein.

Other Matter

8. We did not audit the Financial Statements of 3 subsidiaries and 9 jointly controlled entities included in the Consolidated Financial Statements, whose Financial Statements reflect total assets (net) of ₹ 21,580 crore as at March 31, 2013, total revenues of ₹ 15,494 Crores and net cash outflows amounting to ₹ 718 Crores for the year then ended.

   a. Out of above Financial Statements of 3 subsidiaries and 4 jointly controlled enteritis have been audited by other auditors whose reports have been furnished to us and our opinion, is based soley on the reports of the other auditors. These Financial Statements reflects total assets of ₹ 5,750 Crores as at March 31,2013 and total revenues of ₹ 11,592 Crores and net cash flows amounting to ₹ 394 Crores for the year ended on that date as considered in the Consolidated Financial Statements.

   b. We have relied upon the unaudited Financial Statements of 5 joint ventures which reflects total assets of ₹ 15,830 Crores as at March 31,2013 and total revenues of ₹ 3,902 Crores and net cash flows amounting to ₹ 324 Crores for the year ended on that date as considered in the Consolidated Financial Statements. These unaudited Financial Statements have been furnished to us by the management of the respective Joint Ventures and our report since so far as it relates to the above amounts, is based solely on such unaudited Financial Statements.

For Om Agarwal & Co.
Chartered Accountants
Firm No. 000971C

K. C. Gupta
Partner
Membership No.072936

For B. K. Khare & Co.
Chartered Accountants
Firm No. 105102W

Naresh Kumar Kataria
Partner
Membership No.037825

Place : New Delhi
Date : 28th May, 2013

Consolidated Balance Sheet as at 31st March, 2013

	Notes	2012-2013	2011-2012
			₹ / Crores
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	**339.01**	339.01
(b) Reserves and Surplus	4	**13,019.57**	12,769.18
		13,358.58	13,108.19
(2) Share Application Money Pending Allotment		**234.13**	133.14
(3) Minority Interest		**1.48**	2.28
(4) Non-Current Liabilities			
(a) Long-Term Borrowings	5	**17,620.00**	13,844.31
(b) Deferred Tax Liabilities (Net)	6	**3,733.94**	3,436.38
(c) Other Long Term Liabilities	7A	**6,287.30**	5,495.34
(d) Long-Term Provisions	7B	**508.21**	442.55
		28,149.45	23,218.58
(5) Current Liabilities			
(a) Short-Term Borrowings	8	**25,572.23**	23,754.72
(b) Trade Payables	9	**14,359.20**	15,498.07
(c) Other Current Liabilities	10A	**8,738.36**	8,288.39
(d) Short-Term Provisions	10B	**1,862.37**	1,575.90
		50,532.16	49,117.08
TOTAL		**92,275.80**	85,579.27
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	**35,520.68**	31,702.41
(ii) Intangible Assets	12	**199.00**	139.03
(iii) Capital Work-In-Progress	13	**6,562.15**	6,125.68
(iv) Intangible Under Development	13A	**3.12**	1.39
(b) Goodwill on Consolidation		**16.69**	16.69
(c) Non-Current Investments	14	**4,066.79**	4,066.79
(d) Long-Term Loans and Advances	15	**1,601.11**	1,482.92
(e) Other Non-Current Assets	16	**157.68**	135.82
		48,127.22	43,670.73
(2) Current Assets			
(a) Current Investments	17	**2,360.86**	2,891.69
(b) Inventories	18	**20,733.41**	22,985.95
(c) Trade Receivables	19	**5,614.10**	4,056.22
(d) Cash and Bank Balances	20	**864.71**	734.02
(e) Short-Term Loans and Advances	21	**14,209.23**	10,737.58
(f) Other Current Assets	22	**366.27**	503.08
		44,148.58	41,908.54
TOTAL		**92,275.80**	85,579.27
Significant Accounting Policies	1 & 2		

Significant Accounting Policies and Notes Forming Part of Accounts are an integral part of the Financial Statements

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director - Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 28th May, 2013
Place : New Delhi

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

K C GUPTA
Partner
Membership No. 072936

For B K KHARE & CO.
Chartered Accountants
Firm No. 105102W

NARESH KUMAR KATARIA
Partner
Membership No. 037825

Consolidated Statement of Profit & Loss for the year ending 31st March, 2013

₹ / Crores

		Notes	2012-13	2011-12
I.	**Revenue From Operations**			
	(A) Sale Of Products (Gross)	23A	**225,945.86**	195,652.32
	Less : Excise Duty		**(10,043.18)**	(10,607.25)
			215,902.68	185,045.07
	(B) Sale Of Services		**47.55**	42.19
	(C) Other Operating Revenues	23B	**203.90**	196.60
	Revenue From Operations (Net)		**216,154.13**	185,283.86
II.	**Other Income**	23C	**1,064.52**	1,020.45
III.	**Total Revenue (I + Ii)**		**217,218.65**	186,304.31
IV.	**Expenses**			
	Cost of Materials Consumed		**78,070.39**	65,682.21
	Purchases of Stock-In-Trade		**122,448.55**	107,297.59
	Packages Consumed		**201.33**	195.77
	Excise Duty on Inventory Differential		**(209.72)**	(405.74)
	Transhipping Expenses		**3,800.93**	3,255.93
	Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	24	**(165.17)**	(1,365.19)
	Employee Benefits Expense	25	**2,620.17**	1,643.40
	Exploration Expenses		**62.31**	97.61
	Finance Costs	26	**2,379.80**	2,481.31
	Depreciation and Amortization Expense		**2,364.66**	1,922.15
	Other Expenses	27	**5,150.93**	4,655.60
	Total Expenses		**216,724.18**	185,460.64
V.	**Profit Before Prior Period Items, Exceptional, Extraordinary Items and Tax (III - IV)**		**494.47**	843.67
VI.	**Prior Period Expenses / (Income)**	28	**(112.11)**	(23.24)
VII.	**Profit Before Exceptional, Extraordinary Items and Tax (V - VI)**		**606.58**	866.91
VIII.	**Exceptional Items - Expenses / (Income)**	37	**(275.14)**	-
IX.	**Profit Before Tax (Vii - Viii)**		**881.72**	866.91
X.	**Tax Expenses**			
	(A) Current Tax		**276.57**	469.91
	(B) Mat Credit		**(61.39)**	0.48
	(C) Provision For Tax for Earlier Year written off/provided for / (written off)		**(60.48)**	(95.22)
	(D) Deferred Tax		**226.53**	315.78
XI.	**Profit after Tax but before Share of Results of Minority Interest (IX - X)**		**500.49**	175.96
	Less : Share of Minority in Profit / (Loss)		**(0.81)**	1.31
XII.	**Profit for the Period for the Group**		**501.30**	174.65
XIII.	**Earnings Per Equity Share: (Basic And Diluted) (In ₹)**		**14.80**	5.16
	(2012-13 : EPS = Net Profit ₹ 501.30 Crores / Weighted Avg. no of Shares - 33.863 Crores)			
	(2011-12 : EPS = Net Profit ₹ 174.65 Crores / Weighted Avg. No of Shares - 33.863 Crores)			

(Total Revenue includes ₹ 9638.51 Crores (2011-12 : ₹ 7322.02 Crores) towards share of jointly controlled entities)

(Total Expense includes ₹ 15809.18 Crores (2011-12 : ₹ 9438.15 Crores) towards share of jointly controlled entities)

Significant Accounting Policies — Notes 1 & 2

Significant Accounting Policies and Notes Forming Part of Accounts are an integral part of the Financial Statements

FOR AND ON BEHALF OF THE BOARD

S ROY CHOUDHURY
Chairman & Managing Director

B MUKHERJEE
Director - Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 28th May, 2013
Place : New Delhi

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

K C GUPTA
Partner
Membership No. 072936

For B K KHARE & CO.
Chartered Accountants
Firm No. 105102W

NARESH KUMAR KATARIA
Partner
Membership No. 037825

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

1. BASIS OF PREPARATION

1.1 The Consolidated Financial Statements (CFS) relates to parent company, Hindustan Petroleum Corporation Limited (HPCL), its subsidiary companies and its interest in Joint Ventures, in the form of jointly controlled entities (collectively referred to as the "Group").

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.

In particular these CFS are prepared in accordance with Accounting Standard on "Consolidated Financial Statements" (AS-21), and "Financial Reporting of Interests in Joint Ventures" (AS-27) notified under Companies (Accounting Standards) Rules, 2006.

1.2 Principles of Consolidation

The CFS are prepared, as far as possible, using uniform significant accounting policies for the like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as HPCL's separate Financial Statements.

The Financial Statements of HPCL and its subsidiaries 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 balance 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 CFS.

The Financial Statements of Joint Ventures have been consolidated by applying proportionate consolidation method on a line-by-line basis on items of assets, liabilities, income and expenses after eliminating proportionate share of intra group balance, intra group transactions and unrealized profits or losses.

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

For certain items, HPCL, its subsidiaries and Joint ventures have followed different accounting policies. However impact of the same is not material.

1.3 Companies included in Consolidation

The CFS comprise the Audited Financial Statements (except as mentioned otherwise) of HPCL, its Subsidiaries and its interest in Joint Ventures for the year ended 31st March 2013, which are as under;

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

Name of the Company	Country of Incorporation	HPCL's Ownership Interest	
		31.03.2013	31.03.2012
(i) Subsidiaries :			
CREDA - HPCL Biofuels Ltd. (CHBL)	India	**74.00%**	74.00%
HPCL Biofuels Ltd. (HBL)	India	**100.00%**	100.00%
Prize Petroleum Company Ltd. (PPCL) (w.e.f 19th Dec, 2011)*	India	**100.00%**	100.00%
(ii) Joint Ventures :			
HPCL - Mittal Energy Ltd. (HMEL)*** ^	India	**48.82%**	49.00%
Hindustan Colas Ltd. (HINCOL)	India	**50.00%**	50.00%
South Asia LPG Co. Pvt. Ltd. (SALPG) ^	India	**50.00%**	50.00%
Prize Petroleum Company Ltd. (PPCL) (up to 18th Dec, 2011)*	India	**--**	--
Mangalore Refinery and Petrochemicals Ltd. (MRPL)***	India	**16.95%**	16.95%
Bhagyanagar Gas Ltd. (BGL)	India	**25.00%**	25.00%
Petronet India Ltd. (PIL)**	India	**16.00%**	16.00%
Petronet MHB Ltd. (PMHBL)	India	**28.77%**	28.77%
Aavantika Gas Ltd. (AGL) ^	India	**25.00%**	25.00%
GSPL India Gasnet Ltd. (GIGL) (w.e.f 4th July, 2012) ^	India	**9.38%**	---
GSPL India Transco Ltd. (GITL) (w.e.f 4th July, 2012) ^	India	**8.73%**	---

* During the year 2011-12 Prize Petroleum Company Ltd. (erstwhile 50% Joint Venture of HPCL) became a subsidiary of HPCL w.e.f. 19th Dec, 2011. Hence the figures for previous year include results of PPCL as joint venture up to 18th Dec, 2011 and thereafter as a subsidiary.

** Proportionate consolidation in respect of Investments in Petronet India Limited has been discontinued in the preparation of CFS as the management has provided for full diminution in the value of Investment during FY 06-07.

*** HPCL – Mittal Energy Limited has a 100% subsidiary namely HPCL – Mittal Pipelines Limited.

Manglore Refinery and Petrochemicals Limited has two joint ventures namely Shell MRPL Aviation Fuel Services Limited (MRPL is holding 50%) and Mangalam Retail Services Limited (MRPL is holding 45%). Consolidated Financial Statements of both these entities are considered for the purpose of consolidation.

^ Unaudited Accounts are considered.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Tangible Assets

a. Tangible assets are stated at cost net of accumulated depreciation / amortization.

b. Land acquired on lease for 99 years or more is treated as freehold land.

c. Technical know-how /licence fee relating to plants/ facilities are capitalized as part of cost of the underlying asset.

2.2 Intangible Assets

a. Cost of Right of Way for laying pipelines is capitalised as Intangible Asset and being perpetual in nature, is amortised over a period of 99 years.

b. Technical know-how /licence fee relating to production process and process design are recognized 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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

2.3 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 rate variation 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.

2.4 Depreciation / Amortisation

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 and cost of right of way are amortized 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.

2.5 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.

2.6 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.

c. All exchange differences (except as stated in note # 2.3 (b), 31, 32 and 33) are dealt with in the Statement of Profit and Loss 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 Statement of Profit and Loss 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.

2.7 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.

2.8 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 materials 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 month-wise) or at net realisable value, whichever is lower.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

e. Empty packages are valued at weighted average cost.

f. Stores and spares are valued at weighted average cost. Stores and 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.

2.9 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).

2.10 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 Statement of Profit & Loss over the period and in the proportion in which depreciation is charged.

b. Grants received against revenue items are recognised as income.

2.11 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.

2.12 Exploration and Production Expenditures

"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.

2.13 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 Statement of Profit & Loss.

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

2.14 Revenue Recognition

a. Sales are recorded based on significant risks and rewards of ownership being transferred in favour of the customer.

b. 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.

c. Dividend income is recognised when the Company's right to receive the dividend is established.

2.15 Research and 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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

2.16 Taxes on Income

a. Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

b. 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.

c. 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 Corporation.

2.17 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.

2.18 Accounting / Classification of Expenditure and Income

a. Insurance claims are accounted on acceptance basis.

b. All other claims/entitlements are accounted on the merits of each case/realisation.

c. Raw materials consumed are net of discount towards sharing of under-recoveries.

d. Income and expenditure of previous years, individually amounting to ₹ 5 lakhs and below are not considered as prior period items.

₹ / Crores

	2012-2013	2011-2012
3. SHARE 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
	350.00	350.00
B. Issued, subscribed & Paid up :		
33,93,30,000 Equity Shares of ₹ 10 each	**339.33**	339.33
Less: 7,02,750 Shares Forfeited	**(0.70)**	(0.70)
33,86,27,250 Equity Shares of ₹ 10 each fully paid up	**338.63**	338.63
Add: Shares Forfeited (money received)	**0.39**	0.39
	339.01	339.01

Notes:

(a) Details of shares held by shareholders holding more than 5% shares in the Company

	31.03.2013		31.03.2012	
	% of Holding	**No. of Shares**	% of Holding	No. of Shares
President of India	**51.11**	**173,076,750**	51.11	173,076,750
Life Insurance Corporation of India	**9.84**	**33,332,314**	8.89	30,130,750

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

(b) Right and Restrictions on Equity Shares

The Company has only one class of Equity Shares having a face value of ₹ 10 per share which are issued and subscribed. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of the winding up of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company in proportion to the number of equity shares held by the shareholders and the amount paid up thereon.

The Company also has 75,000 6% cumulative Redeemable Non-convertible Preference Shares of ₹ 100 each as a part of the Authorised Capital , which were issued earlier by the erstwhile ESRC. Presently the said Preference Shares stand redeemed.

₹ / Crores

	2012-2013	2011-2012
4. RESERVES AND SURPLUS		
A. Capital Reserve		
As per the last Balance Sheet	**0.08**	0.08
(Includes ₹ 0.08 Crores (2011-12 : ₹ 0.08 Crores) towards share of jointly controlled entities)		
B. Capital Redemption Reserve		
As per the last Balance Sheet	**0.78**	0.78
Add: Transfer From The Statement Of Profit And Loss	**0.78**	-
	1.56	0.78
(Includes ₹ 1.56 Crores (2011-12 : ₹ 0.78 Crores) towards share of jointly controlled entities)		
C. Share Premium Account		
As per the last Balance Sheet	**1,098.46**	1,098.46
Add: Premium on issue of Shares By Joint Venture (HMEL)	**4.44**	-
Less: Utilisation during the year*	**(19.97)**	-
	1,082.93	1,098.46
(Includes ₹ 39.78 Crores (2011-12 : ₹ 55.31 Crores) towards share of jointly controlled entities)		
* Represents Utilisation Towards Amortisation of Premium on Redemption on Debentures Pertaining to HMEL.		
D. Debenture Redemption Reserve		
As per last Balance Sheet	**438.70**	262.55
Add: Transfer from the Statement of Profit and Loss	**227.52**	176.15
Less: Transfer to the Statement of Profit and Loss	**(259.19)**	-
	407.03	438.70
(Includes ₹ Nil Crores (2011-12 : ₹ Nil Crores) towards share of jointly controlled entities)		
E. Capital Grant		
As per last Balance Sheet	**3.80**	3.98
Less: Amortised during the year	**(0.14)**	(0.18)
	3.66	3.80
(Includes ₹ Nil Crores (2011-12 : ₹ Nil Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
F. Market Development Reserve		
As per last Balance Sheet	**1.40**	1.40
(Includes ₹ 1.40 Crores (2011-12 : ₹ 1.40 Crores) towards share of jointly controlled entities)		
G. General Reserve		
As per last Balance Sheet	**1,566.18**	1,472.54
Add / (Less): Adjustment for Dividend	**62.98**	(2.04)
Add: Additions during the year*	**40.72**	-
Add: Transfer from the Statement of Profit and Loss	**92.19**	95.68
	1,762.07	1,566.18
(Includes ₹ 43.50 Crores (2011-12 : ₹ 108.34 Crores) towards share of jointly controlled entities)		
* Pertains to Exchange Difference for the year 2007-08 on Syndicated Loans from Foreign Banks (repayable in foreign currency) and which has been adjusted to the carrying costs of the related depreciable assets by HPCL pursuant to clarification dated 9th August 2012 from the MCA. (Refer Note # 33)		
H. Foreign Currency Monetary Item Translation Difference Account (Refer Note # 32)		
As per last Balance Sheet	**-**	-
Addition during the year	**(6.65)**	-
Less: Amortised during the year	**2.00**	-
	(4.65)	-
(Includes ₹ Nil Crores (2011-12 : ₹ Nil Crores) towards share of jointly controlled entities)		
I. Surplus		
As per last Balance Sheet	**9,659.78**	10,102.43
Add: Profit for the year	**501.30**	174.65
Profit Available for appropriation	**10,161.08**	10,277.08
Less : Profit appropriated to Debenture Redemption Reserve	**(227.52)**	(176.15)
Add : Transfer from Debenture Redemption Reserve	**259.19**	-
Less : Profit appropriated to Capital Redemption Reserve	**(0.78)**	(0.78)
Less : Profit appropriated to General Reserve	**(92.19)**	(95.68)
Less : Profit appropriated to Proposed Dividend (Dividend per share ₹ 8.50 (2011 - 12 ₹ 8.50 per share))	**(287.83)**	(287.83)
Less : Profit appropriated to Tax on Distributed Profits	**(46.46)**	(56.86)
	9,765.49	9,659.78
	13,019.57	12,769.18

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
5. LONG TERM BORROWINGS		
Secured Loans :		
Debentures / Bonds		
8.75% Non-Convertible Debentures	**545.00**	-
8.77% Non-Convertible Debentures	**975.00**	-
7.70% Non-Convertible Debentures	**-**	1,000.00
4% Non-Convertible Debentures of ₹ 0.10 Crores each fully paid (Series-I)	**97.63**	-
4% Non-Convertible Debentures of ₹ 0.30 Crores each fully paid	**497.92**	-
4% Non-Convertible Debentures of ₹ 0.30 Crores each fully paid (Series-II)	**622.40**	-
Zero coupon bonds issued to bankers under Corporate Debt Restructuring Scheme	**2.73**	9.10
Term Loans		
From Banks :		
Canara Bank	**17.15**	17.15
Corporation Bank	**10.29**	10.29
Union Bank of India	**308.80**	354.00
Bank of Baroda	**10.31**	8.88
Other Banks	**2,316.22**	3,792.69
Foreign Currency Loan	**3,180.97**	2,364.77
From Others :		
Rupee Loans from Financial Institutions	**126.30**	143.17
Deferred Payment Liabilities (Deferred Sales Tax Loan)	**-**	0.77
	8,710.72	7,700.82
(Includes ₹ 6,881.92 Crores (2011-12 : ₹ 6,346.81 Crores) towards share of jointly controlled entities)		
Unsecured Loans :		
Syndicated Loans from Foreign Banks (repayable in foreign currency)	**7,063.42**	4,401.12
Term Loan from Oil Industry Development Board	**678.19**	958.07
Rupee loan from Banks	**440.32**	235.93
Deferred Payment Liabilities (Deferred Sales Tax Loan)	**187.82**	46.50
Loans and Advances from Related Parties	**539.53**	501.87
	8,909.28	6,143.49
(Includes ₹ 1,482.09 Crores (2011-12 : ₹ 852.12 Crores) towards share of jointly controlled entities)		
	17,620.00	13,844.31

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

	2012-2013	2011-2012
	₹ / Crores	
6. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Assets		
Provision for Employee Benefits	**386.21**	424.50
Others	**349.21**	453.25
Total (A)	**735.42**	877.75
Deferred Tax Liabilities		
Depreciation	**4,063.39**	3,924.67
Others	**405.97**	389.46
Total (B)	**4,469.36**	4,314.13
Deferred Tad Liability (B-A)	**3,733.94**	3,436.38
(Includes ₹ 146.14 Crores (2011-12 : ₹ 361.64 Crores) towards share of jointly controlled entities)		
7 A. OTHER LONG TERM LIABILITIES		
Trade Payables	**7.52**	2.51
Others		
Deposits from Dealers / Suppliers / Consumers	**6,143.67**	5,379.98
Other Deposits	**6.54**	4.26
Accrued Charges / Credits	**0.15**	0.47
Other Liabilities (including retention money and premium accrued but not due on Debentures)	**129.42**	108.12
	6,287.30	5,495.34
(Includes ₹ 76.32 Crores (2011-12 : ₹ 24.28 Crores) towards share of jointly controlled entities)		
7 B. LONG TERM PROVISIONS		
Provision for Employee Benefits	**507.88**	442.55
Other Provisions	**0.33**	-
	508.21	442.55
(Includes ₹ 8.91 Crores (2011-12 : ₹ 5.67 Crores) towards share of jointly controlled entities)		
8. SHORT TERM BORROWINGS		
Secured Loans		
Collateral Borrowing and Lending Obligation (CBLO)	**975.00**	1,260.00
Short Term Loans From Banks (Repayable in Foreign Currency)	**1,485.76**	1,700.26
Working Capital Loans from Banks	**2.69**	2.03
Overdrafts from Banks	**1,381.18**	425.94
	3,844.63	3,388.23
(Includes ₹ 1,488.45 Crores (2011-12 : ₹ 1,701.89 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

		2012-2013	2011-2012
	Unsecured Loans		
	Loans and Advances from Related Parties	**18.75**	15.00
	Inter Company Deposits	**-**	945.00
	Other Loans and Advances		
	Short Term Loans from Banks (Repayable in Foreign Currency)	**20,219.63**	15,612.87
	Rupee Loans from Banks	**40.22**	53.62
	Clean Loans from Banks	**1,449.00**	600.00
	Commercial Papers	**-**	3,140.00
		21,727.60	20,366.49
	(Includes ₹ 571.33 Crores (2011-12 : ₹ 830.66 Crores) towards share of jointly controlled entities)		
		25,572.23	23,754.72
9.	**TRADE PAYABLES**		
	Trade Payables	**14,359.20**	15,498.07
		14,359.20	15,498.07
	(Includes ₹ 4,083.12 Crores (2011-12 : ₹ 3,026.26 Crores) towards share of jointly controlled entities)		
10A.	**OTHER CURRENT LIABILITIES**		
	Current Maturity of Long Term Debts	**2,544.45**	2,569.73
	Interest Accrued but not Due on Loans	**196.98**	225.62
	Interest Accrued and Due on Loans	**2.09**	0.42
	Unpaid Matured Fixed Deposits	**0.02**	0.02
	Other Payables		
	Other Deposits	**130.38**	120.08
	Accrued Charges / Credits	**46.52**	2.17
	Preference Share Capital redeemed remaining unclaimed / unencashed	**0.01**	0.01
	Unclaimed Dividend	**5.11**	5.00
	Outstanding dues of Micro, Small and Medium Enterprises	**8.06**	5.85
	Other Liabilities*	**5,804.74**	5,359.49
		8,738.36	8,288.39

(Includes ₹ 1,725.92 Crores (2011-12 : ₹ 827.04 Crores) towards share of jointly controlled entities)

*Includes Mainly for HPCL - Statutory Liabilities of ₹ 2,060.22 Crores (2011 - 12: ₹ 1,728.71. Crores), Superannuation Fund Scheme of ₹ Nil Crores (2011 - 12: ₹ 330.00 Crores) , Liabilities towards Forward Exchange Contracts of ₹ 472.97 Crores (2011 - 12: ₹ 90.01 Crores), Liabilities relating to retention money payable to Suppliers within one year, Supplies / Project related payables, etc. ₹ 2,387.73 Crores (2011 - 12: ₹ 2,266.15 Crores).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
10B. SHORT TERM PROVISIONS		
Other Employee Benefits	**1,467.78**	1,216.45
Others		
Tax (net of Advance Tax)	**1.56**	6.28
Provision for Dividend	**287.83**	287.83
Fringe Benefit Tax	**0.16**	0.16
Tax on Distributed Profits	**49.91**	52.90
Other Provisions	**55.13**	12.28
	1,862.37	1,575.90

(Includes ₹ 61.77 Crores (2011-12 : ₹ 28.48 Crores) towards share of jointly controlled entities)

11. TANGIBLE ASSETS

₹ / Crores

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
		As at 1st Apr, 2012	Additions/ Reclassifi-cations	Deductions/ Reclassifi-cations	As at 31st Mar, 2013	As at 1st Apr, 2012	For the Year	Deduc-tions	As at 31st Mar, 2013	As at 31st Mar, 2013	As at 31st Mar, 2012
1	Land -Freehold	720.07	24.09	27.46	716.70	-	-	-	-	716.70	720.07
2	Buildings	3,509.22	1,179.62	731.20	3,957.64	431.11	(3.13)	(1.32)	429.30	3,528.35	3,078.11
3	Plant & Equipment	37,502.53	5,185.59	57.90	42,630.59	12,362.49	2,108.36	29.96	14,440.89	28,189.69	25,140.03
4	Furniture & Fixtures	145.67	21.88	2.01	165.54	64.24	8.93	0.80	72.37	93.17	81.43
5	Transport Equipment	174.50	17.28	4.13	187.65	92.17	14.96	2.97	104.16	83.49	82.33
6	Office Equipment	588.66	86.17	54.47	620.36	230.90	53.89	49.06	235.73	384.63	357.76
7	Roads and Culverts	1,856.41	315.74	0.45	2,171.70	163.24	33.18	0.26	196.16	1,975.54	1,693.17
8	Leasehold Property - Land	502.89	17.60	-	520.49	81.32	9.75	(0.93)	92.00	428.49	421.57
9	Railway Siding & Rolling Stock	311.64	6.75	-	318.39	185.09	14.11	0.06	199.14	119.25	126.55
10	Unallocated Capital Expenditure on Land Development	0.20	-	-	0.20	0.20	-	-	0.20	-	-
11	Assets held for Disposal	1.44	0.04	-	1.48	0.05	-	(0.06)	0.11	1.37	1.39
	Grand Total	**45,313.23**	**6,854.76**	**877.62**	**51,290.74**	**13,610.81**	**2,240.05**	**80.80**	**15,770.06**	**35,520.68**	**31,702.41**
	(Includes share of jointly controlled entities)	11,379.02	2,763.81	5.05	13,841.44	1,111.45	289.18	1.91	1,404.06	12,437.38	10,267.57
	Previous Year	31,314.14	14,139.37	141.78	45,313.23	11,833.16	1,895.19	109.13	13,610.81	31,702.41	19,480.97

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

12. INTANGIBLE ASSETS

₹ / Crores

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
		As at 1st Apr, 2012	Additions/ Reclassifications	Deductions/ Reclassifications	As at 31st Mar, 2013	As at 1st Apr, 2012	For the Year	Deductions	As at 31st Mar, 2013	As at 31st Mar, 2013	As at 31st Mar, 2012
1	Right of Way	44.67	4.62	-	49.29	-	1.77	-	1.77	47.52	44.67
2	Technical / Process Licenses	63.00	-	-	63.00	19.07	8.73	-	27.80	35.20	43.93
3	Software	152.96	90.99	2.10	241.85	118.33	24.60	1.66	141.26	100.59	34.62
4	Share of Intangible Assets in JVs :										
	ONGC Marginal Fields (PI - 50%)	9.86	-	-	9.86	0.69	0.12	-	0.81	9.04	9.17
	Project Sanganpur (PI - 50%)	6.72	0.03	-	6.75	0.08	0.01	-	0.09	6.66	6.64
	Grand Total	**277.21**	**95.64**	**2.10**	**370.75**	**138.17**	**35.23**	**1.66**	**171.74**	**199.00**	**139.03**
	(Includes share of jointly controlled entities)	15.28	71.63	-	88.74	6.61	5.80	-	12.82	75.92	8.67
	Previous Year	239.82	28.49	0.03	277.21	103.53	33.72	0.01	138.17	139.03	136.28

Significant notes of respective components for tangible and intangible assets are given below:
(figures for joint ventures are reported at total amounts and not on proportionate basis)

1. HPCL

a. Includes Gross Block of ₹ 73.34 Crores (2011-2012: ₹ 72.98 Crores) being HPCL's Share of Cost of Land & Other Assets jointly owned with other Oil Companies.

b. Includes Gross Block of ₹ 35.32 Crores (2011-2012 : ₹ 35.32 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.

c. Includes Assets under verification – Gross Block: NIL/Net Block: NIL (2011-12: Gross Block: ₹ 52.70 crores/Net Block: ₹ 5.53 crores) on which provision of NIL (2011-12: ₹ 5.53 crores) was made pending verification.

d. Depreciation for the year includes reversal of excess depreciation on building charged in earlier years of ₹ 60.85 crores (2011-12: NIL) on account of re-classification of various assets under Factory Building, Non-Factory Building and Fences, and additional charge of ₹ 14.36 crores (2011-12: NIL) on Plant and Machinery on account of other adjustments and reversal of excees depreciation charged in earlier years of ₹ 3.94 crores (2011-12 : NIL) on Leasehold Land. These have been disclosed under the head "Depreciation" in note no. 28 on Prior period expenses / (income).

e. Cost of Right of Way upto Financial Year 2011-12 was capitalised as Intangible Asset and not amortised being perpetual in nature. Right of Way is now being amortised over a period of 99 years, which has resulted in additional depreciation/amortisation in the current year of ₹ 1.77 crores including ₹ 1.33 crores related to Prior Periods which has been disclosed under the head "Depreciation" in note no. 28 on Prior period expenses / (income).

f. Includes following assets which are used for distribution of PDS Kerosene under Jana KalyanPariyojana against which financial assistance is being provided by OIDB.

Description	Original Cost (₹ / Crores) (31.03.2013)	Original Cost (₹ / Crores) (31.03.2012)
Roads & culverts	0.14	0.16
Buildings	1.64	1.68
Plant & Equipment	2.82	3.25
Total	**4.60**	**5.09**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

2. MRPL

1. Leasehold property – Landincludes ₹ 25.37 crores (Previous Year ₹ 26.15 crores) which has not been amortised in view of the fact that eventually the ownership will get transferred to MRPL on expiry of the lease period, of which ₹ 1.15 crores (2011-12: ₹ 1.15 crores) is in the process being surrendered to Competent Authority. Net Block ₹ 1.15 crores (2011-12: ₹ 1.15 crores).
2. Leasehold property – Land includes land value ₹ 4.03 crores (2011-12: ₹ 2.99 crores), which is in possession of the company towards which formal lease deeds are yet to be executed. Net Block ₹ 4.03 crores (2011-12: ₹ 2.99 crores)
3. Plant and Equipment includes ₹ 78.30 crores (2011-12: ₹ 78.30 crores) being MRPL's share of an asset jointly owned with another Company. Net Block ₹ 7.94 crores (2011-12 ₹ 12.07 crores).

3. HMEL

a. Plant and equipment includesplant and equipment on leasehold land having Gross Block of ₹ 1363.90 crores (2011 – 12 : ₹1309.70 crores) , at Mundra which needs to be surrendered to Mundra Port and Special Economic Zone Limited (MPSEZ) at the expiry of lease period at a residual value, to be determined based on a formula specified in the agreement with MPSEZ.

b. Details of Expenditure during construction periodwhich are capitalized is given below; (refer note # 37 (a) :

₹ / Crores

	2012-2013	2011-2012
Balance brought forward from previous period	-	1,729.13
Cost of raw materials consumed	12,854.80	923.39
Employee benefit expense		
Salaries and wages	90.70	128.92
Contribution to provident fund	5.60	5.89
Gratuity expenses	0.87	1.46
Compensated absences	1.77	2.11
Staff welfare expenses	10.10	8.92
Other expenses		
Port charges	182.10	-
Power and fuel	-	40.75
Loading and unloading expenses	0.82	0.92
Stores and spares consumed	72.49	5.99
Lease rent for land	-	1.20
Rent	8.58	7.71
Insurance	30.93	25.30
Facility maintenance	-	3.70
Repair and maintenance		
Plant and machinery	83.90	8.15
Buildings	4.00	5.09
Others	9.00	5.67
Professional and consultancy fees	13.53	50.76
Rates and taxes	0.90	5.11
Security charges	4.50	17.12
Recruitment expenses	0.33	4.05
Travel and conveyance	8.24	24.09
Lease rent on cars	10.30	1.04
Communication expenses	3.80	3.19
Printing and stationery	1.20	2.75
Community welfare expenses	0.80	2.44
Miscellaneous expenses	16.00	1.81
Excise duty reversal on exempted finished goods	17.13	-
Increase of excise duty on inventories	4.50	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
Freight outward	53.20	0.02
Outsourced services	24.33	-
Depreciation/ amortization	-	14.58
Finance cost		
Bank charges	26.54	3.80
Borrowing costs		
Interest [includes loss on interest rate swap of ₹ 18.90 crores (previous year Nil)]	1,045.34	913.85
Loan facility and management fees	18.02	20.62
Exchange difference to the extent considered as an adjustment to borrowing cost	396.48	197.45
Total (a)	15,000.80	4,165.98
Less:		
Revenue from operations		
Sale of finished goods	11,450.20	20.15
Less: excise duty	(907.05)	0.18
Other income		
Interest income on		
Bank deposits	15.43	5.72
Other non-operating income	14.58	14.25
Inventory produced during test run	1,609.97	473.52
Total (b)	12,183.18	513.45
Total (a-b)	2,817.62	3,652.53
Less: Transferred to gross block of fixed assets(c)	(2,817.62)	(3,652.53)
Net Balance (a-b-c)	-	-

13. CAPITAL WORK-IN-PROGRESS

	2012-2013	2011-2012
Unallocated Capital Expenditure and Materials at Site	5,686.32	5,328.09
Capital Stores	0.07	100.31
Capital Stores Lying with Contractors	80.18	200.03
Capital Goods in Transit	126.66	30.70
	5,893.23	5,659.13
Construction Period Expenses Pending Apportionment (Net of Recovery)		
Establishment Charges	149.73	137.06
Borrowing Costs	518.18	311.36
Depreciation	0.02	0.14
Other Expenses Incurred during Construction	0.99	17.99
	668.92	466.55
	6,562.15	6,125.68

(Includes ₹ 1,365.91 Crores (2011-12 : ₹ 1,672.33 Crores) towards share of jointly controlled entities)

13A. INTANGIBLE UNDER DEVELOPMENT*

	2012-2013	2011-2012
ONGC Onshore Marginal Fields	1.36	1.38
SR-ONN-2004-01 (South Rewa Block)	1.76	0.01
	3.12	1.39

* Pertains to wholly owned subsidiary Prize Petroleum Company Limited (PPCL).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

		₹ / Crores	
		2012-2013	2011-2012
14. NON CURRENT INVESTMENTS			
Trade Investments			
Quoted			
Investment in Equity			
Oil India Ltd.			
[1,33,75,275 Equity Shares (2011-12 : 53,50,110 Equity Shares) of ₹ 10 each fully paid up]*		**561.76**	561.76
Scooters India Ltd.			
[10,000 Equity Shares of ₹ 10 each fully paid up]		**0.01**	0.01
Investment in Government Securities			
6.90% Oil Marketing Companies' GOI Special Bonds 2026**		**3,500.00**	3,500.00
Unquoted			
Investment in Equity			
Investments in Joint Venture			
Petronet India Ltd.			
[1,59,99,999 Equity Shares of ₹ 10 each fully paid up]		**16.00**	16.00
Less : Provision for diminution		**(16.00)**	(16.00)
Investment in Other Non-Current Investments			
Petroleum India International (Association of Persons) contribution towards Seed Capital		**5.00**	5.00
	(A)	**4,066.77**	4,066.77
Other Investments			
Unquoted			
Investment in Government Securities			
Government Securities of the face value of ₹ 0.02 Crores			
Deposited with Others		**0.02**	0.02
On hand - ₹ 0.25 lakhs (2011-12 : ₹ 0.25 lakhs)		**0.00**	0.00
Government Securities of the face value of ₹ 0.24 lakhs			
Deposited with Others - ₹ 0.10 lakhs		**0.00**	0.00
On hand*** - ₹ 0.14 lakhs (2011-12 : ₹ 0.14 lakhs)		**0.00**	0.00
Less: Provision for diminution on Investments***		**0.00**	0.00
Nil (2011-12 : ₹ 0.14 lakhs)			
Investment in Debentures or Bonds			
East India Clinic Ltd.			
1/2% Debenture of face value of - ₹ 0.15 lakhs		**0.00**	0.00
5% Debenture of face value of - ₹ 0.07 lakhs		**0.00**	0.00
Investment in Other Non - Current Investments			
Shushrusha Citizen Co-operative Hospital Limited			
[100 Equity Shares of ₹ 100 each fully paid up]		**0.00**	0.00
	(B)	**0.02**	0.02
	(A + B)	**4,066.79**	4,066.79
(Includes ₹ Nil Crores (2011-12 : ₹ Nil Crores) towards share of jointly controlled entities)			

* Includes 80,25,165 bonus shares issued during the current year.

** ₹ 2,750 Crores (2011-12 : 2,740 Crores) bonds pledged with Clearing Corporation of India Limited against CBLO loans.

*** Includes ₹ 0.14 lakhs (2011-12 : ₹ 0.14 lakhs) not in the possession of the Company.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
15. LONG TERM LOANS AND ADVANCES		
Secured, Considered Good		
Employee Loans and Advances	**241.77**	241.31
Interest Accrued Thereon	**169.42**	138.24
Capital Advances	**1.35**	-
Unsecured, Considered Good		
Capital Advances	**67.88**	149.27
Other Loans and Advances		
Advances Recoverable in Cash or in Kind or For Value to be Received	**9.66**	50.67
Balances with Excise, Customs, Port Trust etc.	**68.49**	40.24
Other Deposits	**85.69**	66.31
Prepaid Expenses	**11.44**	-
MAT Credit Entitlements	**407.18**	268.77
Share Application Money Pending Allotment	**13.91**	3.73
Advance Towards Equity	**237.81**	173.76
Advances Given to Others	**12.00**	12.00
Advance Tax (Net of Provisions)	**111.43**	171.93
Other Receivables*	**163.08**	166.69
	1,601.11	1,482.92
*Includes Working Capital Loans to customers ₹ 52.65 Crores (2011 - 2012 : ₹ 57.67 Crores) and Statutory Receivables of ₹ 109.02 Crores (2011 - 2012 : ₹ 109.02 Crores)		
Unsecured, Considered Doubtful		
Other Receivables and Deposits	**0.07**	0.09
Less: Provision for Doubtful Receivables and Deposits	**(0.07)**	(0.09)
	-	-
	1,601.11	1,482.92
(Includes ₹ 148.44 Crores (2011-12 : ₹ 184.37 Crores) towards share of jointly controlled entities)		
16. OTHER NON CURRENT ASSETS		
Unamortized Expenses (including Ancillary Cost refer note # 35)	**132.20**	101.35
Others	**25.48**	34.47
	157.68	135.82
(Includes ₹ 61.58 Crores (2011-12 : ₹ 67.45 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
17. CURRENT INVESTMENTS		
TRADE INVESTMENTS (Quoted)		
Investment in Government Securities		
7.61% Oil Marketing Companies' GOI Special Bonds, 2015	**5.10**	5.02
6.90% Oil Marketing Companies' GOI Special Bonds, 2026	**23.64**	22.45
8.00% Oil Marketing Companies' GOI Special Bonds, 2026	**24.02**	22.93
8.20% Oil Marketing Companies' GOI Special Bonds, 2024	**123.49**	605.02
6.35% Oil Marketing Companies' GOI Special Bonds 2024	**2,184.61**	2,231.65
	2,360.86	2,887.07
Unquoted		
Investment in Government Securities		
7.00% GOI Bonds, 2012 (valued at cost)	**-**	4.62
	2,360.86	2,891.69
(Includes ₹ Nil Crores (2011-12 : ₹ 4.62 Crores) towards share of jointly controlled entities)		
Aggregate provision made for diminution in value of Current Investments	**350.85**	532.64
Aggregate of quoted investments - Market Value ₹ 2360.86 Crores (2011 - 12 : ₹ 2887.07 Crores), Cost ₹ 2711.71 Crores (2011- 12 : ₹ 3419.71 Crores)		
18. INVENTORIES		
(As per Inventory taken, valued and certified by the Management)		
Raw Materials [including in transit ₹ 1,265.38 Crores (2011-12: ₹ 3,065.06 Crores)]	**5,062.82**	7,733.64
Work - In - Progress	**2,229.42**	1,973.28
Finished Goods	**8,249.68**	7,338.91
Stock - In - Trade [including in transit ₹ 182.44 Crores (2011-12: ₹ 310.86 Crores)]	**4,635.48**	5,637.22
Stores and Spares [including in transit ₹ 13.36 Crores (2011-12: ₹ 28.42 Crores)]	**541.22**	294.53
Packages	**14.79**	8.37
	20,733.41	22,985.95
(Includes ₹ 4,192.63 Crores (2011-12 : ₹ 3,463.16 Crores) towards share of jointly controlled entities)		
19. TRADE RECEIVABLES		
Over six months (from the due date)		
Secured Considered Good	**0.01**	-
Unsecured Considered Good	**43.45**	151.72
Considered Doubtful	**132.47**	123.80
Less: Provision for Doubtful Debts	**(132.47)**	(123.80)
	43.46	151.72

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
Others		
Secured Considered Good	**8.39**	7.95
Unsecured Considered Good	**5,562.25**	3,896.55
Considered Doubtful	**0.83**	27.42
Less: Provision for Doubtful Debts	**(0.83)**	(27.42)
	5,570.64	3,904.50
	5,614.10	4,056.22
(Includes ₹ 700.63 Crores (2011-12 : ₹ 516.29 Crores) towards share of jointly controlled entities)		
20. CASH AND BANK BALANCES		
Cash and Cash Equivalent		
With Scheduled Banks		
On Current Accounts	**161.05**	231.63
On Non-Operative Current Accounts	**0.01**	0.01
Cheques Awaiting Deposit	**0.41**	1.55
Cash on Hand	**11.70**	9.89
Fixed Deposits with Banks	**553.74**	314.74
	726.91	557.82
Other Bank Balances		
With Scheduled Banks		
On Fixed Deposit Accounts	**1.75**	170.74
Earmarked for Unclaimed Dividend	**5.11**	5.00
In current account with Municipal Co-operative Bank Ltd.	**0.06**	0.06
Other Bank Balances & Deposits	**130.88**	0.40
	137.80	176.20
	864.71	734.02
(Includes ₹ 703.24 Crores (2011-12 : ₹ 485.6 Crores) towards share of jointly controlled entities)		
21. SHORT TERM LOANS AND ADVANCES		
Secured, Considered Good		
Employee Loans and Advances	**111.87**	351.27
Interest Accrued Thereon	**4.74**	28.21
Unsecured, Considered Good		
Loans and Advances to Related Party	**56.79**	45.45
Others		
Advances recoverable in Cash or in Kind or for value to be Received	**49.66**	13.23
Balances with Excise, Customs, Port Trust etc.	**518.62**	1,002.13
Other Deposits	**36.00**	47.84

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
Prepaid Expenses	**38.10**	110.02
Amounts Recoverable Under Subsidy Schemes	**12,663.94**	8,520.76
Advance Tax (Net of Provisions)	**2.53**	4.43
Other Receivables*	**726.98**	614.24
	14,209.23	10,737.58
Unsecured, Considered Doubtful		
Other Receivables & Deposits	**4.00**	3.99
Less : Provision for Doubtful Receivables & Deposits	**(4.00)**	(3.99)
	-	-
	14,209.23	10,737.58

* Includes : ₹ 535.87 Crores (2011 - 12 ₹ 488.51 Crores) deposits made with LIC for liability towards Leave Encashment. (Includes ₹ 236.77 Crores (2011-12 : ₹ 707.2 Crores) towards share of jointly controlled entities)

22. OTHER CURRENT ASSETS

	2012-2013	2011-2012
Interest Accrued on Investments and Term Deposits	**88.30**	93.50
Unamortized Expenses	**53.81**	26.07
Delayed Payment Charges Receivable from Customers	**219.78**	143.96
Less : Provision for Doubtful Receivables	**(66.72)**	-
Others (including Gains on Forward Exchange Contracts receivables ₹ Nil (2011 - 12 : ₹ 222.69 Crores))	**71.10**	239.55
	366.27	503.08

(Includes ₹ 16.62 Crores (2011-12 : ₹ 22.82 Crores) towards share of jointly controlled entities)

23A. GROSS SALES OF PRODUCTS

	2012-2013	2011-2012
Sale of Products (Net of Discount)	**200,319.23**	176,532.74
Recovery Under Subsidy Schemes	**25,626.63**	19,119.58
	225,945.86	195,652.32

(Includes ₹ 10411.08 Crores (2011-12 : ₹ 7821.12 Crores) towards share of jointly controlled entities)

23B. OTHER OPERATING REVENUES

	2012-2013	2011-2012
Rent Recoveries	**90.72**	79.82
Net Recovery for LPG Filling Charges	**2.83**	2.56
Miscellaneous Income	**110.35**	114.22
	203.90	196.60

(Includes ₹ 2.06 Crores (2011-12 : ₹ 1.66 Crores) towards share of jointly controlled entities)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
23C. OTHER INCOME		
Interest Income on		
Deposits	**27.68**	59.62
Staff Loans	**19.20**	13.21
Customers' Accounts	**138.62**	100.35
Long Term Investments	**241.50**	241.50
Current Investments	**207.70**	287.15
Others	**106.60**	61.07
Dividend Income	**43.95**	34.94
Share of Profit from Petroleum India International (AOP)	**0.61**	0.37
Miscellaneous Income	**278.66**	222.24
	1,064.52	1,020.45
(Includes ₹ 70.87 Crores (2011-12 : ₹ 72.51 Crores) towards share of jointly controlled entities)		
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE (INCREASE)/DECREASE		
Closing Stock		
Work - In - Progress	**2,229.42**	1,973.28
Finished Goods	**8,249.68**	7,338.91
Stock - in - Trade	**4,635.48**	5,637.22
	15,114.58	14,949.41
Opening Stock		
Work - In - Progress	**1,973.28**	1,735.85
Finished Goods	**7,338.91**	6,537.72
Stock - in - Trade	**5,637.22**	5,310.65
	14,949.41	13,584.22
	(165.17)	(1,365.19)
(Includes ₹ 1013.15 Crores (2011-12 : ₹ 148.51 Crores) towards share of jointly controlled entities)		
25. EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages, Bonus, etc.	**1,753.49**	1,146.06
Contribution to Provident Fund	**140.18**	81.18
Pension, Gratuity etc.	**459.85**	63.52
Employee Welfare Expenses	**266.65**	352.64
	2,620.17	1,643.40
(Includes ₹ 79.57 Crores (2011-12 : ₹ 56.02 Crores) towards share of jointly controlled entities)		
26. FINANCE COSTS		
Interest Expenses	**1,492.99**	1,370.34
Other Borrowing Costs	**947.25**	245.60
Applicable net (Gain)/Loss on Foreign Currency Transactions and Translation	**(60.44)**	865.37
	2,379.80	2,481.31
(Includes ₹ 312.05 Crores (2011-12 : ₹ 250.81 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
27. OTHER EXPENSES		
Consumption of Stores, Spares and Chemicals	**190.58**	133.98
Power and Fuel	**2,709.84**	2,442.80
Less : Fuel of Own Production Consumed	**(2,037.57)**	(1,908.80)
	672.27	534.00
Repairs and Maintenance - Buildings	**38.54**	34.85
Repairs and Maintenance - Plant & Machinery	**644.29**	524.53
Repairs and Maintenance - Other Assets	**180.06**	153.22
Insurance	**52.39**	37.25
Rates and Taxes	**126.26**	124.80
Irrecoverable Taxes and Other Levies	**184.89**	153.74
Equipment Hire Charges	**7.08**	4.19
Rent	**186.64**	161.56
Travelling and Conveyance	**163.45**	127.99
Printing and Stationery	**14.90**	13.53
Electricity and Water	**458.70**	438.24
Charities and Donations	**21.82**	26.54
Stores & Spares Written Off	**0.60**	0.24
Loss on sale of Current Investment	**33.58**	96.56
Provision / (Reversal) for Diminution in Value of Current Investments	**(181.79)**	(4.28)
Provision for Doubtful Receivables (after adjusting provision no longer required)	**(0.33)**	0.14
Provision for Doubtful Debts (after adjusting provision no longer required)	**49.45**	4.81
Loss on Sale / Write Off of Fixed Assets/ CWIP (net)	**12.93**	9.97
Security Charges	**102.14**	88.84
Advertisement & Publicity	**92.87**	82.78
Sundry Expenses and Charges (not otherwise Classified)	**1,199.82**	693.51
Consultancy & Technical Services	**43.90**	41.38
Exchange Rate Variations (Net)	**855.89**	1,173.23
	5,150.93	4,655.60
(Includes ₹ 1,225 Crores (2011-12 : ₹ 376.19 Crores) towards share of jointly controlled entities)		
Note		
Payment to auditors included in sundry expenses and charges		
Audit Fees	**0.66**	0.48
Other Services	**0.40**	0.20
Reimbursement of Expenses	**0.10**	0.19
	1.16	0.87
(Includes ₹ 0.7 Crores (2011-12 : ₹ 0.34 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

₹ / Crores

	2012-2013	2011-2012
28. PRIOR PERIOD EXPENSES / (INCOME)		
Expenditure on Enabling Assets	**-**	1.71
Repairs and Maintenance - Plant & Machinery	**-**	0.11
Depreciation	**(49.10)**	(10.71)
Finance Costs	**(64.82)**	0.29
Exchange Rate Variations	**0.53**	(1.21)
Others	**1.28**	(13.43)
	(112.11)	(23.24)

[Includes ₹ (0.81) Crores (2011-12 : ₹ (8.94) Crores towards share of jointly controlled entities]

29. During the current financial year 2012-13, ONGC and GAIL offered discount on prices of crude, PDS SKO and Domestic LPG purchased from them. Accordingly, HPCL has accounted the discount as under :

(a). ₹ 1,587.82 Crores (2011-12 : ₹ 1,868.12 Crores) discount received on purchase of PDS SKO and Domestic LPG from ONGC and GAIL has been adjusted against purchases of stock-in-trade.

(b). ₹ 9,600.71 Crores (2011-12 : ₹ 10,211.63 Crores) discount received on Crude Oil purchased from ONGC has been adjusted against purchase cost of Crude Oil.

30. In principle approval of Government of India for Budgetary Support amounting to ₹ 24,825.28 Crores (2011-12 : ₹ 18,342.77 Crores), has been received and the same has been accounted under "Recovery under subsidy schemes" under the head Revenue from operations.

31. In accordance with the option as per AS-11 (notified under the Company's Accounting Standards Rules, 2006) exercised in the year 2008-09, HPCL has adjusted the exchange differences arising on long term foreign currency monetary items to the cost of assets and depreciated over the balance life of the assets. HPCL has continued to exercise the option during the year 2012-13 as per Ministry of Corporate Affairs' Notification.

32. In accordance with the option exercised by HPCL as referred in note # 31, an amount of ₹ 4.65 Crores (gross of tax) related to non-depreciable assets is remaining to be amortized over the balance period of loan in Foreign Currency Monetary Item Translation Difference Account as at 31st March, 2013.

33. (a). HPCL

Exchange differences arising from Syndicated Loans from Foreign Banks (repayable in foreign currency) taken for acquisition of fixed assets, to the extent that they were regarded as an adjustment to interest cost, were being treated as finance costs in line with the guidance issued by MCA during May 2009. During the year and pursuant to clarification dated 9th August 2012 by MCA, such exchange differences pertaining to all the Syndicated Loans from Foreign Banks (repayable in foreign currency) taken by HPCL have now been treated as foreign exchange fluctuation and accordingly retrospectively adjusted to the carrying costs of the related assets. Consequently, exchange difference of ₹ 95.56 Crores pertaining to previous years and charged to the Statement of Profit and Loss Account has been written back and correspondingly credited in Finance Cost during the year. This change has resulted in increase in Profits for the year before tax (net of depreciation) for the year by ₹ 62.52 Crores.

(b). HMEL (figures for joint ventures are reported at total amounts and not on proportionate basis)

As per the guidance issued by the Accounting Standard Board of the Institute of Chartered Accountants of India ('ICAI'), the exchange losses arising from long term foreign currency borrowings to the extent that they were regarded as an adjustment to interest cost, were treated as borrowing cost in terms of the Accounting Standard (AS)-16, "Borrowing Costs". The Ministry of Corporate Affairs ('MCA') issued a clarification on 9th August, 2012 that w.e.f. 1st April 2011, companies which had adopted paragraph 46A of AS - 11, "The Effects of changes in Foreign Exchange Rates" should treat such exchange losses as foreign exchange fluctuation instead of borrowing costs. Since HMEL had adopted paragraph 46A of AS-11 in the previous year, exchange differences of ₹ 64.80 Crores which were treated as borrowing costs in the previous year and ₹ 136.60 Crores arising during the current year have been treated as exchange differences as per AS-11 and have been accordingly capitalised. Consequently, the depreciation charge for the current

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

year is higher by ₹ 19.10 Crores, the carrying value of fixed assets as at 31st March, 2013 is higher and debit balance in Statement of Profit and Loss are lower by ₹ 182.30 Crores.

Corresponding impact of the above in the Consolidated Financial Statements due to proportionate consolidation are, depreciation charge higher by ₹ 9.32 Crores, carrying value of fixed assets and profit for the year are higher by ₹ 89.00 Crores.

(c). MRPL (figures for joint ventures are reported at total amounts and not on proportionate basis)

Pursuant to Notification no GSR (914) E dated 29th December 2011 issued by MCA , the Company has opted to adjust exchange difference arising on reporting of long term foreign currency monetary items, in so far as, they relate to the acquisition of depreciable asets, against the cost of such assets and depreciate the said adjustment over the balance life of the assets from the financial year ending 31st March, 2012.

Pursuant to Notification dated 9th August 2012 issued by MCA, MRPL capitalised the exchange differences including for the period subsequent to the completion of construction of assets. Had this not been followed, the exchange differences amounting to ₹ 0.31 Crores relating to capitalized assets would have been credited to Statement of Profit and Loss and Fixed Assets would have been higher to that extent for the year ended 31st March, 2013.

Corresponding impact of the above in the Consolidated Financial Statements due to proportionate consolidation is Fixed Assets are lower by ₹ 0.05 Crores.

34. Hitherto, in case of HPCL, premium on forward exchange contracts entered into to hedge the liability towards Long term Syndicated Loans from Foreign Banks (repayable in foreign currency) were amortized over the period of the External Commercial borrowing. As per AS 16, Borrowing Costs include costs incurred by an enterprise in connection with borrowing of funds. Accordingly, during the current financial year, the premium on forward exchange contracts entered into to hedge the liability towards External Commercial borrowings have been considered as borrowing costs as per AS 16. Consequently, an amount of ₹ 64.82 Crores has been capitalized in the current financial year and disclosed as a part of note # 28, "Prior Period Expenses / (Incomes)". As a result, profit for the year before tax (net of depreciation) is higher by ₹ 52.43 Crores during the current financial year.

35. In case of HPCL, ancillary costs incurred towards raising of Long term Syndicated Loans from Foreign Banks (repayable in foreign currency) is being amortized over the tenure of the loan. Total amount of such ancillary costs remaining unamortized as on the balance sheet date is ₹ 118.89 Crores (2011-12 : ₹ 81.71 Crores).

36. (a) Considering the uncertainties attached to certain benefits under the Income Tax Act, HPCL 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 legal precedents, tax has not been provided for.

Accordingly, upon receipt of Appellate Orders covering the assessment periods 1991-92 to 1995-96, 1997-98, 2000-01 to 2002-03 & 2009-10, and Assessment Order for the assessment year 2010-11 during the year, HPCL has reversed provision for tax/deferred tax/MAT Credit Entitlement amounting to ₹ 20.58 Crores (2011-12: ₹ 58.11 Crores) after duly considering MAT Credit, available for set off u/s 115JAA of the Income Tax Act, 1961.

For other assessment years, a reversal of provision for tax/deferred tax /MAT credit Entitlement amounting to ₹ 40.04 Crores (2011-12: ₹ 37.67 Crores) is made after duly considering MAT Credit, available for set off U/s 115JAA of the Income Tax Act, 1961.

The above reversal of provision of ₹ 60.62 Crores (2011-12: ₹ 95.78 Crores) for earlier years relating to HPCL is included in "Provision for Tax for earlier years written back (net)" in the Statement of Profit and Loss.

(b). The recognition of MAT Credit Entitlements of ₹ 406.85 Crores as at 31st March, 2013 of HPCL (₹ 268.77 Crores as at 31st March, 2012) is on the basis of cogent evidence that HPCL will be able to avail the credit during the period specified in section 115JAA of the Act.

37. EXCEPTIONAL ITEMS - EXPENSES / (INCOME)

The exceptional items (income) for the year of ₹ 275.14 Crores include as under,

(a) HMEL

HMEL completed mechanical completion of all the units and obtained approvals from relevant statutory authorities and commenced refining of crude oil during the financial year ended 31st March 2012 and capitalised most of the units. However, during the current year based on technical opinions, HMEL realised that the plant was under test run due to high complexity involved in integrating petrochemical complex upto 30th December, 2012, as it was only then that the

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

plant started producing commercially feasible quality and quantities of finished goods. Consequently, net additional expenditure of ₹ 2,817.60 Crores (including net expenditure of ₹ 548.20 Crores for the period upto 31st March, 2012 under exceptional items) has been capitalised during the year. Further, depreciation charge of ₹ 82.50 Crores for the previous year has been netted with the charge during the current year.

The proportionate figure of exceptional item pertaining to above of ₹ 267.60 Crores is considered in the Consolidated Financial Statements.

(b). MRPL

Pursuant to the order of Tariff Authority for Major Ports (TAMP) no TAMP/22/2012-NMPT dated 1st April, 2013 notified in Gazette of India dated 12th April, 2013 fixing the wharfage rates for the years 2002-03 to 2008-09, MRPL has recognised ₹ 44.45 Crores as receivable from NMPT and the same is considered as income under Exceptional items.

The proportionate figure of exceptional item pertaining to above of ₹ 7.54 Crores is considered in the Consolidated Financial Statements.

38. RELATED PARTY DISCLOSURE

(a) Names and relationship with related parties

Joint venture companies

Mittal Energy Investments Pvt. Ltd.
Oil and Natural Gas Corporation Ltd.
ONGC Mangalore Petrochemicals Ltd.
Shell MRPL Aviation Fuels & Services Pvt. Ltd.
Mangalam Retail Services Ltd.
Mangalore Special Economic Zone
Total Gas Power India (TGPI) France
Total Project India Pvt. Ltd.
Hydrocarbon Resources Development Pvt. Company Ltd.
Jai Prakash Associates Ltd.
Trenergy, Malaysia, Valdel Oil & Gas Pvt. Ltd.
COLASIE SA, France
COLAS SA, France

Key management personnel of the group companies

Shri S. Roy Choudhury, Chairman and Managing Director
Dr. V. Vizia Saradhi, Director - Human Resources (till 31.07.2012)
Shri B. Mukherjee, Director - Finance
Shri K. Murali - Director - Refineries
Smt. Nishi Vasudeva, Director - Marketing (w.e.f 04.07.2011)
Shri. Pushp Kumar Joshi (w.e.f 01.08.2012)
Shri. Arvind Huilgol, Manager (till 26.05.2011)
Shri. M Somasundar, Manager (w.e.f 27.05.2011)
Shri. D K Hota, CEO (till 31.05.2012)
Shri. V. N. Nehete, CEO (w.e.f 01.06.2012)
Shri. P. Dwarkanath, CEO & Director
Shri U. K. Basu, Managing Director
Shri P P Upadhya, Director - Technical
Shri Vishnu Agarwal, Director - Finance
Shri P P Nadkarni, Managing Director (till 17.04.2012)
Shri Anil Khurana, Managing Director (w.e.f 18.04.2012)
Shri M. R. Pasrija, Managing Director. (till 31.12.2011)
Shri. Sahastra Pal Singh, Manager & CEO (till 31.08.2012)
Shri. Mukesh Kumar Surana, Manager & CEO (w.e.f 01.09.2012)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

Shri. Pardeep Madan, Managing Director
Shri. Dushyant Shah, Director - Commercial
Shri. N. K. Agarwal, Managing Director
Shri. S.Sreenivasulu, Director - Commercial
Shri. Prabh Das, Managing Director & CEO
Shri. Rajan Tandon, Director
Shri V. Anantharaman, Manager
Shri Tapan Ray, IAS, Chairman
Shri Ravindra Agrawal, Director
Shri N. Bosebabu, Director
Shri Sanjay Grover, Manager

(b) Details of transactions with related parties

₹ / Crores

Transactions with joint venture companies	**2012-13**	2011-12
Purchases	**92.63**	-
Investment in Equity / Share Application Money Received	**497.27**	261.90
Services Rendered / (Received)	**0.83**	(1.95)
Outstanding balances as on	**31.03.2013**	31.03.2012
Share Application Money Pending Allotment	**472.20**	261.90
Trade Payables	**11.58**	0.37
Remuneration paid to Key Management Personnel	**2012-13**	2011-12
Salaries and allowances	**3.02**	2.66
Contribution to provident fund	**0.11**	0.10
Pension and gratuity	**0.18**	0.03
Other benefits	**1.28**	0.47
	4.59	3.26

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

Summarized disclosure on defined benefit plans for Gratuity, Leave encashment and other employee benefits (as applicable) is given hereunder:

₹ / Crores

Particulars	**01.04.2012**	**31.03.2013**	**Change**
Defined Benefit Obligation (DBO)	**1,369.34** *1,226.31*	**1,575.48** *1,369.34*	**206.14** *143.03*
Fair value of Assets	**949.86** *637.57*	**1,012.63** *949.86*	**62.77** *312.29*
Amount recognized in the Balance Sheet - Liability		**562.84** *419.47*	
Total expenses recognized in Statement of Profit & Loss		**188.89** *159.89*	

Previous year's figures are given in italics.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

	2012-13	2011-12
	₹ / Crores	
40. CONTINGENT LIABILITIES AND COMMITMENTS		
(a) Contingent Liabilities		
(i) Claims against the Group not acknowledged as debts	**607.30**	323.22
(ii) Guarantees		
Given to others	**56.94**	59.41
Given on behalf of Subsidiaries / Joint Ventures	**-**	-
	56.94	59.41
(iii) Other money for which the Group is contingently liable		
Disputed demands / claims involving appeals / representations filed by the Group		
Income Tax	**119.90**	101.92
Sales Tax / Octroi	**4,260.62**	2,895.79
Excise / Customs / Service Tax	**404.65**	443.03
Land Rentals & Licence Fees	**98.90**	93.64
Others	**125.99**	87.65
	5,010.06	3,622.03
Disputed demands / claims involving appeals filed against the Group		
Income Tax	**-**	0.31
Sales Tax / Octroi	**10.30**	17.52
Excise / Customs	**27.62**	34.01
Employee Benefits / Demands (to the extent quantifiable)	**183.44**	167.16
Enhancement of Compensation against land acquired	**27.00**	21.91
Local Levies	**0.02**	0.62
Others	**287.03**	267.29
	535.41	508.82
	6,209.71	4,513.48
(Includes ₹ 170.2 Crores (2011-12 : ₹ 142.09 Crores) towards share of jointly controlled entities)		
(Includes ₹ 231.28 Crores (2011-12 : ₹ 366.73 Crores) towards share of jointly controlled operations)		
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**3,399.20**	609.49
Other commitments	**615.73**	6.71
	4,014.93	616.20
(Includes ₹ 409.87 Crores (2011-12 : ₹ 590.78 Crores) towards share of jointly controlled entities)		
(Includes ₹ 530.96 Crores (2011-12 : ₹ 479.29 Crores) towards share of jointly controlled operations)		
	10,224.64	5,129.68

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

41. SEGMENT REPORTING

Information regarding Primary Segment Reporting as per AS-17 for the year ended 31st March, 2013.

₹ / Crores

Particulars	2012-13 Downstream Petroleum	2012-13 Exploration & Production	2012-13 Eliminations	2012-13 Total	2011-12 Downstream Petroleum	2011-12 Exploration & Production	2011-12 Eliminations	2011-12 Total
Revenue :								
External revenue	**216,431.79**	**1.00**	**-**	**216,432.79**	185,505.47	0.63	-	185,506.10
Inter-segment revenue	**-**	**6.21**	**(6.21)**	**-**	-	0.03	(0.03)	-
Total revenue	**216,431.79**	**7.21**	**(6.21)**	**216,432.79**	185,505.47	0.66	(0.03)	185,506.10
Result :								
Segment results	**2,278.14**	**(62.80)**	**-**	**2,215.34**	2,718.14	(99.09)	-	2,619.05
Less: Unallocated expenses (net of unallocated income)	**-**	**-**	**-**	**-**	-	-	-	-
Operating profit	**2,278.14**	**(62.80)**	**-**	**2,215.34**	2,718.14	(99.09)	-	2,619.05
Add / (less) :								
Finance costs				**(2,379.80)**				(2,481.31)
Loss on sale of current investments and provision for diminution				**148.21**				(92.28)
Dividend income & share of profit from AOP				**44.56**				35.31
Interest income				**741.30**				762.90
Prior period (expenses) / income				**112.11**				23.24
Profit before tax				**881.72**				866.91
Less: Tax expenses (including deferred tax)				**(381.23)**				(690.95)
Profit after tax but before share of minority interest				**500.49**				175.96
Less : Share of minority in profit / (loss)				**(0.81)**				1.31
Profit / (loss) for the period for the group				**501.30**				174.65
Other Information :								
Segment assets	**84,375.94**	**69.21**	**(2.65)**	**84,442.50**	77,447.67	65.17	-	77,512.84
Unallocated corporate assets				**7,833.30**				8,066.43
Total assets				**92,275.80**				85,579.27
Segment liabilities	**56,115.35**	**668.67**	**-**	**56,784.02**	53,865.42	611.31	-	54,476.73
Unallocated corporate liabilities				**22,131.72**				17,992.07
Minority interest				**1.48**				2.28
Total liabilities				**78,917.22**				72,471.08
Capital expenditure	**7,290.42**	**17.16**	**-**	**7,307.58**	7,780.59	-	-	7,780.59
Depreciation (including prior period)	**2,315.56**	**-**	**-**	**2,315.56**	1,911.44	-	-	1,911.44
Non cash expenses excluding depreciation				**98.24**				111.72

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

Notes:

1. The Group is engaged in the following business segments:
   a) Downstream i.e. Refining, Marketing and Transportation of Petroleum Products.
   b) Exploration and Production of Hydrocarbons.

   Segments have been identified taking into account the nature of activities and the nature of risks and returns.
2. Segment Revenue comprises the following:
   a) Turnover (Net of Excise Duties).
   b) Subsidy from Government of India.
   c) Net Claim/(surrender to) PPAC/GOI.
   d) Other income (excluding interest income, dividend income and investment income).
3. There are no geographical segments.
4. Previous year's figures have been regrouped / reclassified wherever necessary.

42. In respect of certain Subsidiaries and Joint Venture Companies, the following notes to accounts are disclosed.

(figures for joint ventures are reported at total amounts and not on proportionate basis)

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

HMEL received an approval dated 6th May, 2013 from the Ministry of Corporate Affairs ('MCA') to charge depreciation on crude oil pipelines at a rate of 3.17% p.a. (representing the assessed life of 30 years), which is lower than the minimum rate of depreciation provided under Schedule XIV of the Companies Act, 1956. The said approval is effective from 10th August, 2011.

Had HMEL computed depreciation at the rates provided under Schedule XIV of the Companies Act, 1956 the depreciation charge for the current year would have been higher by ₹ 169.50 Crores. Further, as the reduced rate of depreciation is effective from 10th August, 2011, the depreciation charge for the previous year has also been recomputed and the reduction in the depreciation charge of ₹ 24.40 Crores relating to the previous year has been adjusted against the current year's depreciation charge.

(b) South Asia LPG Company Pvt. Ltd. (SALPG)

SALPG has recognized revenue from LPG Storage and warehouse services at ₹ 1,540 per MT and by-pass services at ₹ 200 per MT based on negotiations, with the three oil marketing companies Ms/. Hindustan Petroleum Corporation Limited ('HPCL'), M/s. Indian Oil Corporation Limited ('IOCL') and M/s. Bharat Petroleum Corporation Limited ('BPCL'). Whilst, the marketing companies have in principle agreed for the invoicing of the amount, only HPCL has been paying the total amount invoiced and the other companies i.e. IOCL and BPCL have been making payments at 85% of the billing rates, since January 2008 and a confirmation of such payments from those marketing companies have been received by SALPG. The management of SALPG is confident of collecting the entire dues from IOCL and BPCL amounting to ₹ 42.34 Crores (2011-12: ₹ 31.72 Crores).

(c) Prize Petroleum Company Ltd. (PPCL)

PPCL has accumulated losses as at 31st March, 2013 amounted to ₹ 35.16 Crores. PPCL has been recognizing net deferred tax assets in the previous years. After PPCL was made a Wholly Owned Subsidiary in December, 2011 of HPCL, various actions are initiated in terms of acquisition of new assets and speeding up exploration activities. Hence the management of PPCL feels that PPCL should be able to generate profits in the coming years.

However, adopting a conservative accounting approach, the management of PPCL has decided not to recognize deferred tax assets (in excess of deferred tax liability) from the current financial year. The previous years' recognized net deferred tax assets has not been charged off in this year, in view of various actions initiated with regards to acquisition of new assets and speeding up the exploration activities on the existing blocks.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

43. 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.

44. The Employee cost for the year 2012-13 includes ₹ 813 Crores towards implementation of Long Term Settlement of Non-management employees and Superannuation Benefits for all the employees of HPCL finalized during the year, including for the past periods.

45. Details of derivative instruments and unhedged foreign currency exposure for the group is given as under,

(figures for joint ventures are reported at total amounts and not on proportionate basis)

a. HPCL

HPCL has, as at the Balance Sheet date, entered into foreign exchange hedging contracts amounting to USD 246.90 Crores (2011-12 : USD 194.58 Crores) 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 to 90 days. Exposures not hedged as of Balance Sheet date amounted to USD 103.70 Crores (2011-12: USD 138.38 Crores) towards purchase of Crude & Products and USD 242.60 Crores (2011-12: USD 219.97 Crores) in respect of loans taken. As at Balance Sheet date, Corporation has interest rate swap contracts for a value of USD 16 Crores (2011-12: JPY 1,050 Crores) to cover its floating interest rate exposure to fixed interest rate.

b. MRPL

Forward contracts of USD 0.73 Crores are outstanding as on 31st March 2013 (Previous Year USD 0.65 Crores as on 31st March, 2012), which were entered into, to hedge the risk of changes in foreign currency exchange rates on future export realisations against existing term export contract. The mark to market loss on these unexpired contracts as on 31st March, 2013 amounting to ₹ 0.14 Crores (Previous year ₹ 0.27 Crores) has not been considered in the Financial Statements.The actual gain/loss could vary and be determined only on settlement of the contract on their respective expiry dates.

Exposures not hedged by Derivative instruments or otherwise (net):

₹ / Crores

Particulars	As on 31st March, 2013		As on 31st March, 2012	
	Foreign Currency	**Equivalent Rupees**	Foreign Currency	Equivalent Rupees
Imports USD	**1,76.46**	**9,583.65**	247.62	12,759.76
Creditors Euro	**Nil**	**Nil**	3,178.80	0.22
Creditors JPY	**Nil**	**Nil**	Nil	Nil
Creditors USD	*****	**0.05**	*	0.16
Exports USD	**31.2**	**1,695.79**	20.08	1,022.22
Loans USD	**52.00**	**2,824.12**	41.00	2,112.73

*Represents figures less than 50,000

Notes to the Consolidated Financial Statements for the year ended 31st March, 2013

c. **HMEL**

HMEL has taken forward contracts to hedge its foreign currency exposure. The aggregate amount of forward contracts outstanding as at balance sheet date comprises of:

Particulars	Currency	**31st March, 2013**	31st March, 2012
EURO buy/USD sell	EURO	**-**	-
USD buy/INR sell	USD	**-**	-
JPY buy/USD sell	USD	**22**	25

Company has taken interest rate swaps to hedge its exposure against variable interest outflow on loans. The amount of outstanding contracts as at 31st March, 2013 aggregated to USD 31.50 Crores (previous year USD 34.00 Crores).

HMEL has taken INR buy / USD sell principal only swap contract and has converted INR loan liability of ₹ 450.90 Crores (previous year ₹ 297.80 Crores) to USD 8.00 Crores (previous year USD 6.00 Crores).

Particulars of unhedged foreign currency exposures as at the balance sheet date.

₹ / Crores

Particulars	**31st March 2013**	31st March 2012
Capital advances	**-**	7.50
Short term foreign currency loan from banks	**3,678.30**	4,383.20
Foreign currency term loan from banks	**7,648.00**	5,428.10
Trade payables, other liabilities and provisions	**4,479.50**	1,457.20

46. Operating Leases - Assets taken on lease primarily consist of leased land taken for the purpose of setting up retail outlets, depot operations and properties for use by the Corporation. These lease arrangements are normally renewed on expiry of the term. Amount of lease rental expenses recognized in the Statement of Profit & Loss is given under Note # 23 - 'Other expenses'.

47. During the year 2012-13 for HPCL, an amount of ₹ 8.11 Crores (2011-12: ₹ 3.83 Crores) has been charged to revenue towards Enabling Assets on which the Corporation does not have a control.

48. Previous year's figures are reclassified / regrouped wherever necessary.

Consolidated Cash Flow Statement for the Year Ended 31st March, 2013

₹ / Crores

	2012-13	2011-12
A. Cash Flow from Operating Activities		
Net Profit before Tax & Extraordinary items	**881.72**	866.91
Adjustments for :		
Depreciation / Amortisation	**2,364.66**	1,922.15
Depreciation (Prior Period)	**(49.10)**	(10.71)
Amortisation of Foreign Currency Monetary Item Translation Difference Account	**2.00**	-
Utilisation of securities Premium towards Amortisation of Premium on Redemption on Debentures	**(19.97)**	-
Loss on Sale/write off of Fixed Assets/ CWIP	**12.93**	9.97
Amortisation of Capital Grant	**(0.14)**	(0.18)
Spares written off	**0.60**	0.24
Provision for Diminution in value of Investments	**(181.79)**	(4.28)
Borrowing Costs	**2,379.80**	2,396.27
Provision for Doubtful Debts & Receivables (Net)	**49.13**	4.95
Interest Income on Investments and Others	**(555.80)**	(589.72)
Share of Profit from PII	**(0.61)**	(0.37)
Dividend Income Received	**(43.95)**	(34.94)
(Profit) / Loss on Sale of Current Investments	**33.58**	96.56
Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}	**4,873.06**	4,656.85
(Increase) / Decrease in Assets and Liabilities :		
Trade Receivables	**(1,607.00)**	(471.72)
Other Receivables	**(3,409.28)**	(4,371.00)
Inventories	**2,251.94**	(5,662.07)
Trade and Other Payables	**515.04**	6,646.29
Sub Total - (ii)	**(2,249.30)**	(3,858.50)
Cash Generated from Operations (i) + (ii)	**2,623.76**	798.35
Less : Direct Taxes / FBT refund / (Paid) - Net	**(164.40)**	(281.06)
Net Cash Flow From Operating Activities (A)	**2,459.36**	517.29
B. Cash Flow From Investing Activities		
Purchase / Sale of Fixed Assets (including CWIP / excluding interest capitalised)	**(6,464.38)**	(8,527.57)
Purchase of Investment (including Share Application Money Pending Allotment / Advance Towards Equity)	**(74.23)**	(260.66)
Proceeds from Sale of Oil Bonds	**679.04**	1,127.90
Interest Received	**561.00**	492.02
Dividend Received	**43.95**	34.94
Share of Profit from PII	**-**	0.37
Net Cash Flow generated from / (used in) Investing Activities (B)	**(5,254.62)**	(7,133.00)

Consolidated Cash Flow Statement for the Year Ended 31st March, 2013

₹ / Crores

	2012-13	2011-12
C. Cash Flow from Financing Activities		
Share Application Money Received / (Paid)	**100.99**	131.89
Long Term and Short Loans Raised / (Repaid)	**4,612.68**	9,286.23
Premium on issue of Shares on Preferential basis	**4.44**	-
Finance Cost Paid	**(2,406.77)**	(2,038.12)
Dividend paid (including Dividend Distribution Tax)	**(340.62)**	(549.04)
Net Cash Flow generated from / (used in) Financing Activities (C)	**1,970.72**	6,830.96
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(824.54)**	215.25
CASH & CASH EQUIVALENTS AS AT 1ST APRIL (OPENING)		
Cash / Cheques on Hand	**11.44**	7.51
Balances with Scheduled Banks		
On Current Accounts	**231.63**	126.59
Others	**490.88**	626.32
Balances with Other Banks	**0.06**	0.08
	734.01	760.50
Overdrafts from Banks	**(425.94)**	(667.68)
	308.07	92.82
CASH & CASH EQUIVALENTS AS AT 31ST MARCH (CLOSING)		
Cash / Cheques on Hand	**12.11**	11.44
Balances with Scheduled Banks		
On Current Accounts	**161.05**	231.63
Others	**691.49**	490.88
Balances with other Banks	**0.06**	0.06
	864.71	734.01
Overdrafts from Banks	**(1,381.18)**	(425.94)
	(516.47)	308.07
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(824.54)**	215.25

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 : 28th May, 2013
Place : New Delhi

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

K C GUPTA
Partner
Membership No. 072936

For B K KHARE & CO.
Chartered Accountants
Firm No. 105102W

NARESH KUMAR KATARIA
Partner
Membership No. 037825

Financial Details of Subsidiaries

₹ / Crores

Particulars	CREDA-HPCL Biofuels Ltd.		HPCL Biofuels Ltd.		Prize Petroleum Company Ltd.*	
	2012-13	2011-12	**2012-13**	2011-12	**2012-13**	2011-12
a. Share Capital	**10.58**	10.58	**205.52**	205.52	**72.50**	70.00
b. Reserves & Surplus	**(4.90)**	(1.80)	**(200.50)**	(49.86)	**(35.16)**	(33.90)
c. Total Assets	**15.60**	19.52	**819.17**	835.84	**28.82**	36.53
d. Total Liabilities	**9.92**	10.73	**814.15**	680.18	**(8.52)**	0.43
e. Details of Investments (except in case of investment in the subsidiaries)	**-**	-	**-**	-	**-**	-
f. Turnover	**-**	0.04	**95.48**	4.86	**1.00**	0.33
g. Profit / (Loss) before Taxation	**(3.10)**	5.02	**(147.03)**	(39.99)	**(1.14)**	(0.56)
h. Provision for Taxation	**0.00**	0.00	**-**	0.00	**0.12**	(0.06)
i. Profit / (Loss) after Taxation	**(3.10)**	5.02	**(147.03)**	(39.99)	**(1.26)**	(0.50)
j. Proposed Dividend	**-**	-	**-**	-	**-**	-

* Prize Petroleum Company Ltd. (erstwhile 50% Joint Venture) became a subsidiary of HPCL w.e.f.19th December, 2011. Accordingly for previous year 2011-12, proportionate figures are reported for point no. (f) to (i).

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.

Age	21-30	31-40	41-50	Above 50	Total
No. of Employees	1594	1268	3553	4612	11007
Management	1402	923	1389	1462	5176
Non- Management	192	345	2164	3150	5851
Average Age	26	34	46	54	

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, 2013 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 @ 8.00%.

₹ / Crores

VALUE OF HUMAN RESOURCES	2012-13	2011-12
Management Employees	16,791	14,105
Non-Management Employees	8,496	7,307
	25,287	21,412
Human Assets vis-à-vis Total Assets		
Value of Human Assets	25,287	21,412
Net Fixed Assets	22,549	20,850
Investments	10,627	10,370
Net Current Assets	16,455	12,364
	74,918	64,996
Employee Cost	2,526	1,583
Net Profit Before Tax (PBT)	1,361	1,219
Ratios (in %)		
Employee Cost to Human Resource	9.99	7.39
Human Resource to Total Resource	33.75	32.96
PBT to Human Resource	5.38	5.69

Joint Ventures

Sr. No.	Name of the Joint Venture	Date of Incorportion	Shareholding		Nature of Operations
1.	HPCL-Mittal Energy Ltd.	13.12.2000	HPCL Mittal Investments S.A.R.L. Indian Financial Institutions	48.82% 48.82% 2.36%	Refining of crude oil and manufacturing of petroleum products.
2.	Hindustan Colas Ltd.	17.07.1995	HPCL COLASIE	50.00% 50.00%	Manufacture and marketing of Bitumen Emulsions & Modified Bitumen.
3.	South Asia LPG Company Pvt. Ltd.	16.11.1999	HPCL TOTAL	50.00% 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 HPCL Others	71.62% 16.95% 11.43%	Refining of crude oil and manufacturing of petroleum products.
5.	Petronet India Ltd.	26.05.1997	HPCL Financial / Strategic Investors Other PSUs	16.00% 50.00% 34.00%	To act as nodal agency for developing identified and prioritized petroleum product pipelines in the country.
6.	Petronet MHB Ltd.	31.07.1998	HPCL Petronet India Ltd. ONGC Financial / Strategic Investors	28.77% 7.89% 28.77% 34.57%	Operation and maintenance of petroleum product pipeline between Mangalore-Hassan-Bangalore.
7.	Bhagyanagar Gas Ltd.	22.08.2003	HPCL GAIL Strategic Investors	25% 25% 50%	Distribution and marketing of environmental friendly fuels (green Fuels) viz. CNG and Auto LPG in the state of Andhra Pradesh.
8.	Aavantika Gas Ltd.	07.06.2006	HPCL GAIL Financial Institutions	25% 25% 50%	Distribution and marketing of environmental friendly fuels (Green Fuels) viz. CNG and Auto LPG in the state of Madhya Pradesh.
9.	GSPL India Gasnet Ltd*	13.10.2011	HPCL GSPL IOCL BPCL	9.38% 59.08% 22.16% 9.38%	To design, construct, develop, operate and maintain inter-state cross country Natural Gas Pipelines from Mehsana (Gujarat) to Bhatinda (Punjab) and Bhatinda (Punjab) to Srinagar (Jammu & Kashmir).
10.	GSPL India Transco Ltd*	13.10.2011	HPCL GSPL IOCL BPCL	8.73% 61.89% 20.65% 8.73%	To design, construct, develop, operate and maintain inter-state cross country Natural Gas Pipelines from Mallavarm (Andhra Pradesh) to Bhilwara (Rajasthan).

* Incorporated as subsidiaries of Gujarat State Petronet Limited (GSPL). HPCL made equity investment during 2012-13 pursuant to Joint Venture Agreement dated 30th April, 2012.

Corporate Governance

Company's Philosophy on Code of Governance

HPCL believes in good Corporate Governance practices, ethics, fairness, professionalism and accountability to enhance stakeholder's value and interest on sustainable basis and to build an environment of trust and confidence of its stakeholders. At HPCL, Corporate Governance is to follow a systematic processes, policies, rules, regulations and laws by which companies are directed, controlled and administered by the management in meeting the stakeholder's aspirations and societal expectations.

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.

Keeping in view the above philosophy, the Corporate Governance at HPCL is based on the following main key principles & practices:-

- Proper composition of the Board of Directors, size, varied experience and commitment to discharge their responsibilities
- Well developed internal control, systems and processes, risk management and financial reporting
- Full adherence and compliance of laws, rules & regulations
- Timely and balanced disclosures of all material information on operational and financial matter to the stakeholders
- Clearly defined management's Performance and accountability measurement standards.
- To enhance accuracy and transparency in business operations, performance, risk and financial position.

In compliance with Clause 49 of the Listing Agreement executed with Stock Exchanges as mandated by Securities and Exchange Board of India (SEBI) guidelines on statutory disclosure as well as notification on Corporate Governance for Public Sector Enterprises, issued by the Department of Public Enterprises (DPE), the Corporate Governance disclosures are as under :-

1. BOARD OF DIRECTORS:

1.1 Composition of Board of Directors

Executive Directors including Chairman (Whole-Time)	05
Non-Executive Govt. Directors (Ex-Officio)	02
Non-Executive Independent Directors (Non-Official)-Independent Directors	06

1.2 Board Meetings:

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

12.05.2012	29.05.2012	16.07.2012
09.08.2012	09.11.2012	07.12.2012
03.01.2013	12.02.2013	05.03.2013

Corporate Governance

1.3 Particulars of Directors including their attendance at the Board / Shareholder's Meeting

Name of Directors	Academic Qualification	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at the last AGM	Details of Directorship in other Companies	Memberships held in Committees as specified in clause 49 of the Listing Agreements
FUNCTIONAL DIRECTORS						
Shri S.Roy Choudhury	B.E. (Mech)	09	09	Yes	1. Hindustan Colas Ltd. 2. HPCL Mittal Energy Ltd. 3. Prize Petroleum Ltd. 4. SA LPG Co.Pvt.Ltd.	a) Member, HR Remuneration Committee – HPCL Mittal Energy Ltd.
Smt. Nishi Vasudeva	B.A. PGDBM (IIM Kolkata)	09	09	Yes	1. Hindustan Colas Limited. 2. Bhagyanagar Gas Limited 3. SA LPG Co.Pvt.Ltd. 4. Aavantika Gas Limited 5. HPCL Biofuels Limited	a) Chairman, Remuneration Committee – Aavantika Gas Ltd. b) Member, Audit Committee – HPCL Biofuels Ltd. ,Hindustan Colas Ltd.
Shri Pushp Kumar Joshi	B.A., LLB, PG (PM&IR) XLRI, Jamshedpur	06	05	Yes	1. CREDA HPCL Biofuel Ltd. 2. Prize Petroleum Co.Ltd. 3. HPCL Biofuels Ltd.	a) Member, Audit Committee- Prize Petroleum Co.Ltd., b) Member, Remuneration Committee – Prize Petroleum Co.Ltd.
Shri K.V. Rao *	FCA	-	-	N.A.	1. Prize Petroleum Co.Ltd. 2. CREDA-HPCL Biofuel Ltd. 3. Petronet India Ltd. 4. HPCL Biofuels Ltd. 5. HPCL Mittal Energy Ltd. 6. HPCL Mittal Pipelines Ltd. 7. Hindustan Colas Ltd 8. SA LPG Co.Pvt.Ltd.	a) Member, Audit Committee-HPCL, b) Member, Investors' Grievance Committee -HPCL
Shri B.K. Namdeo *	B.E. (Mech), M.Tech (IIT, Powai)	-	-	N.A.	1. Prize Petroleum Co.Ltd. 2. HPCL Mittal Energy Ltd. 3. CREDA HPCL Biofuel Ltd. 4. Mangalore Refinery and Petrochemicals Ltd.	
Shri B. Mukherjee **	B.Sc. F.C.A.	09	09	Yes	1. HPCL Mittal Energy Ltd. 2. Petronet India Ltd. 3. Hindustan Colas Ltd. 4. CREDA HPCL Biofuel Ltd. 5. HPCL Biofuels Ltd. 6. Prize Petroleum Co.Ltd. 7. HPCL Mittal Pipelines Ltd. 8. SA LPG Co.Pvt.Ltd.	a) Chairman, Audit Committee – HPCL Biofuels Ltd., Prize Petroleum Co.Ltd., South Asia LPG Co. Pvt.Ltd., b) Member, Remuneration Committee, Prize Petroleum Co.Ltd. c) Member, Audit Committee, HPCL Mittal Energy Ltd., Hindustan Colas Ltd., HPCL Mittal Pipelines Ltd.,CREDA HPCL Biofuel Ltd.

Corporate Governance

Shri K. Murali **	B.Tech. (Chemical Engg.)	09	09	Yes	1. HPCL Mittal Energy Ltd. 2. Mangalore Refinery & Petrochemicals Ltd. 3. CREDA HPCL Biofuel Ltd. 4. HPCL Biofuels Ltd. 5. Prize Petroleum Co.Ltd.	a) Member, Audit Committee – CREDA HPCL Biofuels Ltd., Prize Petroleum Co.Ltd., HPCL Biofuels Ltd., HPCL Mittal Energy Ltd., Mangalore Refinery & Petrochemicals Ltd., b) Member, Remuneration Committee – Prize Petroleum Co.Ltd.,
NON-EXECUTIVE DIRECTORS						
(a) PART –TIME (EX-OFFICIO)						
Dr. S.C. Khuntia	IAS, Post Graduate in Physics, Computer Science Economics, Sociology & Ph.D. in Economics	09	06	No	1. Indian Oil Corporation Limited 2. Indian Strategic Petroleum Reserves Ltd.	
Shri R.K. Singh ***	IAS, B.A. (Economics)	-	-	N.A.	1. Indian Strategic Petroleum Reserves Ltd.	
Shri L.N. Gupta ****	IAS, M.A. (Eco), MBA (Birmingham University)	09	07	No	1. Indian Strategic Petroleum Reserves Ltd. 2. Central Pollution Control Board	
(b) PART-TIME DIRECTORS (NON-OFFICIO)						
Shri Anil Razdan	IAS (Retd), LLB, B.Sc. (Hons)	09	08	No	1. Power Trading Corpn. Of India Ltd. 2. MMTC Ltd. 3. Green Valley Energy Venture (P) Ltd.	a) Chairman, Audit Committee - HPCL, MMTC Ltd. b) Member, HR Policies & Remuneration Committee - HPCL.
Shri S.K. Roongta	B.E. (Hons), Post-Graduation in Business Management – International Trade	09	07	No	1. Neyveli Lignite Corpn.Ltd. 2. Shipping Corpn. of India Ltd. 3. Jubilant Industries Ltd. 4. ACC Ltd. 5. Vedanta Aluminium Ltd. 6. Talwandi Sabo Power Ltd. 7. Bharat Aluminium Co.Ltd. 8. Sterlite Energy Ltd.	a) Chairman - Shareholders' Grievance Committee, Jubilant Industries Ltd., b) Chairman, HR Policies & Remuneration Committee,-HPCL. c) Member, Audit Committee - HPCL,ACC Ltd., Talwandi Sabo Power Ltd., Sterlite Energy Ltd., Neyveli Lignite Corporation Ltd.

Shri G.K. Pillai	IAS, M.Sc.	09	05	No	1. Adani Ports & Special Economic Zone Ltd. 2. Zuari Agro Chemicals Ltd. 3. IvyCap Ventures Advisors Pvt. Ltd. 4. Data Security Council of India	a) Member, HR Policies & Remuneration Committee-HPCL.
Shri A.C. Mahajan	M.Sc. (Hons)	09	09	No	1. Himavat Power Pvt. Ltd. 2. IDBI MF Trustee Co. Ltd. 3. Lanco Babandh Power Ltd. 4. Religare Enterprises Ltd.	a) Chairman, Audit Committee- Himavat Power Pvt. Ltd. b) Chairman, Shareholder Grievance Committee-HPCL. c) Member, Audit Committee – HPCL, IDBI MF Trustee Co. Ltd., Lanco Babanth Power Ltd.
Dr. G. Raghuram	B. Tech. PGDM, Ph.D.	09	04	No	1. Take Solutions Pvt. Ltd. 2. Alcock Ashdown (Gujarat) Ltd. 3. India Infrastructure Finance Co. Ltd. 4. Adani Ports & Special Economic Zone Ltd. 5. Arshiya International Ltd. 6. DARC Logistics Ltd.	a) Chairman, Audit Committee – India Infrastructure Finance Co.Ltd., Adani Ports & Special Economic Zone Ltd. b) Member, HR Policy /Remuneration Committee – HPCL,DARCL Logistics Ltd., Arshiya International Ltd. c) Member, Shareholders' Grievance Committee – HPCL, Adani Ports and Special Economic Zone Ltd.
Dr. Gitesh K. Shah*****	D.Sc. (Organic Chemistry), USA, Ph.D (Organic Chemistry), Gujarat University, M.Sc. (Organic University), Gujarat University	06	06	Yes	1. Harita Projects Pvt.Ltd.	

* S/Shri K.V. Rao and B.K. Namdeo have been appointed as Director (Finance) and Director (Refineries) effective 01.06.2013 & 01.07.2013 respectively.

** S/Shri B. Mukherjee and K. Murali, ceased to be Directors of HPCL on attaining the age of superannuation effective 31.05.2013 & 30.06.2013 respectively.

*** Shri R.K. Singh, is appointed as Part-Time Ex-Officio Director on the Board of HPCL effective 26.06.2013

**** Shri L.N. Gupta ceased to be Part-Time Ex-Officio Director of HPCL effective 05.06.2013.

***** Dr. Gitesh K. Shah ceased to be Director of HPCL from 06.12.2012 on completion of his tenure of 3 years. MOP&NG have reappointed Dr. Gitesh K. Shah as a Part-Time Non-Official Director on the Board of HPCL effective 26.02.2013.

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 handling the cross Country Pipeline Projects. Before his appointment as C & MD, Shri S. Roy Choudhury was Director - Marketing of HPCL.

Smt. Nishi Vasudeva :

Smt. Nishi Vasudeva has been appointed as the Director (Marketing) of Hindustan Petroleum Corporation Ltd effective July 04, 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 Pushp Kumar Joshi

Shri Pushp Kumar Joshi took charge as Director – HR effective August 01, 2012. Prior to this, he was holding key portfolios in Human Resources function viz. Executive Director – HRD and Head – HR of Marketing Division.

A Bachelor of Law and an alumnus of XLRI, Jamshedpur, Shri Pushp Kumar Joshi joined HPCL in 1986. Since then he has held various key positions in Human Resources and Industrial Relations functions in HQO, Marketing and Refineries divisions of HPCL.

As Director-HR, Shri Joshi is presently responsible for overseeing the design and deployment of key Human Resource policies and strategies while leading Human Resources practices that are employee oriented and aim at building high performance culture. He is also responsible for providing key outlook to the management on strategic HR plans, employee development, labour relations apart from others.

Spearheading HR practices with strong business focus and contemporary approaches, few hallmarks of his innovation and leadership have been Project Akshay – the leadership development programme, Productivity Improvement Initiatives, Introduction of Internal Customer care by leveraging IT Platform, Conceptualization and Rollout of Technical & Behavioral training programs, Business Process Reengineering exercise, Implementation of JDE (HR), Introduction of Health Management System, HR Green Credit and pioneering & driving numerous other HR initiatives.

Shri K.V. Rao (From 01.06.2013)

Mr. K V Rao took charge as Director (Finance) effective June 01, 2013. Prior to his taking over as Director (Finance), Mr. K V Rao was Executive Director- Corporate Finance of HPCL for 5 years.

A member of the Institute of Chartered Accountants of India (ICAI), Mr. Rao brings with him rich experience of over 3 decades in handling various challenging assignments in HPCL in the fields of Corporate Finance, Treasury Management, Internal Audit and Marketing & Refinery Finance.

Mr. Rao has expertise in various areas in Financial Management, and is credited with effective treasury management in raising External Commercial Borrowing, Debentures, and various other types of financial instruments at very competitive interest rates as compared with the Industry.

He has various academic distinctions to his credit, which includes being a rank holder in CA and B.Com examination. He has also been actively participating in various seminars and workshops, both at national and international levels.

Corporate Governance

Shri B.K. Namdeo (From 01.07.2013)

Mr B.K. Namdeo took charge as Director-Refineries, HPCL effective July 01, 2013.

Prior to this, Mr Namdeo was heading the International Trade & Supplies SBU as Executive Director and was responsible for managing the crude oil procurement & product evacuation for HPCL's two coastal refineries with a combined refining capacity of over 17 million metric tons per annum. The job also entailed handling of Ship Chartering requirements along with Refinery Planning and Scheduling and related commercial activities.

A Mechanical Engineer and a Master of Technology from I.I.T. Powai, Mumbai. Shri Namdeo has over 32 years of experience in various functions and has held key positions in Central Engineering (Refinery Projects), Operations, Projects and Maintenance Departments of the Refineries.

Intelligent refinery production strategy to ensure profitability, vision from operational point of view and timely & successful commissioning of the prestigious Rajasthan Refinery Project are Mr Namdeo's challenges as Director-Refineries.

Dr. S.C. Khuntia

Dr. Subhash Chandra Khuntia (IAS Karnataka cadre 1981) is a post-Graduate in Physics, Computer Science, Economics, Sociology and Doctorate in Economics. Before joining Petroleum Ministry as Additional Secretary & Financial Advisor, he was Principal to the Govt. of Karnataka.

Dr. Khuntia has handled various key assignments including District administration, Land revenue management, Rural development, Urban Development and Finance in the Karnataka State Government as well as in the Ministries of Agriculture, Finance and Human Resource Development in the Central Government.

Shri R.K. Singh (From 26.06.2013)

Mr. Rajesh Kumar Singh has been appointed as a Part Time Director on the HPCL Board effective June 26, 2013

Mr. R K Singh (IAS Kerala cadre 1989) is B.A. (Economics) from Delhi University. He joined the Ministry of Petroleum and Natural Gas effective 10th June 2013, as Joint Secretary (Refineries). He has over 20 years of experience working with the State Government of Kerala as well as Government of India in Delhi in a variety of assignments.

Mr. Singh has previously served the Government of Kerala as Assistant Collector - Palakkad, Addl. Director – Department of Tourism, Under Secretary – Ministry of Finance & Company Affairs, Department of Economic Affairs, Collector - Malappuram District, Dy.Secretary-Ministry of Urban Development and Poverty Alleviation, Commissioner of the Delhi Development Authority, Secretary - Local self- Government and Secretary - Ports including assignments such as Under Secretary - Ministry of Finance, Dy. Secretary - Ministry of Urban Development, and Joint Secretary – Ministry of Information and Broadcasting, Government of India.

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 Member 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.

Corporate Governance

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 Urjavaran 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.

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 superannuating 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 was Chairman of Panel of experts on reforms in Central Public Sector Enterprises appointed by the Planning Commission in August 2010.

Mr Roongta is Chairman of Board of Governors of IIT, Bhubaneswar and chairs Steel and Non-ferrous metal Committee of FICCI.

Shri G.K. Pillai

Shri G K Pillai a retired IAS officer. He joined Indian Administrative Service in the year 1972 and belongs to Kerala Cadre. Shri Pillai has done his M.Sc., at IIT, Chennai.

He started his career as a Sub-Collector, Quilon and worked in diverse fields of Revenue Administration and was District Collector, Quilon. He was also Deputy Secretary, Labour, Special Officer for Cashew Industry, Special Secretary, Industries. Later he become Secretary, Health and Family Welfare during 1993-96. He also served as Principal Secretary to the Chief Minister of Kerala during the period 2001-04.

In the Government of India he held the positions of Under Secretary/Deputy Secretary in Ministry of Defence and also served as Director/Joint Secretary in the Department of Surface Transport. Later he served in the Ministry of Home Affairs as Joint Secretary (North East) from 1996 to 2001. In 2004 he joined Ministry of Commerce and Industry as Additional Secretary, Department of Commerce, Special Secretary, Commerce and then elevated to the rank of Secretary, Department of Commerce in the year 2006. He served as Secretary, Department of Commerce from 2006 to June 2009. During this period he actively participated in negotiations for comprehensive economic co-operation agreements with Singapore, ASEAN, Japan, South Korea. He played key role in the enactment of the SEZ Act 2005 and was Chairman of the Board of approvals for SEZ during 2005 to 2009.

He has represented State and Central Government delegations to USA, EU, Argentina, Japan, Canada etc., He was appointed as Union Home Secretary in June 2009 and retired from Government service in June 2011.

Corporate Governance

Shri G K Pillai besides Director in HPCL is also Chairman of the Board of Ivy Cap Ventures Advisors Pvt Ltd, a venture capital company sponsored by the IIT Alumni Association

Shri A.C. Mahajan

Mr. Avinash Chander Mahajan, a career Banker, has done M.Sc., (Honours School in Chemistry) in 1972, and thereafter joined Bank of India as an Officer in 1972 and after spending 38 years in the Banking Sector in different positions in various Public Sector Banks in India and abroad, he superannuated in August 2010.

He held various top position in Bank of India viz., as in charge of "Integrated Treasury" of the Bank; and then as General Manager In-Charge of Credit Department ; as General Manager Risk Management Department as well as Chief Executive, Japan branches. He had also worked in Kenya for five years as in charge of Nairobi (Kenya) branch.

He was appointed as an Executive Director of Bank of Baroda in 2005 before joining Allahabad Bank and later on Canara Bank as Chairman and Managing Director. He had also held various positions in IBA Committees besides being Deputy Chairman of IBA and Member of the Managing Committee of IBA.

Presently besides being on the Board of various companies including Hindustan Petroleum Corporation Limited, Shri Mahajan is a Chairman of Governing Council of Banking Codes and Standards Board of India (BCSBI), an independent watch dog of banking industry which is tasked with duty of ensuring that Banks provide to the customers services in transparent manner.

Dr. G. Raghuram

Dr. Raghuram has done his graduation from the Indian Institute of Technology (IIT), Madras, MBA from IIM, Ahmedabad and PhD from Northwestern University, USA.

Dr. Raghuram is a professor in the Indian Institute of Management (IIM), Ahmedabad. His specialization is in infrastructure and transportation systems, and supply chain and logistics management. His research, consultancy, case studies and publications focus includes railways, ports and shipping, air and road sector, service organizations and issues in logistics and supply chain management. He has taught at Northwestern University and Tulane University, USA. He has been a visiting faculty at various universities in USA, Canada, Yugoslavia, Tanzania, UAE, Singapore and several institutions in India. He has co-authored four books and published over 70 papers. He was the President of Operational Research Society of India (1999-2000). He is a Fellow of the Operational Research Society of India (ORSI) and Chartered Institute of Logistics and Transport (CILT), UK.

He also holds Directorships in Alcock Ashdown (Gujarat) Ltd., Arshiya International Ltd., DARCL Logistics Limited, India Infrastructure Finance Company (IIFC) Ltd., Adani Ports and Special Economic Zone Ltd. and Take Solutions Ltd., He is also holding Directorships in VidyaVardhini Education Foundation.

He is currently a member of the Steering Committee on Transport Sector for the formulation of the Twelfth Five Year Plan (2012-17) and Member of the Expert Group for Modernization of Indian Railways. He is also the Chairman of various committees connected with Ministries related to Transportation and the Planning Commission.

Dr. Gitesh K. Shah (From 26.02.2013)

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 February 26, 2013.

Ahmedabad based Dr. Gitesh K. Shah, former Chairman of the Gujarat Alkalies & Chemicals Limited 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

Corporate Governance

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 B. Mukherjee (Till 31.05.2013)

Shri B. Mukherjee is a fellow Member of the Institute of Chartered Accountants of India. During his career of over 30 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 L N Gupta (Till 05.06.2013)

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.

Shri K. Murali (Till 30.06.2013)

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.

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.
- 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.

Corporate Governance

3. BOARD SUB-COMMITTEES:

A. Audit Committee:

The Audit Committee presently comprises of Executive and Non-Executive Directors as follows. 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.	Shri A.C. Mahajan **	Non-Executive Independent Director
4.	Shri K.V. Rao ***	Whole Time Director
5.	Dr. Gitesh K. Shah ****	Non-Executive Independent Director
6.	Shri B. Mukherjee *****	Whole Time Director

* Shri Anil Razdan, Member of Audit Committee, was appointed as Chairman of Audit Committee effective December 07, 2012.

** Shri A.C. Mahajan, was inducted as Member of Audit Committee effective December 07, 2012.

*** Shri K.V. Rao, was inducted as a Member of Audit Committee effective June 01, 2013

**** Dr. Gitesh K. Shah, Chairman of the Audit Committee, ceased to be Director of HPCL & consequently as Chairman of Audit Committee effective December 06, 2012 on completing his tenure of three years.

***** Shri B. Mukherjee, ceased to be Director of HPCL, on attaining the age of superannuation effective May 31, 2013.

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 May 28, 2013 reviewed the Accounts for the Financial Year 2012-13, before the Accounts were adopted by the Board.

Dates of Audit Committee Meetings held during 2012-13:

13.04.2012	12.05.2012	29.05.2012	16.07.2012
09.08.2012	09.11.2012	06.12.2012	12.02.2013

Attendance at the Audit Committee Meetings during 2012-13 :-

Name of the Members	No. of Meetings held	No. of Meetings attended	% of attendance
Shri Anil Razdan	08	08	100%
Shri S.K. Roongta	08	06	75%
Shri A.C. Mahajan	04	04	100%
Shri B. Mukherjee	08	08	100%
Dr. Gitesh K. Shah	07	07	100%

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B. Committee on HR Policies/Remuneration :

The Board has constituted the Board Sub-Committee on HR Policies to look into various aspects including 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.	Shri Anil Razdan	Non-Executive Independent Director
3.	Shri G.K. Pillai	Non-Executive Independent Director
4.	Dr. G. Raghuram	Non-Executive Independent Director

A Meeting of the HR-Polices / Remuneration Committee was held on 12.02.2013

Attendance at the HR Policies / Remuneration Committee Meeting during 2012-13 :-

Name of the Members	No. of Meetings held	No. of Meetings attended	% of attendance
Shri S.K.Roongta	01	01	100%
Shri Anil Razdan	01	01	100%
Shri G.K. Pillai	01	-	-
Dr. G. Raghuram	01	-	-

Since the remuneration of the Whole-Time Functional Directors is fixed by the Government of India, HPCL did not feel the need for a separate 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 paid to the Whole-Time Functional Directors, during the financial year 2012-13 is given below:

(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)	3224413	216175	86609	2940867	6468064
B. Mukherjee (Director –Finance)	2830989	200715	80415	2632853	5744972
K. Murali (Director – Refineries)	2746935	194847	78063	2349174	5369019
Nishi Vasudeva (Director – Marketing)	2644525	193494	77522	867908	3783448
Pushp Kumar Joshi (Director – HR) From 01.08.2012)	1866570	128005	51284	375512	2421371

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C. Investors Grievance Committee:

The Board has constituted an "Investors Grievance Committee" comprising of Non-Executive & Whole Time Directors Directors. Shri A.C. Mahajan is the Chairman of the Committee. The Committee presently comprises of :

1.	Shri A.C. Mahajan *	Non-Executive Independent Director
2.	Dr. G. Raghuram	Non-Executive Independent Director
3.	Shri K.V. Rao **	Whole Time Director
4.	Shri B. Mukherjee ***	Whole Time Director
5.	Dr. Gitesh K. Shah ****	Non-Executive Independent Director

* Shri A.C. Mahajan, was inducted as Chairman of Investors' Grievance Committee effective July 16, 2012.

** Shri K.V. Rao, was inducted as a Member of Investors' Grievance Committee effective June 01, 2013.

*** Shri B. Mukherjee, Member of Investor's Grievance Committee ceased to be Director of HPCL, on attaining the age of superannuation effective May 31, 2013.

**** Dr. Gitesh K. Shah ceased to a member and Chairman of Investors Grievance Committee, effective July 16, 2012.

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

Dates of Investors Grievance Committee Meetings held during 2012-13 :-

16.07.2012	09.11.2012

Attendance at the Investors Grievance Committee Meetings:

Name of the Members	No. of Meetings held	No. of Meetings attended	% of attendance
Shri A.C. Mahajan	01	01	100%
Dr. G. Raghuram	01	-	-
Shri K.V. Rao	-	-	-
Shri B. Mukherjee	02	02	100%
Dr. Gitesh K. Shah	01	01	100%

D. Investment Committee:

The Board has constituted the Investment Committee to review and recommend proposals involving major investments into projects by the Company. The Committee presently comprises of following Members. Shri Anil Razdan is the Chairman of the Committee.

1.	Shri Anil Razdan	Non-Executive Independent Director
2.	Shri G.K. Pillai	Non-Executive Independent Director
3.	Dr. Gitesh K. Shah *	Non-Executive Independent Director
4.	Shri K.V. Rao **	Whole Time Director
5.	Shri L.N. Gupta ***	Non-Executive Part Time (Ex-Officio) Director
6.	Shri B. Mukherjee ****	Whole Time Director

* Dr. Gitesh K. Shah, Member of Investment Committee, ceased to be Director of HPCL effective December 06, 2012 on completion of his tenure. MOP&NG have reappointed Dr. Gitesh K. Shah as a Part-Time Non-Official Director on the Board of HPCL effective February 26, 2013 and was inducted as Member of Investment Committee effective 28.05.2013

** Shri K.V. Rao, was appointed as Member of Investment Committee effective 01.06.2013

*** Shri L.N. Gupta, ceased to be Director of HPCL effective June 05, 2013

**** Shri B. Mukherjee, ceased to be Director of HPCL on attaining the age of superannuation effective 31.05.2013.

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Dates of Investment Committee Meetings held during 2012-13

12.05.2012	08.08.2012	06.09.2012	06.12.2012	06.02.2013

E. Corporate Social Responsibility (CSR) & Sustainability Development Committee (SD) :

The Corporation has merged the CSR Committee and SD Committee and has renamed the same as “CSR & Sustainability Development Committee” effective May 28, 2013 for periodic review, discussion and guidance on various CSR initiatives and Sustainability Development Initiatives and measures. This Committee comprises of four Non-Executive Independent Directors, one Non-Executive Part Time (Ex-Officio) Director as Members and Three Whole Time Directors (as permanent invitees).

Shri G.K. Pillai is the Chairman of the Committee. The Committee presently comprises of :

1.	Shri G.K. Pillai	Non-Executive Independent Director
2.	Shri L.N. Gupta*	Non-Executive Part Time (Ex-Officio) Director
3.	Shri A.C. Mahajan	Non-Executive Independent Director
4.	Dr. G. Raghuram **	Non-Executive Independent Director
5.	Dr. Gitesh K. Shah **	Non-Executive Independent Director
Three Whole Time Directors namely Director Marketing, Director HR & Director Refineries are inducted as “Permanent Invitees”.		

* Shri L.N. Gupta, ceased to be Director of HPCL effective June 05, 2013.

** Dr. G. Raghuram & Dr. Gitesh K. Shah inducted as Members, “CSR & Sustainability Development Committee” effective May 28, 2013.

The Meetings of the CSR Committee & Sustainability Development Committees were held on 08.08.2012 & 28.09.2012 respectively during 2012-13

4. SITTING FEES FOR THE YEAR 2012-2013:

The details of Sitting Fees paid to Part-time Independent Directors for the year 2012-13 for attending the Board / Sub-Committee Meetings are given below:

(In ₹)

Details of Meeting	Shri Anil Razdan	Shri S.K. Roongta	Shri G.K. Pillai	Shri A.C. Mahajan	Dr. G. Raghuram	Dr. Gitesh K. Shah
Board	160000	140000	100000	180000	80000	120000
Audit Committee	120000	90000	-	60000	-	105000
HR / Remuneration Committee	15000	15000	-	-	-	-
Investor Grievance Committee	-	-	-	15000	-	15000
Investment Committee	90000	15000	30000	-	-	60000
CSR Committee	-	-	15000	-	-	15000
Sustainability Development Committee	-	-	-	-	15000	15000
Total Sitting Fees Paid	385000	260000	145000	255000	95000	330000

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) became effective 12th October 2005, 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.

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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 for contracts above ₹ 1 crore. The Integrity Pact has now become a part of tender documents to be signed by the Company and by the vendor(s) / bidder(s).

8. **SHARES DEPARTMENT ACTIVITIES:**

   HPCL Shares Department is accredited ISO 9001:2008 certification from International Standard accredited agency in March 2009 for 3 years to assure HPCL shareholders of quality services. This certification is renewed for a further period of three years from March 2012 to March 2015.

   Shares Department monitors the activities of R&T Agents M/s. Link Intime India Pvt. Ltd., and looks into the issues relating to shareholders like; Share transfers, demat, remat, Duplicate, transmission and other important matters which are approved by the Share Transfer Committee.

   Presently, HPCL has around 1,01,025 shareholders. The Corporation regularly interacts with the shareholders through e-mails, letters during AGM, wherein the activities of the Corporation, its performance and its future plans are shared with the Shareholders.

   The Company has been taking appropriate steps to ensure that Shareholder queries are given top 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 Stock Exchanges. The quarterly results are published in English and Vernacular newspapers. The Financial and other details are also posted on the Company’s website viz. www.hindustanpetroleum.com.

9. During the year 2012-13, 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 or 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.

10. **DETAILS OF ANNUAL GENERAL MEETINGS:**

    10.1 Location and time, of the last three Meetings held:

Year	Location	Date	Time
2011-12	Y.B. Chavan Auditorium, Mumbai	18.09.2012	11.00 a.m.
2010-11	Y.B. Chavan Auditorium, Mumbai	22.09.2011	11.00 a.m.
2009-10	Y.B. Chavan Auditorium, Mumbai	16.09.2010	11.00 a.m.

    10.2 Whether Special Resolutions were put through postal ballot last year? No

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

11. **MEANS OF COMMUNICATION :**

    Timely disclosure of consistent, relevant and reliable information on corporate financial performance is at the core of good governance. Towards this end, major steps taken are as under :

    i. **Quarterly Financial results**

       The quarterly unaudited financial / audited financial results of the Company are announced within the time limits prescribed by the Listing Agreement. The results are published in leading business/regional newspapers like Economic Times, Times of India, Financial Express, Indian Express, Loksatta, Maharashtra Times etc.

    ii. **Website**

       The Company’s Corporate Website www.hindustanpetroleum.com provides separate section for investors where information relevant for shareholders is available. It also provides comprehensive information on HPCL’s Portfolio of businesses, including sustainability initiatives comprising CSR activities, HSE performance etc.

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iii. News releases

Official News Releases are hosted on Company's website: www.hindustanpetroleum.com

iv. Annual Report

Annual Report is circulated to shareholders who have registered their e-mail IDs in electronic form and to others in Physical Form. The Management Discussion & Analysis Report is a part of Annual Report.

v. 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 Listed 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 during 2012-13, HPCL had sent e-mails stating its intention to send all documents through e-mail to approximately 46000 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 not registered yet 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.

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.

vi. General Shareholders Information :

General Shareholder Information has been incorporated in the Annual Report below and forms a part of Annual Report.

12. GENERAL SHAREHOLDER INFORMATION:

12.1 61st Annual General Meeting

Date and Time : September 05, 2013 at 11.00 A.M.

Venue : Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

12.2 Financial Calendar

Financial reporting for Quarter ending 30/06/13	–	End July / Mid August 2013
Financial reporting for Quarter ending 30/09/13	–	End October / Mid November 2013
Financial reporting for Quarter ending 31/12/13	–	End January / Mid February 2014
Financial reporting for Quarter ending 31/03/14	–	End May 2014
Annual General Meeting for year ending 31/03/2014	–	August / September 2014

12.3 Dates of Book Closure : August 19, 2013 to September 05, 2013 (both days inclusive)

12.4 Dividend payment date : September 06, 2013 (tentative)

12.5 Listing on Stock Exchanges as of 31.03.2013 :

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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12.6 Listing fees : Listing fees for financial year 2013-14 have been paid to the Stock Exchanges in April 2013

12.7 Stock Codes :

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

12.8 Stock Market Data :

HPCL SHARE PRICE

(In ₹)

YEAR	BSE		NSE	
	HIGH	LOW	HIGH	LOW
2012-13	381.40	275.30	381.65	260.25
2011-12	419.50	238.75	480.35	238.05
2010-11	555.45	293.25	555.70	292.00
2009-10	425.00	242.50	425.90	244.65
2008-09	305.85	164.10	306.00	163.25

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES			
AS ON	HPCL SHARE (In ₹)	BSE SENSEX	NSE NIFTY
31.03.2013	285.10	18835.77	5682.55
31.03.2012	303.20	17404.20	5295.55
31.03.2011	356.95	19445.22	5833.75
31.03.2010	318.45	17527.77	5249.10
31.03.2009	269.10	9708.50	3020.95

HPCL SHARE PRICE MONTHLY DATA:

(In ₹)

Bombay Stock Exchange					National Stock Exchange				
Month	HPCL High	HPCL Low	HPCL Close	HPCL Volume	Month	HPCL High	HPCL Low	HPCL Close	HPCL Volume
Apr-12	308.70	276.00	300.90	19,30,073	Apr-12	308.90	278.00	301.45	1,24,94,446
May-12	327.00	285.10	290.55	27,56,120	May-12	315.70	260.25	290.45	2,19,96,152
Jun-12	344.00	289.00	335.05	31,57,838	Jun-12	344.10	289.00	335.20	2,54,00,024
Jul-12	356.70	326.80	344.25	19,06,870	Jul-12	356.60	326.35	343.70	1,75,77,032
Aug-12	344.75	295.75	299.70	17,67,498	Aug-12	345.00	265.55	297.85	1,47,00,380
Sep-12	327.00	285.00	307.25	35,26,352	Sep-12	325.00	283.75	293.70	2,99,36,124
Oct-12	329.50	295.55	298.15	12,32,315	Oct-12	329.70	295.60	311.95	1,42,06,799
Nov-12	309.55	275.30	286.55	8,70,743	Nov-12	309.70	275.35	286.95	1,04,92,886
Dec-12	295.20	277.00	290.45	15,06,809	Dec-12	296.00	277.30	290.90	1,24,49,204
Jan-13	381.40	288.50	328.90	1,22,74,042	Jan-13	381.65	288.45	328.65	6,81,22,369
Feb-13	343.05	287.20	289.80	34,95,716	Feb-13	343.35	287.00	289.75	2,19,85,968
Mar-13	313.85	277.50	285.10	22,49,540	Mar-13	313.90	277.20	285.20	1,42,02,578

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PER SHARE AND RELATED DATA:

		2012-13	2011-12	2010-11	2009-10	2008-09
Per Share Data	**Unit**					
EPS	₹	26.72	26.92	45.45	38.43	16.98
CEPS	₹	96.86	77.70	98.54	78.86	46.97
Dividend	₹	8.50	8.50	14.00	12.00	5.25
Book Value	₹	405.35	387.52	370.49	341.32	316.88
Share Related Data	**Unit**					
Dividend Payout	%	37.22	36.70	35.80	36.41	36.17
Price to Earning *	Multiple	10.67	11.27	7.85	8.27	15.85
Price to Cash Earning*	Multiple	2.94	3.90	3.62	4.04	5.73
Price to Book Value	Multiple	0.70	0.78	0.96	0.93	0.85
*Based on March 31, closing price (BSE)	₹	285.10	303.20	356.95	318.45	269.10

12.9 Registrars and Transfer Agents : **M/s. Link Intime India Pvt.Ltd.**
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai - 400 078
Telephone No. (022) 25963838
Fax No. (022) 25966969
E-mail: mumbai@linkintime.co.in

12.10 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 (India) Limited. The transfers are approved by the Share Transfer Committee. Share transfers are registered and Share Certificates are despatched within stipulated period from the date of receipt if the documents are correct and valid in all respect.

The number of shares transferred during the last two financial years:

2012-13 : 17650 Shares

2011-12 : 25750 Shares

12.11 Status of Investor Services:

Investor correspondence received and replied during the year are as follows:

Sr. No.	Nature of Correspondence	Nos.
1	Share Transfers & related issues / Demat / Warrant Conversion	50
2	Transmission of shares / Nomination of Shares	42
3	Issue of Duplicate Share Certificates / Bonus / Rectification of shares	411
4	Dividend related issues / ECS / Bank Mandates	973
5	Request for Change of Address	134
6	Call Money Payment Correspondence / Reminders / Forfeiture Shares	2
7	References through Statutory / Regulatory bodies like ROC / SEBI / NSE / BSE / NSDL / CDSL	28
8	Others	29
	TOTAL	**1669**

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

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12.12 Dematerialisation of shares and liquidity:

The total number of shares dematerialised as on 31.03.2013 is 33,66,64,203 representing **99.42%** 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.

12.13 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 equityshares during the period February 1997 - April 1997. The said Warrant certificates were not called back by the Company and bear no value.

12.14 Plant Locations:

The Corporation has 2 Refineries located at Mumbai and Visakh. It has 101 Regional offices, 34 Terminals/ Tap off Points, 90 Depots, 45 LPG Bottling Plants, 12173 Retail outlets, 35 ASFs, 1638 SKO / LDO Dealers and 3194 LPG Distributors located all over the country.

12.15 Address for correspondence

Registrars and Transfer Agents:	**Company's Shares Department:**
M/s. Link Intime India Pvt. Ltd. Unit: **HINDUSTAN PETROLEUM CORPN. LTD.** C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Telephone No.: 022 – 25963838. Fax No.: 022 – 25946969 E-mail:mumbai@linkintime.co.in	**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.: 022-22874552/22841573 E-mail: hpclinvestors@hpcl.co.in

12.16 Distribution Schedule as on 31.03.2013 :

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	9050	1605391	84787	8694946	93837	10300337	92.89	3.04
501-1000	397	289425	3875	2927180	4272	3216605	4.23	0.95
1001-5000	37	61931	2207	4335013	2244	4396944	2.22	1.30
5001-10000	1	6300	224	1680039	225	1686339	0.22	0.50
10001 & above	0	0	447	319027025	447	319027025	0.44	94.21
TOTAL:	**9485**	**1963047**	**91540**	**336664203**	**101025**	**338627250**	**100.00**	**100.00**

Corporate Governance

12.17 Shareholding Pattern :

CATEGORY	As on 31.03.2013			As on 31.03.2012		
	No. of Holders	Shares held	% of total issued shares	No. of Holders	Shares held	% of total issued shares
THE PRESIDENT OF INDIA	1	173076750	51.11	1	173076750	51.11
FINANCIAL INSTITUTIONS	39	41227783	12.17	41	47290495	13.97
FII/OCBs	143	33007049	9.75	162	29332957	8.66
BANKS	20	1054667	0.31	16	438688	0.13
MUTUAL FUNDS	126	39194301	11.57	133	42172549	12.45
NRIs	2995	1126106	0.34	3051	990389	0.29
EMPLOYEES (Physical)	624	267195	0.08	642	275645	0.08
OTHERS	97077	49673399	14.67	99879	45049777	13.31
TOTAL	**101025**	**338627250**	**100.00**	**103925**	**338627250**	**100.00**

12.18 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

a) All Whole-Time Directors

b) All Non-Whole Time Directors including independent Directors under the provisions of law and

c) 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, 2013.

12.19 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.

12.20 The Corporation has a Whistle-Blower Policy in place and no personnel have 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 – http://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, 2013.

S. Roy Choudhury
Chairman & Managing Director

AUDITORS 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" (the company) for the year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India and the DPE Guidelines on Corporation 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 above mentioned 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 OM AGARWAL & CO.
Chartered Accountants
Firm No. : 000971c

K.C. Gupta
Partner
Membership No. 072936

For B.K. KHARE & CO
Chartered Accountants
Firm No.: 105102W

Naresh Kumar Kataria
Partner
Membership No. 037825

Place : Mumbai
Date : July 20, 2013

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Hindustan Petroleum Corporation Limited
(A Government of India Enterprise)

Petroleum House, 17, Jamshedji Tata Road,
Churchgate, Mumbai- 400020