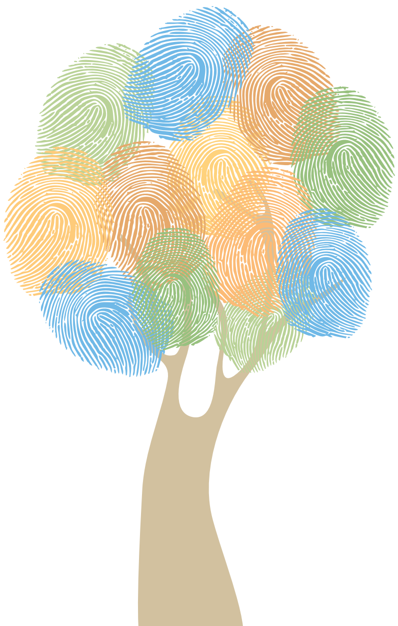
हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
वार्षिक रिपोर्ट 2013-14

Hindustan Petroleum Corporation Limited
Annual Report 2013-14

TOGETHER TOWARDS TOMORROW



TOGETHER TOWARDS TOMORROW

Energy is the key to unlocking tomorrow's opportunities. As the world's population continues to grow and more people seek a better quality of life, one thing is certain. The demand for energy will escalate like never before.

HPCL is committed to play a significant role in the constantly changing energy landscape, which will power future economies and social aspirations.

This year we celebrate a historic milestone; four decades of unrelenting team spirit and sterling achievements in the energy business. In all these years, we have focused our expertise and experience in ensuring a better and happier tomorrow for all by producing energy responsibly and sustainably.

We have many more miles to travel and many more milestones to accomplish by working collectively as a cohesive team. By being together, we can leverage the diverse capabilities of all our stakeholders and strengthen our preparedness for the future.

We are conducting our business in a socially and environmentally responsible manner by ensuring sustainable operations. At the same time, we are improving our performance to deliver greater value to our stakeholders.

Together, we are building a world-class energy company that is known for quality products, innovative services, happier customers and a firm commitment towards society, environment, health and safety norms and employee welfare and relations.

CONTENTS

Our Directors

Whole Time Directors	Ex-Officio Part-Time Directors	Non-Official Part-Time Directors
Ms. Nishi Vasudeva Chairman & Managing Director (From 01.03.2014) (DIN:03016991)	**Dr. S.C. Khuntia** Director (DIN:05344972)	**G.K. Pillai** Director (DIN:02340756)
Shri Pushp Kumar Joshi Director - Human Resources (DIN:05323634)	**Shri R.K. Singh** Director (From 26.06.2013) (DIN:05193269)	**Shri A.C. Mahajan** Director (DIN:00041661)
Shri K.V. Rao Director – Finance (From 01.06.2013) (DIN:05340626)		**Dr. G. Raghuram** Director (DIN:01099026)
Shri B.K. Namdeo Director – Refineries (From 01.07.2013) (DIN:06620620)		**Dr. Gitesh K. Shah** Director (DIN:02330569)
		Shri Rohit Khanna Director (From 27.09.2013) (DIN:00004072)
		Shri Anil Razdan Director (Till 09.01.2014) (DIN:00356644)
		Shri S.K. Roongta Director (Till 09.01.2014) (DIN:00309302)

Chairman's Message

Dear Shareholders,

It is a matter of immense pleasure and pride to present the 62nd Annual Report for the year 2013-14.

This is the year in which HPCL completes 40 years since formation in 1974 - a key historical milestone. It is only befitting, then, that we achieved the highest net profit level in the last decade in the year 2013-14. It is also very satisfying to report that HPCL clocked the highest growth in market sales amongst Public Sector Oil Marketing Companies (OMCs). When one considers this performance in the backdrop of a slowing economy, stagnant petroleum demand and a volatile exchange rate, the performance seems even more remarkable.

Each of our business units worked in tandem and continued to deliver superior performance. We also obtained an MOU score of 1.034 for 2012-13, which is the best score amongst all the PSUs under the Ministry of Petroleum and Natural Gas (MOP&NG) for the second consecutive year.

The Indian economy recovered marginally from the decade low GDP growth recorded in the last fiscal, even though it was less than 5% for the second consecutive year. This indicated a slowdown, for the first time in nearly 25 years. The average oil price in 2013-14 was around US $ 106 per barrel, slightly lower than the 2012-13 average of US $ 108 per barrel. However, benchmark prices were higher when denominated in rupee terms due to depreciation of rupee. The Rupee depreciated significantly against US $ from ₹ 54 per dollar at end of March 2013 to about ₹ 69 per dollar in August 2013 and hovered around ₹ 62 per dollar during October 2013 to February 2014. By end-March 2014, it was at ₹ 61 per dollar.

Sluggish economic activity, combined with sector-specific factors led to a nominal increase, in the consumption of petroleum products in 2013-14, by a mere 1.3% to 160 million metric tonnes (MMT), from 157 MMT in 2012-13. On a positive note, under-recoveries of OMCs declined in 2013-14, as they were authorised, in January 2013, to increase diesel prices in regular increments.

HPCL recorded a stellar performance in 2013-14. Our Gross Sales increased by 7.7% to reach ₹ 2,32,188 crore while Profit after Tax almost doubled to ₹ 1,734 crore from ₹ 905 crore in 2012-13. Our refineries processed 15.51 MMT of crude, achieving 105% capacity utilisation. Refining margins improved to US $ 3.43 per barrel, against US $ 2.08 per barrel in 2012-13, while combined distillate yield was 74.2% in 2013-14.

During the year, our refineries initiated various measures to improve margins by improving distillate yields and energy efficiency index. A number of critical projects were completed during the year including, Diesel Hydro Treater (DHT) plants at Mumbai and Visakhapatnam refineries to meet the requirements of Euro IV HSD in the country, Revamp of Propane De-asphalting unit (PDA) at Mumbai refinery, Flue Gas Desulphurisation unit (FGD) – II and augmentation of Propylene capacity at Visakhapatnam refinery.

HPCL is also developing a green R&D Centre in Bengaluru which will focus on developing competitive, energy-efficient and eco-friendly technologies.

HPCL continued the tradition of registering excellent sales performance. In 2013-14, we achieved total sales of 31.0 MMT, with an all-time high domestic sales of 30.27 MMT; thereby recording a 4.1% increase over 2012-13, which is the highest growth amongst the Oil Marketing Companies (OMCs).We registered a market share gain in Retail sales of motor fuels thereby achieving a stellar performance of increasing market share sequentially over the last decade. We have also recorded Bitumen sales of 1 million tonnes for the second consecutive year and launched new VG 40 Bitumen Grade for the first time in the Industry. We achieved a significant milestone by becoming India's largest lube marketer with total Lube sales of 484 TMT in 2013-14.

Another significant aspect during the year has been the robust throughput of 9.3 million tonnes from our Joint Venture refinery, HMEL at Bathinda. This has enabled the corporation to consolidate its market share in the high growth region of Northern India.

Your Corporation has developed world class in-house capabilities in design, construction and operation of cross-country product pipelines, as part of its strategy for leveraging this least-cost transportation mode. This strategy has paid rich dividends during 2013-14, with a record throughput of 15.69 MMT in pipelines. We have also registered significant progress on three new pipeline projects under implementation viz. Rewari-Kanpur Pipeline and Awa–Salawas Pipeline for white oils and Mangalore–Hassan-Bangalore LPG Pipeline.

To strengthen primary distribution and logistics, HPCL commissioned a White Oil Terminal at Ennore in Tamil Nadu with a tankage of 115 TKL, 42 Tank truck-loading bays and two rail-loading facilities. LPG infrastructure was strengthened by the commissioning of LPG bottling plant at Anantapur in Andhra Pradesh with bottling capacity of 60 TMT and enhancement of bottling capacities at Mysore and Hazarwadi LPG plants.

Chairman's Message

Ensuring safe operations at all our locations continues to be a key focus area. It is a matter of satisfaction for us that we achieved “zero lost time accidents” at our POL and LPG installations. Our commitment to Safety continues to be strengthened with intensification of efforts to implement best in class systems and regular training of our personnel. We are committed to sustainable development and various projects are currently underway towards reduction in carbon footprint and conservation of energy.

Your Corporation is continually working to be a model of excellence in meeting the commitment to our society and has undertaken projects with focus on Child-Care, Education, Health Care, Skill Development and Community Development in partnership with specialized NGOs/Implementation partners.

While uncertainties surrounding the administered fuel pricing policy remain, and are likely to impact our performance, we have maintained our strategy of investing in new infrastructure in our core areas of Refining and Marketing. We also plan to expand in new areas such as Natural gas and move up the value chain, as energy needs of the country expand with the growing economy.

To tap future opportunities, we have entered into a Joint Venture agreement with Government of Rajasthan for a 9 MMTPA refinery-cum-petrochemical complex at Barmer. We have also initiated activities for setting up a 5 MMTPA LNG terminal at Chhara, in Gujarat, through a JV partnership with M/s S. P. Ports Pvt. Ltd. Further, we are participating in two separate Joint Venture companies viz. GSPL India Gasnet Limited (GIGL) and GSPL India Transco Limited (GITL) with equity stakes from GSPL (52%), IOCL (26%), HPCL (11%) and BPCL (11%) for laying, building and operating three natural gas pipelines. We have also commissioned wind energy farms with a generation capacity of 50.5 MW and plan to expand the capacity by an additional 50 MW.

In the area of exploration and production (E&P), we acquired a stake in two natural gas blocks in Australia through the wholly-owned subsidiary M/s Prize Petroleum Company Ltd. One of the fields is a producing one, the other is a “discovered” field and yet to be developed. This is a significant step in our effort to move up the value chain with a focus on developing capabilities and improving cash flows.

Modest recovery is expected in 2014-15 as GDP growth is forecast to be at around 5.5% due to part resolution of stalled projects and improved business and consumer confidence. The narrowing of the current account deficit (CAD) and fiscal deficit has reduced the risk of stress in the Indian economy. Increased forex reserves in the second half of 2013-14 helped the nation ride out the volatility in the currency markets in the beginning of 2014, relatively smoothly. Headline inflation is trending down while CPI inflation, in the recent past, has tended to be high due to volatile food prices. Any adverse outcome of the monsoon will, therefore, increase inflationary pressures. Rising US oil supply and slowing emerging market growth predict a slightly declining to flat oil prices this year. However, outages due to geopolitical risks could conversely, lead to volatility and spike in oil prices.

To insulate ourselves against external volatilities and uncertainty, we continue to focus on process improvements. We are implementing two major projects, viz., Central Procurement and Integrated Margin Management for increasing competitiveness and delivering superior value to the customers and stakeholders. An Innovation Council comprising of all the Business Heads has been formed to design strategies for leveraging Innovation. Several projects with involvement of workmen are under implementation to achieve operational efficiencies in Marketing Division.

People are the main stay of your organization and are core to achieving excellence in performance. HPCL is proud of its committed, motivated and hard-working team of employees. Our focus is on capability building, empowerment,alignment of employees to a common vision and creating an effective pipeline of leaders for the future. As we prepare for the challenges ahead, it is our endeavor to ensure that there is a seamless transition to the next generation of leaders, who can take the company to greater heights.

The Ministry of Petroleum & Natural Gas, Government of India, other Ministries / Departments of the Government of India, and various State Governments have guided and supported us in all our efforts. Our customers, business associates and shareholders have always been a source of strength and I thank them for their support.

We believe we can leverage the diverse skills, strengths and abilities of all our employees and stakeholders and prepare HPCL for the future by working ‘Together towards Tomorrow’.

We look forward to your continued support in all our endeavours.

Thank you,

Nishi Vasudeva

Senior Management Team (Positions as on 01.07.2014)

Shri Manoj Pant	Chief Vigilance Officer
Shri D.K. Deshpande	ED – (HSE Corporate)
Shri R.S. Rao	ED – IT&S
Shri A.B. Thosar	ED – Rajasthan Refinery Limited
Shri S.P. Gupta	ED – Finance (Refineries)
Shri M.S. Damle	ED – Retail
Shri Y.K. Gawali	ED – LPG
Shri S.C. Mehta	ED – Refineries Project Process
Shri S.P. Singh	ED – Centralized Procurement Project
Shri H. Kumar	ED - Corporate Strategy & Planning
Shri S.T. Sathiavageeswaran	ED – Information Systems
Shri S. Jeyakrishnan	ED – Direct Sales
Shri A. Pande	ED – Projects & Pipelines
Shri G. Sriganesh	ED – Refineries, Corporate R & D
Shri Ajit Singh	ED – Coordination, DCO
Shri Rakesh Misri	ED – Human Resources
Shri S.I. Joseph	ED – Employee Relations
Shri Rakesh Kumar	ED – Compensation Management
Shri N.S.J. Rao	ED – Mumbai Refinery
Shri J. Ramaswamy	ED - Corporate Finance
Shri H.R. Wate	ED – Gas, Renewables & BD
Shri V.V. R. Narasimham	ED – Viskah Refinery
Shri M.K. Surana	ED*
Shri H.C. Mehta	ED – Operations & Distribution
Shri R. Ganesan	GM – Finance, Mumbai Refinery
Shri A.V. Sarma	Chief Finance Officer cum CS- Rajasthan Refinery Project
Shri S. Babu Ganesan	GM – Engineering & Projects
Shri M. Naveen Kumar	GM- Finance, IT&S
Ms. Sonal Desai	GM – CSR
Shri P.P. Nadkarni	GM – Pipeline Operations
Shri R. Radhakrishnan	GM – IS (Functional)
Shri V.K. Jain	GM – Tax
Ms. Geeta M. Jerajani	GM – Finance, CS&P
Shri S.P. Nair	GM – Legal
Shri S.K. Kulkarni	GM – Materials, Mumbai Refinery
Shri B. Ravindran	GM – Finance (Marketing)
Shri M. Rambabu	GM – Maintenance, Mumbai Refinery

Senior Management Team (Positions as on 01.07.2014)

Shri M.V.R Krishna Swamy	GM*
Shri R. Kesavan	GM – Integrated Margin Management, CS&P
Shri Anil Khurana	GM*
Shri M.D. Pawde	GM – Operations, Mumbai Refinery
Shri GSVSS Sarma	GM – Operations, Visakh Refinery
Shri Rajnish Mehta	GM – Aviation
Shri S.P. Gaikwad	GM – Rajasthan Refinery Project
Shri J.S. Prasad	GM – Pipeline Projects
Shri S. Paul	GM – Internal Audit
Shri V.S. Shenoy	GM – DHT Commissioning, Visakh Refinery
Shri N.V. Choudary	GM – Process Technologies, Corporate R&D
Shri L. Venugopal	GM – Projects, Visakh Refinery
Shri S. Raja	GM – Maintenance, Visakh Refinery
Shri S. Bhattacharjee	GM – Joint Ventures
Shri G. Chiranjeevi	GM – Special Projects, O&D
Shri K. Daniel Santosh	GM – Finance, Visakh Refinery
Shri D.K. Pattanaik	GM – Retail, East Zone
Shri A.S.V. Ramanan	GM – HR, Visakh Refinery
Shri G.S.V. Prasad	GM – Retail, South Central Zone
Shri K. Ananda Rao	GM – Refinery Co-ordination
Shri S. Biswas	GM – LPG
Shri A. V. Narayana Rao	GM – Commercial, LPG SBU
Shri C. Rama Krishnan	GM – Retail, West Zone
Shri T.S. Sawhney	GM*
Shri Vikram Gulati	GM – Treasury & Pricing
Shri K. Radhakrishnan	GM – I&C, Direct Sales, West Zone
Shri R. Sudheendranath	GM – Lubes
Shri S. K. Suri	GM – Retail, North Zone
Shri Rajiv Chandra	GM – IS (Technical)
Shri K. Abhishek Datta	Dy. Chief Vigilance Officer
Shri Shyam Mustyalwar	GM*
Shri K. Srinivas	GM – Retail, South Zone
Shri V.S. Agashe	GM - Project Process, Mumbai Refinery
Shri Rajneesh Narang	Executive Assistant to C&MD
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: corphpcl.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
1st Floor, Alpha Bazar
High Street 1
Law Garden
Ahmedabad – 380 006.

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

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

CVK Associates
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
Website: www.hindustanpetroleum.com E-mail: corphqo@hpcl.co.in
Tel: 22863900 Fax: 22872992
(CIN : L23201MH1952GOI008858)

NOTICE

NOTICE is hereby given that the **62nd ANNUAL GENERAL MEETING** of the Shareholders of Hindustan Petroleum Corporation Limited will be held on September 05, 2014 at 11.00 A.M. at Y.B. Chavan Auditorium, Yashwantrao Chavan Pratishthan, General Jagannathrao Bhonsle Marg, Mumbai – 400 021 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement of the Corporation for the Financial Year ended March 31, 2014 and Reports of the Board of Directors and Auditors thereon.
2. To declare Equity Dividend for the Financial Year 2013-14.
3. To appoint a Director in place of Dr. Subhash Chandra Khuntia (DIN:05344972), who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri Pushp Kumar Joshi (DIN:05323634) who retires by rotation and is eligible for reappointment.

SPECIAL BUSINESS :

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

   "**RESOLVED that** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder, and as amended from time to time, and such other permissions as may be necessary, the payment of the remuneration of ₹ 2,95,000/- (Rupees Two Lac Ninety Five Thousand Only) with applicable Service Tax plus reimbursement of out of pocket expenses at actuals plus applicable service tax, to M/s. R. Nanabhoy & Company & Mr. Rohit J. Vora who were appointed by the Board of Directors of the Company, as "Cost Auditors" to conduct the audit of the cost records maintained by the Company for Financial Year ending March 31, 2015, be and is hereby ratified and approved.

By Order of the Board,

Date : August 05, 2014
Regd. Office : 17, Jamshedji Tata Road
Churchgate, Mumbai - 400 020

Shrikant M. Bhosekar
Company Secretary

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.

   In terms of Section 105 of the Companies Act, 2013 read with Rule 19 of the Companies (Management and Administration) Rules, 2014 a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Notice of Annual General Meeting

2. The Explanatory Statement made pursuant to Section 102 (1) of the Companies Act, 1956 in respect of the item No. 5 of the Notice is annexed herewith.
3. Dividend on Equity Shares as recommended by the Board of Directors for the Financial Year 2013-14, if approved at the meeting, will be payable to those eligible members whose names appear :
   (1) As Beneficial owners, as on August 13, 2014 as per the list to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) in respect of shares held in Dematerialised form, and
   (2) As Members in the Register of Members of the Company as on September 05, 2014 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 13, 2014.
   (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(s) of the physical shares to furnish copy(ies) of PAN card(s) for registration of transfer of shares. Transferee(s) are requested to furnish copy(ies) of PAN card(s)along with Share Transfer Deed duly completed and physical share certificate(s).
4. Shareholders to whom hard copy of Annual Reports have been provided are requested to bring their copies of the Annual Report to the Meeting. In case of others, copies of Annual Reports shall be made available at the venue of the Meeting.
5. Shareholders / Proxies attending the Meeting should bring the Admission Slip, duly filled, for handing over at the venue of the meeting.
6. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules made thereunder, the Shareholders are provided with the facility to cast their vote electronically, through the e-Voting platform provided by NSDL on all the resolutions set forth in this notice. The e-Voting shall commence on August 26, 2014 and end on August 28, 2014. The e-Voting module shall be disabled by NSDL for e-Voting thereafter. During this period, Shareholders of the Company holding shares either in Physical Form or in dematerialised from as on July 25, 2014 may cast their vote electronically.

   The results declared along with Scrutinizer Report shall be placed on the Company's website and on the NSDL website within two days of passing of the Resolutions at AGM and communicated to NSE and BSE where the shares of the company are listed.

   For exercising e-Voting facility, the User ID and initial password are provided at the bottom of the 'Admission Slip cum Proxy Form' and the detailed procedure is enumerated below.

   E- VOTING

   <u>In case of shareholders' receiving e-mail from NSDL:</u>

   (i) Open e-mail and open PDF file viz; "HPCL e-Voting.pdf" with your client ID or Folio No. as password containing. Please note the User ID and initial password.

   (ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

   (iii) Click on "Shareholder Login"

   (iv) Put user ID and password as initial password noted in step (i) above. Click Login.

   (v) Password change menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Notice of Annual General Meeting

(vi) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select “EVEN” of Hindustan Petroleum Corporation LImited

(viii) Now you are ready for e-Voting as “Cast Vote page” opens

(ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.

(x) Upon confirmation, the message “Vote cast successfully” will be displayed

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail hpclscrutinizer@gmail.com, hpclevoting@hpcl.co.in with a copy marked to evoting@nsdl.co.in.

In case of shareholders’ receiving documents by Post.

Initial password is provided at the bottom of the ‘Admission Slip cum Proxy Form.’ Please follow all steps from Sr. No. (ii) to Sr. No. (xii) above, to cast vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-Voting user manual for Shareholders available at the ‘download’ sections of www.evoting.nsdl.com or call on (022) 24994433.

7. (a) **Shareholders Holding Shares in Physical Form:**

Shareholders 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., R & T Agents at their address given on point no. (11) 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 respective Client ID / DP ID Nos., to their respective Depository Participants only and not to M/s. Link Intime India Pvt. Ltd or to the Company.

8. 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 recent circular Ref. No. CIR/CFD/DIL/7/2011 dated November 05 2011 issued by Securities and Exchange Board of India (SEBI) and under the provisions of the Companies Act, 2013 and the Rules made thereunder, Company has sent Annual Reports in Electronic Mode to the shareholders who have registered their E-mail IDs. However, an option is available to the shareholders to continue to receive the physical copies of the documents/ Annual Reports by making a specific request quoting their Folio No./Client ID & DP ID to Company/ R & T Agents.

9. (a) The Securities and Exchange Board of India (SEBI) vide circular No. CIR/MRD/DP/10/2013 dated March 21, 2013 have advised all the concerned to use electronic mode of payment for making cash payment to the investors. In the cases of shareholder/s, where it is not possible to effect electronic payment, SEBI has advised to print bank details on the dividend warrant instruments issued to them. .

(b) In order to facilitate the shareholders who are holding the shares in Physical Form, our Corporation has hosted various Forms including e-payment mandate form, on its website www.hindustanpetroleum.com under the menu“Investors” & Sub-Menu “Investors Guide”. Shareholders can download the requisite form, fill it as per the direction given therein and forward the same to the R&T Agents at the address given in note no. (11) below along with attachments. Form can also be obtained from our R&T Agents.

Notice of Annual General Meeting

(c) Shareholders who are holding shares in Electronic Form are requested to contact their respective Depository Participants (DP) only for updating their bank details. They are also advised to seek 'Client Master Advice' from their respective DP to ensure that correct updation has been carried out in their record. It may be noted that the bank details data provided by the Depositories is solely used by the company to effect the payment of dividend. Hence, it is utmost necessary for shareholders to ensure that the correct Bank details are updated with DPs.

10. 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 (IEPF) 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
06.09.2007	2006-07 (Final)	Oct. 2014
22.09.2008	2007-08 (Final)	Oct. 2015
28.08.2008	2008-09 (Final)	Sept. 2016
16.09.2010	2009-10 (Final)	Oct. 2017
22.09.2011	2010-11 (Final)	Oct. 2018
18.09.2012	2011-12 (Final)	Oct. 2019
05.09.2013	2012-13 (Final)	Oct. 2020

    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 the unencashed Dividend Warrants still held by them to the Registrars and Transfer Agents of the Company.

11. 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

12. **Appointment / Re-appointment of Directors**

    At the ensuing Annual General Meeting, Dr. Subhash Chandra Khuntia, Shri Pushp Kumar Joshi, retire by rotation and being eligible, offer themselves for re-appointment.

Notice of Annual General Meeting

EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 102(1) OF THE COMPANIES ACT, 2013

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

5. The Board, on the recommendations of the Audit Committee, has approved the appointments and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015 as per the following details:-

Sr. No.	Name of the Unit	Name & Address of the Cost Auditor	Audit Fees (In ₹)
1.	Mumbai Refinery & Visakh Refinery	**M/s. R. Nanabhoy & Co.** Jer Mansion, 1st floor, 70 August Kranti Marg, Mumbai – 400 036.	1,60,000/-*
2.	Mazgaon, Haybunder, Sewree, Silvassa, Budge, Ramnagar & Chennai Lube Blending Plants and CNG Mother Station at Ahmedabad	**Mr. Rohit J Vora** 1103 Raj Sunflower Royal Complex, Eksar Road, Borivali (West), Mumbai – 400 092.	1,35,000/-*
		Total	2,95,000/-

* with applicable Service Tax plus reimbursement of out of pocket expenses at actuals plus applicable Service Tax.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 the remuneration payable to the Cost Auditors needs to be ratified by the Shareholders of the Company.

Accordingly, approval of the members is sought for passing an Ordinary Resolution as set out at item no. 5 of the Notice for ratification of the remuneration payable to the Cost Auditors to conduct audit of the cost records of the Company for the Financial Year ending March 31, 2015. Relevant documents referred in respect of the said item are open for inspection by the members at the Registered Office of the Company on all working days during 2.30 p.m. to 4.30 p.m. up to the date of the Meeting.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 5 of the Notice.

The Board recommends the Ordinary Resolution as set out at item no. 5 for approval by the shareholders.

By Order of the Board,

Date : August 05, 2014

Regd. Office : 17, Jamshedji Tata Road
Churchgate, Mumbai - 400 020

Shrikant M. Bhosekar
Company Secretary

ANNEXURE TO ITEMS 3 & 4 OF THE NOTICE

Details of Directors seeking appointment / reappointment at the 62nd Annual General Meeting in pursuance of Clause 49 of the Listing Agreement.

Name of the Director	**Dr. Subhash Chandra Khuntia**	**Shri Pushp Kumar Joshi**
Date of Birth	21.11.1957	08.08.1964
Nationality	Indian	Indian
Date of Appointment on the Board	03.08.2012	01.08.2012
Qualification	IAS Post Graduate in Physics, Computer Science, Economics & Sociology, Ph.D. in Economics	B.A.LLB, PG (PM&IR) XLRI Jamshedpur
List of Directorship in other Companies	1. Indian Oil Corporation Limited 2. Indian Strategic Petroleum Reserves Limited 3. Oil and Natural Gas Corporation Limited	1. Prize Petroleum Co.Limited 2. CREDA HPCL Bio Fuel Limited 3. HPCL Biofuels Limited 4. HPCL Rajasthan Refinery Limited 5. Bhagyanagar Gas Limited 6. Aavantika Gas Limited 7. South Asia LPG Co.Pvt. Limited 8. HPCL Shapoorji Energy Limited 9. Hindustan Colas Limited

Performance Profile

FINANCIAL	2013-14	2013-14	2012-13	2011-12	2010-11	2009-10
	US $ Million	₹ / Crores				₹ / Crores
Sales / income from operations	38,749.72	232,188.35	215,666.45	188,130.95	142,396.49	114,888.63
Gross profit	1,024.75	6,140.31	4,821.78	5,156.44	4,637.09	4,193.18
Depreciation	365.23	2,188.44	1,934.42	1,712.93	1,406.95	1,164.40
Interest	223.02	1,336.36	1,412.80	2,224.27	884.00	903.75
Tax including deferred tax	147.15	881.74	569.85	307.81	807.14	823.61
Provision for fringe benefit tax	-	-	-	-	-	0.05
Net profit	289.35	1,733.77	904.71	911.43	1,539.01	1,301.37
Dividend	87.60	524.87	287.83	287.83	474.08	406.35
Tax on distributed profits	14.89	89.20	48.92	46.70	76.91	67.49
Retained earnings	186.87	1,119.70	567.96	576.89	988.02	827.53
INTERNAL RESOURCES GENERATED	603.84	3,618.23	3,015.45	2,179.48	2,785.93	2,196.53
VALUE ADDED	2,580.25	15,460.85	13,158.78	11,824.30	10,017.94	9,365.26
WHAT CORPORATION OWNS						
Gross fixed assets	7,087.24	42,466.76	37,006.21	33,459.00	29,648.39	24,988.37
Less: Depreciation	2,762.77	16,554.52	14,457.51	12,609.35	11,003.86	9,681.70
Net fixed assets	4,324.47	25,912.24	22,548.70	20,849.65	18,644.53	15,306.67
Capital work-in-progress	793.70	4,755.86	5,199.22	4,474.73	3,798.70	3,887.59
Investments	-					
JVCs & Subsidiary	862.66	5,169.03	4,199.27	3,416.64	3,819.30	2,623.83
Others	949.74	5,690.83	6,427.66	6,953.86	7,515.73	8,763.39
Net current/non current assets	1,594.99	9,557.18	12,738.92	10,344.16	6,984.38	4,086.83
Deferred tax liability	(652.27)	(3,908.43)	(3,598.35)	(3,085.28)	(3,195.63)	(1,807.97)
Total	7,873.28	47,176.71	47,515.42	42,953.76	37,567.00	32,860.34
WHAT CORPORATION OWES						
Net Worth	2,505.37	15,012.16	13,726.40	13,122.52	12,545.80	11,557.97
Share capital	56.69	339.71	339.71	339.71	339.71	339.71
Share forfeiture	(0.12)	(0.70)	(0.70)	(0.70)	(0.70)	(0.70)
Reserves	2,448.79	14,673.15	13,387.39	12,783.51	12,206.79	11,218.96
Borrowings	5,367.92	32,164.55	33,789.02	29,831.24	25,021.19	21,302.37
Total	7,873.28	47,176.71	47,515.42	42,953.76	37,567.00	32,860.34
PHYSICAL (MMT)						
CRUDE THRUPUT		15.51	15.78	16.19	14.75	15.76
- Mumbai Refinery		7.74	7.75	7.51	6.55	6.96
- Visakh Refinery		7.77	8.03	8.68	8.20	8.80
PIPELINE THRUPUT		15.69	14.04	13.62	12.98	11.95
MARKET SALES		30.96	30.32	29.48	27.03	26.27

Notes:

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

2. 1 US$ = ₹ 59.92 (Exchange rate as on 31.03.2014).

Performance Profile

	2013-14	2013-14	2012-13	2011-12	2010-11	2009-10
	US $ Million	₹ / Crores				₹ / Crores
FUND FLOW STATEMENT						
Sources of Funds						
Profit after tax	**289.35**	**1,733.77**	904.71	911.43	1,539.01	1,301.37
Depreciation	**365.23**	**2,188.44**	1,934.42	1,712.93	1,406.95	1,164.40
LPG deposits	**171.76**	**1,029.20**	763.44	839.74	694.18	515.68
Borrowings (net)	**(331.53)**	**(1,986.51)**	2,970.03	5,085.69	3,177.02	(1,270.19)
Redemption of Oil bonds	**-**	**-**	708.00	1,127.90	1,486.00	5,270.27
Amortisation of capital grant received from OIDB & amortisation of FCMITDA*	**(1.61)**	**(9.63)**	1.85	(0.18)	(0.19)	(0.19)
Provision for deferred tax	**51.75**	**310.08**	513.07	(110.35)	1,387.66	204.60
Adjustment on account of sale/ deletion of assets & provision for diminution in investment	**130.65**	**782.83**	584.62	27.50	(238.33)	703.73
Total	**675.60**	**4,048.18**	8,380.14	9,594.66	9,452.30	7,889.67
Utilisation of Funds						
Dividend	**87.60**	**524.87**	287.83	287.83	474.08	406.35
Tax on distributed profits	**14.89**	**89.20**	48.92	46.70	76.91	67.49
Capital expenditures	**860.25**	**5,154.62**	5,090.31	4,620.63	4,655.92	3,712.68
Increase/(decrease) in net current / non current assets	**(383.56)**	**(2,298.30)**	2,026.34	4,210.24	3,431.07	141.74
Investment in JVCs & Subsidiaries (Including advance towards equity & share application money pending allotment)	**96.43**	**577.79**	926.74	429.26	814.32	1,527.41
Investment Oil bonds	**-**	**-**	-	-	-	2,033.99
Total	**675.60**	**4,048.18**	8,380.14	9,594.66	9,452.30	7,889.67
CONTRIBUTION TO EXCHEQUER						
Excise duty	**1,430.08**	**8,569.03**	8,386.47	8,948.91	8,589.25	7,121.14
Customs duty	**32.21**	**193.03**	340.29	1,321.34	3,192.08	564.74
Sales tax	**4,282.98**	**25,663.63**	21,874.41	19,233.85	15,804.52	12,583.82
Service tax	**27.75**	**166.26**	127.96	83.52	70.32	55.41
Income tax	**59.57**	**356.96**	87.95	271.92	542.00	382.32
Fringe benefit tax	**-**		-	-	-	0.05
Others	**246.09**	**1,474.56**	1,356.42	1,440.99	665.98	448.54
Total	**6,078.68**	**36,423.47**	32,173.50	31,300.53	28,864.15	21,156.02
RATIOS						
Gross profit/Sales (%)		**2.64**	2.24	2.74	3.26	3.65
Net profit/Sales (%)		**0.75**	0.42	0.48	1.08	1.13
Earnings per share (₹)		**51.20**	26.72	26.92	45.45	38.43
Cash earnings per share (₹)		**119.30**	96.86	77.70	98.54	78.86
Avg. sales/Employee (₹ / Crores)		**19.92**	17.23	15.06	11.79	9.62
Avg. net profit/Employee (₹ / Crores)		**0.17**	0.07	0.08	0.14	0.11
Debt equity ratio (long term debt to equity)		**1.05 : 1**	0.75 : 1	0.66 : 1	0.54 : 1	0.30 : 1
MANPOWER (NOs.)		**10,858**	11,027	11,226	11,248	11,291

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

Performance Profile

	2013-14	2013-14	2012-13	2011-12	2010-11	2009-10
	US $ Million	**₹ / Crores**				₹ / Crores
HOW VALUE IS ADDED						
Income						
Sales / income from operations	**38,749.72**	**232,188.35**	215,666.45	188,130.95	142,396.49	114,888.63
Add: Increase/(decrease) in inventory	**95.87**	**574.44**	(809.46)	824.29	3,438.78	3,249.96
	38,845.59	**232,762.79**	214,856.99	188,955.24	145,835.27	118,138.59
Cost of Raw materials						
Raw material consumption	**10,340.87**	**61,962.49**	63,182.62	56,943.23	40,362.01	37,722.89
Purchases for resale	**24,221.95**	**145,137.95**	128,163.93	109,370.73	85,396.86	62,677.82
Packages	**35.58**	**213.20**	183.12	181.67	143.42	136.39
Stores & spares	**28.01**	**167.81**	156.39	121.41	116.66	174.27
Utilities	**107.18**	**642.24**	1,093.55	921.87	615.68	473.71
	34,733.59	**208,123.69**	192,779.61	167,538.89	126,634.63	101,185.08
Duties applicable to products						
Duties	**1,531.75**	**9,178.25**	8,918.60	9,592.04	9,182.70	7,588.25
Total value added	**2,580.25**	**15,460.85**	13,158.78	11,824.30	10,017.94	9,365.26
HOW VALUE IS DISTRIBUTED						
Operations						
Operating & service costs	**1,216.66**	**7,290.26**	5,811.43	5,084.76	3,363.69	3,551.24
Employees' benefits	**338.84**	**2,030.30**	2,525.56	1,583.10	2,017.16	1,617.32
Providers of capital						
Interest on borrowings	**223.02**	**1,336.36**	1,412.80	2,224.27	884.00	903.75
Dividend	**102.48**	**614.07**	336.75	334.53	550.99	473.84
Income tax/fringe benefit tax	**147.15**	**881.74**	569.85	307.81	807.14	823.66
Re-deployment in business						
Retained profit	**186.86**	**1,119.69**	567.96	576.90	988.02	827.53
Depreciation	**365.23**	**2,188.43**	1,934.42	1,712.93	1,406.95	1,167.92
Total value distributed	**2,580.25**	**15,460.85**	13,158.78	11,824.30	10,017.94	9,365.26

Performance Profile

'000 Tonnes

SALES VOLUME *	2013-14	2012-13	2011-12	2010-11	2009-10
Light Distillates					
Liquified petroleum gas	**4,251.56**	4,073.41	3,957.80	3,700.04	3,317.66
Naphtha	**712.63**	674.59	778.77	875.69	1,341.85
Motor spirit	**4,422.16**	4,070.66	3,869.06	3,599.97	3,247.14
Hexane	**18.22**	19.47	23.45	14.77	16.58
Propylene	**19.66**	48.85	52.30	41.44	23.21
Sub-total	**9,424.22**	8,886.98	8,681.38	8,231.91	7,946.44
Middle Distillates					
Mineral turpentine oil	**43.00**	36.88	37.35	42.67	59.83
Aviation turbine fuel	**445.29**	567.30	768.24	698.56	744.12
Superior kerosene oil	**1,308.00**	1,375.30	1,549.13	1,685.29	1,798.48
High speed diesel	**15,973.03**	15,459.50	14,216.02	12,328.00	11,747.13
JBO/WO	**2.07**	0.96	1.37	2.25	1.54
Light diesel oil	**179.17**	175.87	171.00	157.95	121.09
Sub-total	**17,950.55**	17,615.80	16,743.11	14,914.72	14,472.19
Lubes & Greases	**482.12**	470.94	426.63	413.57	469.67
Heavy Ends					
Furnace oil	**1,590.27**	1,794.17	2,243.47	2,008.04	1,778.01
Low sulphur heavy stock	**227.63**	187.09	220.16	273.76	393.46
Bitumen	**1,007.45**	1,056.13	930.24	810.17	906.41
Others	**282.63**	306.92	239.39	379.89	306.12
Sub-total	**3,107.98**	3,344.30	3,633.26	3,471.86	3,384.00
Total	**30,964.87**	30,318.03	29,484.38	27,032.06	26,272.30
* Including Exports					
MARKETING NETWORK (Nos.)	**31.03.2014**	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Regional offices	**100**	101	101	101	101
Terminals/Installations/TOPs	**35**	34	33	32	31
Depots (including exclusive lube depots)	**90**	90	90	93	92
LPG bottling plants	**46**	45	45	44	44
ASFs	**35**	35	34	32	31
Retail outlets	**12,869**	12,173	11,253	10,212	9,127
SKO/LDO dealers	**1,638**	1,638	1,638	1,638	1,638
LPG distributors	**3,506**	3,194	2,897	2,633	2,404
LPG customers (in crores)	**4.37**	3.99	3.62	3.28	2.92

Performance Profile

'000 Tonnes

PRODUCTION VOLUME - MUMBAI REFINERY	2013-14	2012-13	2011-12	2010-11	2009-10
Light distillates					
Liquified petroleum gas	**379.50**	440.60	448.60	253.70	257.80
Naphtha	**382.90**	408.97	491.20	390.90	549.30
Motor spirit	**1,328.60**	1,357.59	1,182.50	935.40	727.50
Hexane	**17.00**	16.65	26.10	12.60	17.60
Solvent 1425	**11.20**	5.47	8.20	4.10	6.10
Sub-total	**2,119.20**	2,229.28	2,156.60	1,596.70	1,558.30
Middle distillates					
Mineral turpentine oil	**41.90**	36.19	40.50	44.20	62.90
Aviation turbine fuel	**500.90**	536.65	587.10	543.30	580.00
Superior kerosene oil	**272.50**	330.93	285.20	69.30	142.10
High speed diesel	**2,234.40**	2,201.83	1,979.20	1,902.40	2,211.40
Light diesel oil	**84.10**	84.10	93.40	87.90	46.20
Sub-total	**3,133.80**	3,189.71	2,985.40	2,647.10	3,042.60
LOBS/TOBS	**385.80**	361.99	382.40	300.20	347.00
Heavy ends					
Furnace oil	**804.90**	847.49	1,018.00	1,034.70	857.80
Low sulphur heavy stock	**4.20**	(1.39)	8.30	48.20	68.10
Bitumen	**612.20**	631.07	577.40	430.20	559.60
Others (including input of BH gas)	**135.60**	(33.51)	(83.70)	(58.90)	(19.90)
Sub-total	**1,556.90**	1,443.66	1,520.00	1,454.20	1,465.60
Total	**7,195.70**	7,224.65	7,044.40	5,998.20	6,413.50
Intermediate stock differential	**29.60**	(54.52)	(116.90)	146.70	19.50
Fuel & loss	**534.20**	584.66	592.80	505.10	532.10
Grand total*	**7,759.50**	7,754.78	7,520.30	6,650.00	6,965.10

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

Performance Profile

'000 Tonnes

PRODUCTION VOLUME - VISAKH REFINERY	2013-14	2012-13	2011-12	2010-11	2009-10
Light Distillates					
Liquified petroleum gas	**423.33**	382.75	360.80	281.10	310.05
Naphtha	**331.05**	251.38	270.00	448.20	734.04
Motor spirit	**1,347.62**	1,258.69	1,357.50	1,097.30	932.16
Propylene	**19.35**	48.02	52.70	41.90	23.15
Sub-total	**2,121.35**	1,940.84	2,041.00	1,868.50	1,999.40
Middle Distillates					
Mineral turpentine oil		-	-	-	-
Aviation turbine fuel	**40.22**	65.73	60.00	57.50	79.87
Superior kerosene oil	**615.67**	582.38	640.20	704.90	720.33
High speed diesel	**3,007.00**	3,116.26	3,438.00	3,233.60	3,441.39
JBO	**2.13**	0.75	1.00	2.30	1.83
Light diesel oil	**101.63**	84.76	83.10	93.00	70.73
Sub-total	**3,766.64**	3,849.88	4,222.30	4,091.30	4,314.15
Heavy Ends					
Furnace oil	**825.77**	1,025.60	1,220.70	1,020.50	1,033.74
Low sulphur heavy stock	**162.22**	183.29	139.30	150.20	340.33
Bitumen	**340.06**	394.65	367.20	295.90	328.51
Others	**(39.16)**	31.40	26.30	205.80	101.41
Sub-total	**1,288.90**	1,634.94	1,753.50	1,672.40	1,803.99
Total	**7,176.89**	7,425.65	8,016.80	7,632.20	8,117.54
Intermediate stock differential	**7.78**	(5.00)	24.50	(28.30)	83.05
Fuel & loss	**587.74**	607.81	641.00	595.80	595.87
Grand total	**7,772.41**	8,028.47	8,682.30	8,199.70	8,796.46

Directors' Report

TO THE MEMBERS

On behalf of the Board of Directors, I have great pleasure in presenting to you the sixty-second Annual Report on the working of the Company, together with the Audited Accounts for the year ended 31st March, 2014.

HIGHLIGHTS

₹ / Crores

	2013-14	2012-13
FINANCIAL		
Sales/Income from Operation	**2,32,188.35**	2,15,666.45
Profit before Depreciation, Interest and Tax	**6,140.31**	4,821.78
Depreciation	**(2,188.44)**	(1,934.42)
Interest	**(1,336.36)**	(1,412.80)
Profit before Tax	**2,615.51**	1,474.56
Provision for Tax		
Current Tax	**744.17**	(250.58)
Deferred Tax	**117.75**	(440.95)
Taxation of earlier years written back	**19.82**	60.62
MAT Credit Entitlement	**-**	61.06
Profit after Tax	**1733.77**	904.71
Balance brought forward from previous year	**10,191.90**	9,682.74
Appropriations:		
General Reserve	**(173.38)**	(90.47)
Debenture Redemption Reserve (net)	**131.48**	31.67
Proposed Dividend	**(524.87)**	(287.83)
Tax on distributed profits	**(89.20)**	(48.92)
Balance carried forward	**11,269.70**	10,191.90
PHYSICAL PERFORMANCE (MMT)		
Market Sales (Including Exports)	**30.96**	30.32
Crude Thruput:		
Mumbai Refinery	**7.74**	7.75
Visakh Refinery	**7.77**	8.03
SHAREHOLDERS' VALUE (₹)		
Earnings per Share	**51.20**	26.72
Cash Earnings per Share	**119.30**	96.86
Book Value per Share	**443.32**	405.35

DIVIDEND

Your Directors, after taking into account the financial results of the Company during the year, have recommended dividend of ₹ 15.50 per share for the year 2013-14 as against ₹ 8.50 per share paid for the year 2012-13. The dividend for 2013-14, including dividend tax provision will absorb ₹ 614.07 crores (2012-13: ₹ 336.75 crores).

Directors' Report

SALES/INCOME FROM OPERATIONS

Your Company has achieved sales/income from operations of ₹ 2,32,188.35 crores as compared to ₹ 2,15,666.45 crores in 2012-13.

PROFIT

Your Company has earned gross profit of ₹ 6,140.31 crores as against ₹ 4,821.78 crores in 2012-13 and profit after tax of ₹ 1,733.77 crores as compared to ₹ 904.71 crores in 2012-13.

INTERNAL RESOURCES GENERATION

The Internal Resources generated were ₹ 3,618.23 crores as compared to ₹ 3015.45 crores in 2012-13.

CONTRIBUTION TO EXCHEQUER

Your Company has contributed a sum of ₹ 36,423.47 crores to the exchequer by way of duties and taxes, as compared to ₹ 32,173.50 crores in 2012-13.

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, 2014 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 2013-14 qualifies for “Excellent” rating basis self-evaluation.

REFINERY PERFORMANCE

During the year, your refineries processed a combined crude thruput of 15.51 MMT (15.78 MMT in 2012-13) with a capacity utilization of 105% of the installed capacity of 14.80 MMT.

The Combined distillate yield of 74.2% was realized by processing High Sulphur / Low Sulphur crude in the ratio of 59:41.

The Overall MOU Rating for your 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 MS (2,676 TMT) and LOBS (386 TMT).

Gross refining margins of Mumbai Refinery averaged at US $ 5.38 per barrel as against US $ 2.08 per barrel for the year 2012-13.

Gross refining margins of Visakh Refinery averaged at US $ 1.50 per barrel as against US $ 2.08 per barrel for the year 2012-13.

Your Refineries strive to utilize every opportunity to effectively address capacity augmentation/yield improvement. Accordingly, Mumbai refinery has augmented Propane DeAsphalting (PDA) unit capacity resulting in enhanced Lube Base oil production and thereby improving distillate yields. Visakh Refinery has carried out augmentation jobs for Propylene Recovery Unit (PRU), commissioned chiller package and started using bottom cracker additive Fluidized Catalyst Cracking (FCC) unit, which resulted in reduced production of heavy ends. These efforts have resulted in the yield improvement at Visakh Refinery.

Directors' Report

In order to reduce Suspended Particulate Matter (SPM) and Sulphur emissions, your refineries have installed Flue Gas Desulphurization (FGD) facility. This will enable both the refineries to have flexibility to enhance High Sulphur Crude Processing as well.

To meet Euro-IV specifications for diesel, your refineries have set up Diesel Hydrotreater Units (DHT) with associated facilities at both Mumbai and Visakh Refinery. Mumbai Refinery has commissioned the facility during 2013-14. Visakh Refinery have accomplished mechanical completion of the unit, pre-commissioning/ commissioning activities are in progress.

Your refineries have taken part in the performance Benchmarking study along with the other refiners in the country conducted by M/s Solomon Associates under the aegis of CHT, the results of which has identified gaps in energy utilization. In order to bridge these gaps short and long term measures have been identified and will be implemented in a time bound manner.

Mumbai refinery has recorded the best ever Specific Energy Consumption (MBTU/BBL/NRGF) of 75.4 against MOU Excellent target of 87.0. Similarly, Visakh refinery has also achieved the best ever Specific Energy Consumption (MBTU/BBL/NRGF) of 83.9 against MoU Excellent target of 87.0.

Mumbai Refinery

The year 2013-14 has been remarkable for Mumbai Refinery with the crude throughput of 7.74 MMT as against installed capacity of 6.50 MMT with capacity utilization of 119%. It has achieved 73.5% Distillate yields and the corresponding Fuel & loss was 6.9% for the year.

Refinery recorded best ever production of HSD EURO III (2166 TMT), RPO (146 TMT) and LOBS (386 TMT) production through effective utilization of assets during 2013-14.

Visakh Refinery

Visakh Refinery achieved crude thruput of 7.77 MMT as against installed capacity of 8.30 MMT with capacity utilization of 85%. It has achieved 74.8 % Distillate yields and the corresponding Fuel & loss was 7.6% for the year.

The refinery recorded best ever production of LPG (423 TMT) and BS III MS (1100 TMT) during 2013-14.

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 2013-14 your Corporation has achieved sales volume (including exports) of 30.96 Million Tonnes as against 30.32 Million Tonnes recorded in 2012-13. HPCL recorded a growth of 4.1% in domestic Sales over the sales volume of the previous year, and amongst public sector oil companies increased its market share to 20.90% as on 31st March, 2014 from 20.19% recorded in the previous year.

During the year, your Corporation commissioned 723 new Retail Outlets, which include 223 retail outlets in the rural areas taking the total tally to 12,869 Retail Outlets. Your Corporation achieved a sales volume of 21.3 Million Tonnes and increased its market share in MS and HSD (combined) by 0.15%.

In the LPG business line, your Corporation achieved a sales volume of 4.205 Million Tonnes and enrolled 39.15 Lakhs new HP Gas customers taking their total to 432 lakhs as on 31st March, 2014. In order to provide LPG to rural India, your Corporation commissioned 219 distributors under the Rajiv Gandhi Gramin LPG Vitaran Yojana. Your Corporation also commissioned 95 Regular LPG distributors.

The Direct Sales Business line comprises of Industrial & Commercial (I & C) and Lubes & Greases. Your Corporation achieved a sales volume of 3.866 Million Tonnes in the I & C segment recording a market share gain of 1.79% (among PSUs). In the Lubes & Greases segment the sales recorded was 485 TMT with a growth of 15.3% and market share gain of 4.15%.

In the Aviation Business line, your Corporation achieved sales volume of 445 TMT during the year.

Directors' Report

In the Natural Gas segment, your company has during the year formed a Joint Venture (JV) company HPCL Shapoorji Energy Limited (HSEL) with S P Ports Pvt. Ltd for setting up a LNG Re-gasification Terminal at Chara, Gujarat. In addition your company has taken 11% equity participation in gas pipelines Mehsana-Bhatinda-Jammu-Srinagar Pipeline (MBJSPL) and Mallavaram – Bhopal – Bhilwara – Vijapur pipeline (MBBVPL) along with GSPL, IOCL & BPCL which is being undertaken by JV Company GIGL and GITL.

A thruput of 43.28 Million Tonnes was handled by the POL installations and your Corporation's pipeline network achieved a thruput of 15.69 Million Tonnes during the year.

TREASURY MANAGEMENT

The year 2013/14 was a challenging year from Treasury Management point of view. Starting on a stable note during the initial months, the rupee depreciation against dollar touched a peak of 27% in August 2013 before a series of measures were introduced. With the high Re depreciation and dependence on imported crude, management of foreign exchange liabilities, exchange rate variations and cost of funding posed huge challenges as these impact profitability. All these challenges were handled proactively and effectively and the financial year 2013-14 ended with significant lower interest and exchange variation costs.

VIGILANCE

During the year, the Vigilance Department, continuing with its endeavour to create an environment of proactive vigilance, carried out interactive sessions with Officials covering various locations. These sessions, inter alia, included topics of vigilance awareness and functioning, irregularities taking place in various works and aspects of preventive vigilance. The focus was both on preventive vigilance and investigative vigilance mechanism.

Some of the key contributions relate to reviews in various operating areas such as Project monitoring, Standardization of Dispensing euipments, IT procurement , vendor rating systems besides increasing the awareness through in house publications on various topics of business relevance ,field inspections, tender review etc.

INDUSTRIAL RELATIONS

Your Corporation continued its tradition of resolving issues through dialogue and maintaining a collaborative approach with Unions and workmen and other stake holders. This enabled enhancing productivity norms, redeployment of workmen across Marketing locations and Refinery Units at Mumbai Refinery & Visakh Refinery for commissioning of new Units/ rationalisation of Shifts. Regular meetings were held with the representatives of Unions to deliberate on various challenges and opportunities concerning Organisation as well as workmen.

A Leadership Development Programme for Union Representatives was developed and conducted in collaboration with Centre for Organization Development, Hyderabad with an objective to enhance the leadership capabilities of our Union Representatives. 30 Union Representatives attended the programme.

OFFICIAL LANGUAGE IMPLEMENTATION

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

GMO EZ and LPG SBU NZ were awarded Regional Rajbhasha puraskar by Department of Official Language, Home Ministry. Under the Chairmanship of our C&MD, Mumbai TOLIC was awarded 2nd prize by Department of Official Language, Home Ministry.

CORPORATE SOCIAL RESPONSIBILITY

Your Corporation has contributed to social development and empowerment of less privileged sections of society by taking initiatives under CSR. The corporation has aligned CSR with its business and made efforts for holistic growth of communities located in different parts of the country. The corporation invested ₹ 23.74 Crores in fields of Child Care, Education, Health Care, Skill Development and Community Development and have touched lives of weaker sections of society specially SC/ST, women and children.

Directors' Report

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, with the exception of appointment of Independent Directors to the level of 50% of the total strength of the Board. The matter is being pursued with the Administrative Ministry.

The detailed Corporate Governance Report forms part of this Annual Report separately.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is 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 2012-13 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 11 Directors. The Whole Time Directors are Smt. Nishi Vasudeva (Chairman & Managing Director), Shri Pushp Kumar Joshi (Director – HR), Shri K. V. Rao (Director – Finance), Shri B.K. Namdeo (Director – Refineries). The position of Director (Marketing) is presently vacant.

The Part-Time Ex-Officio Directors are Dr. S.C. Khuntia and Shri R.K. Singh. The Part-Time Non Official (Independent) Directors are Shri G.K. Pillai, A.C. Mahajan, Dr. G. Raghuram, Dr. Gitesh K. Shah and Rohit Khanna.

The following are the details of Directors appointment/ cessation:

- Shri Anil Razdan and Shri S.K. Roongta who had joined HPCL Board on January 10, 2011 ceased to be Part-Time Non Official (Independent) Directors of the Corporation effective January 09, 2014 on completion of their tenure of 03 years. The Board places on record its sincere appreciation to S/Shri Anil Razdan and S.K. Roongta for the valuable services rendered by them during their tenure as Directors of the Corporation.
- S/Shri G.K.Pillai, A.C. Mahajan and Dr. G. Raghuram who have joined HPCL Board on April 09, 2012 continue to be Part-Time Non Official (Independent) Directors of the Corporation.
- Dr. Gitesh K. Shah who has joined HPCL Board on February 26, 2013 as a Part-Time Non-Official (Independent) Director continues to be a Part-Time Non Official Director of the Corporation.
- Shri Rohit Khanna was appointed as Part-Time Non Official (Independent) Director on the Board of HPCL effective September 27, 2013.
- Shri S. Roy Choudhury, Chairman & Managing Director, retired from the services of the Corporation effective February 28, 2014 on attaining the age of superannuation. The Board places on record its sincere appreciation for the valuable services rendered by him during his tenure as Chairman and Managing Director of the Corporation.

Directors' Report

- Smt. Nishi Vasudeva, Director (Marketing), was appointed as Chairman and Managing Director of the Corporation effective March 01, 2014. S/Shri Pushp Kumar Joshi, Director HR, K.V. Rao, Director (Finance) and B.K. Namdeo, Director (Refineries) continue as Whole – Time Directors of the Corporation.

As per the provisions of Section 152 of the Companies Act, 2013, Dr. S.C. Khuntia and Shri Pushp Kumar Joshi retire by rotation at the next Annual General Meeting and are eligible for reappointment.

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

NISHI VASUDEVA
Chairman & Managing Director

28th May, 2014

Annexure to Directors' Report for the year 2013-14

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 6.9% and 7.6% respectively in the FY 2013-14.

The energy conservation measures undertaken by both refineries during the year 2013-14 have resulted in a savings of 25,535 SRFT/year (standard refinery fuel tonnage per year). This translates to savings of ₹ 106 crores/ year approximately.

The major energy conservation measures undertaken during 2013-14 are as follows:

Mumbai Refinery

1. In an effort to minimize fuel requirement, refinery has organized Energy Management study in crude distillation units, NSU & Prime G by M/s Energy Consultants. This initiative has resulted in significant fuel savings.
2. Installation of additional Convection rows in FR furnace had resulting in improved furnace efficiencies and fuel savings.
3. Optimization of steam consumption in units viz. DHDS/ISOM and FR and modification of SG 10 super heater has resulted in lower steam consumptions.
4. Replacement of Evaporator module for HRSG V has resulted in improved furnace efficiencies.
5. Replacement of catalyst in DUU has resulted in lower fuel gas requirements.
6. Periodic safety valves surveys were carried out with ultrasonic leak detector throughout the year resulting in potential hydrocarbon loss reduction.
7. Steam leak survey periodically carried out and replaced 961 Nos Steam traps all over the refinery.

Visakh Refinery

1. Installation of Magnetic Resonators on GTG-3 and GTG-6 has resulted in lower specific fuel consumption.
2. Achieved zero steam leak in Process Block (CDU-I, CDU-II, CDU-III, VBU, FCCU-I & FCCU-II) and P&U Block. With this total steam leak reduced to 1500 kg/hr.
3. FCCU-I condensate recovery system for recovery of condensate from steam tracing trap outlets & flash steam recovery using thermo-compressor was commissioned.
4. Implemented Air fuel ratio control system in CDU-III Atmospheric Furnace.
5. 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.
6. PFD PCV at CDU-II is replaced with higher capacity control valve and vaporization increased, thereby reducing heater load.
7. FCCU-I condensate recovery system for recovery of condensate from steam tracing trap outlets & flash steam recovery using thermo-compressor was commissioned in April 2013.

Annexure to Directors' Report for the year 2013-14

8. Operating severity increased in both FCCUs. Catalyst circulation rate maximized. Correspondingly, heater load minimized in FCCU-I from 6.5 to 3 MMKcal/hr and in FCCU-II from 5 to 2.5 MMKcal/hr.
9. Identified fouled preheat exchangers in CDUs basis software and cleaning was carried out for sustaining preheat temperature.
10. 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.
11. Achieved lowest ever SFC of 0.345 MT/MWH with respect to GTG operation, which is lower than previous year SFC of 0.352 MT/MWH by 2%.

    Oil and Gas Conservation Fortnight was observed both at Mumbai and Visakh refineries from 15th January to 31st January, 2014 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 2013-14 have resulted in a savings of 13,449 SRFT/year (standard refinery fuel tonnage per year). This translates to savings of ₹ 54 crores/year approximately.

The major measures considered for implementation in the future are additional convection rows in FR furnace, increase steam generation, Hot HVGO routing as feed in NFCCU, Steam trap management for refinery etc.

Visakh Refinery

The above energy conservation measures undertaken during the year 2013-14 have resulted in a savings of 12,086 SRFT/year (standard refinery fuel tonnage per year). This translates to savings of ₹ 52 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 insitu 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			
Solvent Deasphalting(SDA)	2009	No	Project is under implementation
Diesel Hydro Treater (DHT)	2009	Yes	
Isotherming Technology	2011	No	Project is under implementation
Visakh Refinery			
New type of nozzles in Wash Oil Distributor in Vacuum column (CDU II / III)	2010/12	Yes	
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	
Flue Gas Desulphurization units for FCCUs	2013	Yes	
BCA for FCCUs	2013	Yes	
PRU Revamp Project	2013	Yes	

Annexure to Directors' Report for the year 2013-14

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 – 52 B, C, D & E.

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

MUMBAI REFINERY

	2013-14	2012-13
(A) Power and Fuel Consumption		
1 (a) Electricity Purchased		
Units (Million KWH)	**457.30**	335.98
Total Amount (₹/Crores)	**342.40**	238.59
Rate Per Unit (Excluding demand charges) (₹/KWH)	**7.10**	6.75
Maximum Demand Charges (₹/Crores)	**16.30**	11.80
(b) Own Generation		
Through Steam Turbine / Generator		
Units (Million KWH)	**188.40**	311.74
Units per Tonne of fuel	**2,622.80**	2,820.00
Cost per unit (₹/KWH)	**13.00**	7.03
2 Furnace Oil / Liquid Fuel (LSHS/HSD)		
Quantity (Thousand Tonnes)	**135.50**	141.14
Total amount (₹/Crores)	**520.30**	509.23
Average rate (₹/Ton)	**38,405**	36,080
3 Other/Internal Generation :		
i. Naphtha		
Quantity (Thousand Tonnes)	**75.00**	21.77
Total amount (₹/Crores)	**429.10**	107.89
Average rate (₹/Ton)	**57,255**	49,567
ii. LPG		
Quantity (Thousand Tonnes)	**7.80**	6.22
Total amount (₹/Crores)	**44.20**	31.64
Average rate (₹/Ton)	**56,777**	50,870
iii. Refinery Gas		
Quantity (Thousand Tonnes)	**132.50**	102.13
Total amount (₹/Crores)	**527.70**	368.48
Average rate (₹/Ton)	**39,811**	36,080

Annexure to Directors' Report for the year 2013-14

	2013-14	2012-13
iv. BH Gas		
Quantity (Thousand Tonnes)	**3.80**	3.46
Total amount (₹/Crores)	**5.30**	4.42
Average rate (₹/Ton)	**13,906**	12,774
v. RLNG		
Quantity (Thousand Tonnes)	**29.70**	156.44
Total amount (₹/ Crores)	**168.30**	584.50
Average rate (₹/Ton)	**56,645**	37,362
vi. Coke		
Quantity (Thousand Tonnes)	**77.60**	75.27
Total amount (₹/Crores)	**297.90**	271.59
Average rate (₹/Ton)	**38,405**	36,080
(B) Consumption per Unit of Production		
Electricity (KWH/ Ton of Crude)	**83.40**	83.60
Liquid Fuel (Ton/ Thousand Tonnes of Crude)	**27.20**	21.02
Gas (Ton/ Thousand Tonnes of Crude)*	**22.50**	34.62
Coke (Ton/ Thousand Tonnes of Crude)	**10.03**	9.72

* RLNG processing included.

VISAKH REFINERY

	2013-14	2012-13
(A) Power and Fuel Consumption		
1 (a) **Electricity Purchased**		
Units (Million KWH)	**8.99**	6.15
Total Amount (₹/Crores)	**12.84**	6.20
Rate Per Unit (Excluding demand charges) (₹/KWH)	**7.25**	4.96
Electricity Exported (Million KWH)	**0.03**	0.01
Maximum Demand Charges (₹/Crores)	**6.33**	3.15
(b) **Own Generation (CPP)**		
Units (Million KWH)	**501.14**	506.13
Units per Ton of fuel	**2,897.89**	2,843.41
Cost per unit (₹/KWH)	**10.18**	9.38
2 **Furnace Oil / LSHS**		
Quantity (Thousand Tonnes)	**56.90**	60.83
Total amount (₹/Crores)	**231.12**	235.61
Average rate (₹/Ton)	**40,620**	38,735
3 **Other/Internal Generation :**		
i. **CPP Fuel**		
Quantity (Thousand Tonnes)	**172.93**	178.00

Annexure to Directors' Report for the year 2013-14

		2013-14	2012-13
	Total amount (₹/Crores)	**957.62**	908.53
	Average rate (₹/Ton)	**55,375**	51,040
ii.	**Naptha (DHDS)**		
	Quantity (Thousand Tonnes)	**27.99**	30.36
	Total amount (₹/Crores)	**155.36**	155.46
	Average rate (₹/Ton)	**55,501**	51,197
iii.	**Refinery Gas**		
	Quantity (Thousand Tonnes)	**205.21**	208.93
	Total amount (₹/Crores)	**829.42**	814.15
	Average rate (₹/Ton)	**40,418**	38,968
iv.	**Coke**		
	Quantity (Thousand Tonnes)	**86.00**	79.37
	Total amount (₹/Crores)	**348.21**	309.69
	Average rate (₹/Ton)	**40,489**	39,018
(B)	**Consumption per Unit of Production**		
	Electricity (KWH/ Ton of Crude)	**65.63**	63.81
	Fuel Oil (Ton/ Thousand Tonnes of Crude)	**33.17**	33.53
	Gas (Ton/ Thousand Tonnes of Crude)	**26.40**	26.02
	Coke (Ton/ Thousand Tonnes of Crude)	**11.06**	9.89

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 center 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 center.

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.

Annexure to Directors' Report for the year 2013-14

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

Other Performance highlights including details of above are as follows:

In House R&D Projects:

- Off Site Laboratory at Devangonthi made fully functional with construction of Pilot Plant facility and major equipments like TBP, Pot Still, ACER MAT, Hydroprocessing unit and Steam Deactivation unit installed and commissioned.
- Developed Innovative Catalyst formulation & Process for improving yields in Vis Breaker Unit. Field trials carried out at VR have indicated improvement in the distillate yield by approx. 4-5 wt%. Permanent catalyst dosing facilities being put up and Implementation planned during Qtr-I of 2014-15.
- Novel Catalyst developed for Light Naphtha Aromatisation. Process development and scale up in progress. This has potential for upgrading Naphtha to Gasoline / Petrochemicals.
- Developed Lab Scale novel & high-efficient catalysts for Propylene maximization and Olefins reduction with performance in line with commercial catalysts.
- Breakthrough Achieved in isolation of Aerobic Microbe for Butanol production from Renewable Substrate with high selectivity and conversion to Butanol. LOBS Yield improvement of 2 to 4 wt% across grades is expected. Field trials planned during Qtr-I of 2014-15.
- Performance evaluation of Vendor FCC catalysts for Visakh Refinery carried out, resulting in savings in evaluation charges.
- Evaluation of GSR additive for MR UOP FCC Unit.

R&D Support to HMEL:

- Agreement made with M/s HMEL for providing R&D Services in FCC / Hydroprocessing units optimization / catalyst evaluations and Crude oil Assays.
- Enhancement of Propylene yield at HMEL FCC Unit by 3 wt% based on Additive/Catalyst formulation and optimization of unit operating parameters.

Collaborative R&D Projects:

- HiGee Project: Mechanical fabrication of HiGee unit completed with successful demonstration of liquid distribution using water. Assembly and installation at site would complete the project - a major milestone in Process Intensification.
- Demonstration H2 PSA unit at VR: Basic engineering design package completed and detail engineering is in final stages. Major orders placed for the unit such as tail gas compressor, pressure vessels and site execution PMC services. Tail gas compressor which is the major equipment of the unit has been received at VR site. Site works are in progress.
- Collaborative R&D Projects funded thru Hydrogen Corpus fund completed:
  - Project with M/s GITAM University, Visakhapatnam on "Design and construction of Metal Organic Frameworks (MOFs) for Storage of Hydrogen" successfully completed. 12 novel and high-efficient MOF materials with maximum Hydrogen storage capacity upto 6-8 wt% were developed.
  - Project with IIT Delhi on "Hydrogen production through Catalytic Decomposition of Natural Gas" successfully completed. An innovative 'Ni' based catalyst system with highest methane conversion of 93% was developed.
- Project with IIT Madras on "Chemical Mitigation of Carbon Dioxide to Fuels and Chemicals" successfully completed. A novel 'Titania' based photocatalyst with highest-ever CO2 conversion of 2.3% was developed.
- Project with GITAM for Air Pollution Studies at Visakhapatnam completed. Report under preparation.

Annexure to Directors' Report for the year 2013-14

- Indo US Energy Consortia Projects on Solar Energy and Bio Fuels commenced.
- New collaborative R&D project initiated with IIT Delhi titled "Fluidized Bed Reactor Studies for Hydrogen Production via Catalytic Decomposition of Methane" with an objective to develop a novel catalytic process for hydrogen production using fluidized bed reactor with in-situ catalyst regeneration.

HP Green R&D Centre Project, Bangalore:

Construction of all major buildings foundation, sub-structure and superstructure completed. Brick work, plastering, plumbing, flooring, HVAC, firefighting, electrical and glazing works, Road Works in advanced stage.

II) COMMISSIONING, UPGRADATION & OTHER INITIATIVES

Mumbai Refinery

a) DHT Complex progressively commissioned for Euro–IV compliance of HSD.

b) PDA unit was revamped and successfully commissioned, which resulted in Capacity increase from 65 to 90m3/hr and specific energy reduction of about 20% using supercritical Process.

c) 20.1 TMT LSHS sourced from BPCL and processed at NFCCU successfully, converting to high value products.

d) For the first time, DHDS catalyst sulphiding was done by raw diesel which is an alternative to DMDS. This saved about 22.5 tons of DMDS costing 40 Lakhs and also hazards related to use of DMDS were avoided.

e) DHDS Catalyst Replacement (R-2 Reactor): Restarted the DHDS unit after replacing catalyst partially in reactor (R2). After catalyst replacement the diesel product sulfur level achieved on an average of 150 ppm from previous levels of 290-300 ppm.

f) Facilitated signing of the Sales and Purchase agreement with BPCL for H2 transfer which helped in speedy restarting of various H2 consuming units such as DUU/LOBS in case of CCR/HGU shutdown.

g) Study done to accommodate two additional pre-heat exchangers procured under LR VPS revamp with existing pre-heat circuit. MOC/Scheme for adding 2 new preheat has been completed. Savings ~ 1817 SRFT/annum.

h) 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.

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

j) 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.

k) 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) Propylene splitter provided (in PRU) with high capacity ultra-fract trays and compabloc exchangers provided for condenser & reboiler services.

b) Commissioning of Flue gas Desulphurization units (FGDU) for both FCCUs.

c) Hot well off gas amine absorbers (very low pressure amine absorber which is a new technology) commissioned in CDU-II & CDU-III. H2S in off gas reduced from ~ 10 vol% to 400 ppm.

d) Commissioned Chiller package for enhancing LPG recovery from tail gas in FCCU-I GCU. LPG yield increased by 0.6 wt. %. Coalescers on HP liquid and intercooler recycle gasoline commissioned.

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e) Commissioned Neutralizer (Ammonia) injection facility to VBU main column. Main column boot water pH improved to 6.5 from 4.5.

f) Bottoms Cracking Additive (BCA) usage started in FCCU-I in July 2013; 2% reduction in CLO yield observed.

g) Commissioned PRU after completion of revamp project (Capacity augmentation from 23000 TPA to 65000 TPA).

h) In position cleaning of pre-heat exchangers was carried out in CDU-I and CDU-II.

i) Processing of RIL condensate (Opportunity crude).

j) APC provided and commissioned for FCC-NHT.

k) Use of riser naphtha in FCCU-II.

l) Online sulfur analyzer for diesel & viscosity analyzer for fuel oil commissioned and quality give away reduced.

m) APC software and hardware up gradation carried out with latest systems and remote monitoring system for APC commissioned.

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. MR has commissioned the facility during 2013-14 and VR have accomplished mechanical completion of DHT unit. Commissioning and stabilization of the units are scheduled during the first quarter of the 2014-15.

b) DHDS Revamp at Mumbai Refinery

Objective of the project is to increase the thruput from 4950 to 6825 T/D and improve Diesel quality from Euro-III to Euro-IV/V by adopting DuPont technology of Isotherming. Orders for all equipment have been placed. Detailed Engineering activities are currently in progress and the project is expected to be implemented by the 4th quarter of 2014-15 subject to outage of the running plant considering production plan/exigencies for the year.

Annexure-II

CONTROL OF POLLUTION & OTHER ENVIRONMENT INITIATIVES UNDERTAKEN BY REFINERIES DURING 2013-14

Mumbai Refinery

a) Hazardous Waste Management

The indigenously developed 'Oil-zapper' technology of The Energy Research Institute (TERI) has been deployed to treat oil sludge generated in the refinery. Oil zapper is essentially a cocktail of five different bacterial strains that feed on hydrocarbon compounds and convert them into harmless CO2 and water. This is an ongoing process at Mumbai refinery for low oily silt/oily sediments after mechanical recovery of oil.

The refinery has disposed 429 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.

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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.

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 300m3/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, Mumbai refinery has contributed significantly to Natural Resource conservation by recycling of effluent water. Water conserved during the year 2013-14 was ~ 565000 KL. Cumulative water recycled since the inception of the "Effluent Treatment Plant" is 1,598,251KL thereby saving equivalent amount of Natural Water resource for the community.

d) Other Initiatives

- **Rain Water Harvesting –** Mumbai Refinery has constructed necessary infrastructure and has harvested about 133000 KL of rainwater. 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 has been undertaken in refineries.
- **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. Oily sludge processing plant by M/s Plant Tech Mid Continent (I) Pvt. Ltd commissioned in February 2014 and approximately 575 m3 of sludge processed. Order placed on M/s TERI for carrying out bio-remediation of oily sludge at refinery.

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 commissioned towards reduction in SPM and SO2 emissions. Stack analyzers installed and commissioned for IBH boiler.

Odour study is being taken up by IISc Bengaluru , Ambient air sample collection by IISc team is in progress.

c) Effluent Water Treatment and Control

Overall compliance to the MINAS (environment standards) has enhanced. To improve the performance of bio-system in ETP-II, special bacterial culture (Microbe-Lift) addition was carried out during the year. A feasibility study by EIL is undertaken towards integration of ETPs and report is under review. Purge Treating Unit (PTU) commissioned in July 2013.

d) Other Initiatives

- **ISO 14001 –** ISO-14001 certification renewed. Internal audits and surveillance audits were conducted as per annual plan.
- **HAZOP Study (Phase-IV)-** Completed

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- **Process Safety Management (PSM) Procedures were released;** implementation of the same is in progress in a phased manner.
- **MOU between VPT and oil marketing companies** renewed for setting up of Tier-I facilities for oil spill response.
- **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.
- **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 Visakha Program –** As a part of the initiative 68885 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.

ACHIEVEMENTS / AWARDS / RECOGNITION:

- 14th National Award for Excellence in Energy Management 2013 for "Energy Efficient Unit" by Confederation of Indian Industry (CII) for Mumbai refinery
- Oil & Gas Conservation Fortnight Award 2012 for Furnace/Boiler Insulation Effectiveness by Ministry of Petroleum & Natural Gas for Mumbai refinery

Annexure to Directors' Report for the year 2013-14

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, 2013 to 31st March, 2014.

Sr. No.	NAME	Designation / Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age	Last Employement
1	AMBRE G B	Finance Superintendent	28,94,178	SSC/SSLC	39	01-10-1974	60	Nil
2	APPALA RAJU G	CHARGEMAN-MAINTENANCE	27,34,914	Non SSC	35	21-12-1978	60	Nil
3	AREKAR V S	Manager - Operations	30,02,406	B.COM	34	28-01-1980	60	Nil
4	ARVINDKUMAR JAGJIVAN DAS SOLAN	SR.ADMIN.ASSISTANT	72,58,641	B.COM	34	26-11-1979	59	Nil
5	ASHOKE KUMAR DAS	Chief Administrative Assistant	29,18,912	BSC	32	01-12-1981	60	Nil
6	ATHAVALE A D	Deputy Manager - Production	30,26,575	BSC	30	05-10-1983	60	Sunil Chemical Works, Turbhe
7	ATRI ARVIND MOHAN	Officer on Special Duty	65,12,650	DCE (Civil)	36	07-02-1978	60	New Delhi Muncipal Committee Town Hall New Delhi
8	B S SHANKARAPPA	SR LPG OPERATOR	10,29,922	SSC/SSLC	19	20-02-1995	60	5 Engineer Regiment, Indian Army
9	B.RAMAKRISHNA	Chief Manager-Operations	23,87,409	B Tech (Mechanical)	30	21-11-1983	53	Nil
10	BANDEKAR PRATIMA SUHAS	Manager-RE and MIS	35,30,705	BA	36	21-11-1977	60	Pharchemets, Bombay
11	BAWKAR A S	SR OPERATOR(SG)	23,70,837	SSC/SSLC	39	09-10-1974	60	Nil
12	BELLAM RAMAKRISHNA RAO	Manager - Finance	50,62,970	B.COM	30	27-03-1984	60	Nil
13	BHATIA RAJENDRA KISHINCHAND	Senior Manager - CSand P	60,04,057	BE(Mech),DBM,Dip in Industrial	32	02-03-1982	60	A.F. Fergusons Mgmt. Consulatant Mumbai.
14	BHIMA RAJU R	CHARGEMAN - MAINT	37,20,600	SSC/SSLC,ITI /NCTVT Fitter,BA	35	19-12-1978	60	Nil
15	BHOSALE L S	Chief Administrative Superinte	37,51,054	BA	40	15-02-1974	60	ESSO
16	C GUNASEKARAN	Station Manager	25,24,075	BE(Civil),ME Hydrology	22	02-03-1992	49	IIT, Madras
17	C.LALIT KUMAR	Senior Manager Operations	61,90,173	LLB,M.COM	28	16-12-1985	60	Indian Bank Visakhapatnam
18	C.T.JOSEPH	Chief Manager - Aviation	55,08,014	MA	35	05-04-1979	60	The State industrial & Inve.Corp. Ltd. Mumbai
19	CHACKO K C	Manager - Operations	59,91,150	MA	32	01-03-1982	60	Punjab Presthessed Contact Works,Chandigarh
20	CHANDALE T R	Manager - Opns Shift	35,79,909	BSC	34	05-11-1979	60	Chemical Developments & Const. Corp., Thane
21	CHAUHAN KOHIYASINGH GAMBHISING	LPG OPERATOR	10,77,038	SSC/SSLC,HSC/Inter/PUC	23	01-05-1991	60	Nil
22	CHAWLA G M	Finance Superintendent	20,42,235	SSC/SSLC	35	21-11-1978	60	Nil
23	CHINNATHAMBI R	GENERAL SERVICE ASSISTANT	12,39,512	Non SSC	26	04-07-1988	60	Nil
24	CHOUDHURY S R	Chairman & Managing Director	77,78,897	BE(Mech)	32	21-06-1982	60	Assam Oil Company, Digboi
25	CHOUGULE R B	Senior Manager - Finance	63,67,985	B.COM	36	01-11-1977	60	Larsen & Tourbo Ltd. Mumbai
26	CHRISTINA DEMELLO	Senior Officer-CSC	40,55,480	MA	33	01-07-1981	60	St. Francis College, Lucknow
27	DALVI JANARDHAN SHANKAR	SECURITY GUARD	14,25,972	SSC/SSLC	22	09-04-1992	60	Nil
28	DALVI N D	Administrative Superintendent	29,18,837	SSC/SSLC	34	01-09-1980	60	Nil
29	DAMLE DEEPAK PURUSHOTTAM	Senior Manager - IS	29,09,584	B.COM	37	01-06-1977	60	Bajaj Auto Akurdi Pune
30	DAS PROTAP CH	GEN. SERVICE ASST.	13,09,138	SSC/SSLC	32	01-12-1981	60	Nil
31	DESAI P G	JR.PLANT OPERATOR	16,50,594	SSC/SSLC	35	20-06-1979	60	M&M Enterprises, Mumbai.
32	DESHPANDE D K	Executive Director-(HSE Corpor	63,60,385	BE (Chemical),DMS	35	18-12-1978	60	Ion - Exchange (I) Ltd, Mumbai
33	DESHPANDE S N	Chief Administrative Superinte	37,80,791	B.COM	39	14-10-1974	60	Nil
34	DHAS B A	INDUSTRIAL SERVICE AID	26,30,277	Non SSC	33	04-02-1981	60	Milton's Ltd., Mumbai
35	DHODIA RANCHOD KIKU	Senior Manager	67,15,087	BSC	34	20-09-1980	60	T.R.O.1,Yashkamal, Baroda
36	DHURVE A S	GEN. SERVICE ASST.	13,44,968	SSC/SSLC	33	01-06-1981	60	Nil
37	DIPAK KUMAR BANDOPADHAYA	Administrative Superintendent	30,44,793	BSC	30	23-06-1984	60	Nil
38	DIVE S B	PLANT-OPERATOR	15,93,358	Non SSC	30	01-10-1983	60	Nil
39	D'SOUZA R R	Chief Finance Superintendent	37,14,055	BA	39	09-10-1974	60	Nil
40	GAUR RAVI DUTT	Deputy General Manager - Purch	63,15,268	DPM,MSC Organic Chemistry	31	08-11-1982	58	K.C.C.Khetrinagar
41	GAVANKAR H D	Administrative Superintendent	35,77,580	SSC/SSLC	38	19-12-1975	60	Voltas Ltd , Thane
42	GAWARE POPAT N	General Service Assistant	12,58,472	Non SSC	25	17-10-1988	60	Nil
43	GHADGE B S	CHIEF ADMINISTRATIVE ASST.	25,46,158	BA	34	01-04-1980	60	Dir. Office of Eco. & Stat. Dept., Fort
44	GHARAT A D	Sr. Service Station Optr (SG)	26,35,571	SSC/SSLC	35	23-01-1979	60	Naval Transport Pool, Colaba- 5

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Sr. No.	NAME	Designation / Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age	Last Employement
45	GHEVDE P S	CHIEF SECRETARIAL ASST.	32,48,531	SSC/SSLC	40	22-11-1973	60	Agricultural Fin. Corp. Ltd., Mumbai
46	GHOSH JOYDEV	Operations Superintendent	24,57,904	BA	28	24-10-1985	60	Nil
47	GHOSH PRIYA MADHAB	Fitter	19,54,032	HSC/Inter/PUC	31	01-11-1982	60	Industrial Handling Equipment (Pvt Company), Garia, Kolkata
48	GUNASEKARAN R	Chief Administrative Superinte	31,35,611	B.COM	35	12-09-1979	60	Nil
49	GUSAI ANANDSINGH GABARSINGH	Chief Finance Superintendent	42,12,776	SSC/SSLC	42	01-11-1971	60	Esso Inc
50	HOTA DEEPAK KUMAR	General Manager - Natural Gas	39,42,510	BA,PG (PM&IR)	31	15-04-1983	53	Nil
51	INDULKAR S Y	Ch. Operations Superintendent	34,70,422	BA	32	23-12-1981	60	Nil
52	IYER R R	Chief Manager - DHT Commission	50,83,198	ITI,B.COM	40	11-09-1974	60	Burmah Shell Refineries Ltd. Mumbai
53	IYER VENKATARAMAN V S	CHIEF SECRETARIAL ASST.	20,15,511	B.COM	32	02-12-1981	60	The Shamrao Vithal Co-op. Bank Ltd
54	JEVENIUS TOPPO	Finance Superintendent	26,01,367	BA	27	28-05-1987	60	BHEL - Madhya Pradesh
55	JIBKATE R P	Sr.Mobile Assistant	20,69,046	HSC/Inter/PUC	30	12-03-1984	59	Crops of Military Police, C M P Center
56	JOSHI HARSHALA S	Chief Administrative Superinte	24,55,514	BA	35	23-10-1978	60	Nil
57	K M NAIR	Ch. Administrative Assistant	28,94,199	B.COM	34	03-07-1980	60	Nil
58	KAMATH G G	chief admin assistant	31,21,409	SSC/SSLC,BA	41	18-09-1973	60	Nil
59	KAMTHE G M	SR. PLANT OPERATOR(SG)	24,17,046	SSC/SSLC	32	17-05-1982	60	Bhagdeshwar Kamgar Mandal
60	KASABE RAMESH DAGADU	Manager - Aviation	63,32,052	B.COM	35	01-12-1978	60	Registar of Compnies
61	KATKAR RAMCHANDRA N	GEN. SERVICE ASST.	16,80,898	Non SSC	29	10-12-1984	60	Nil
62	KATKE S S	CHIEF ADMINISTRATIVE ASST.	29,95,168	BA	33	07-09-1981	60	Nil
63	KATPARA DHIRAJLAL V	Chief Administrative Superinte	28,43,902	BA	32	04-01-1982	60	Nil
64	KAVALE SHRIKRISHNA YASHWANT	Dy Manager - LRE-II	31,44,275	BSC	32	01-09-1982	60	Dyes & Dispersing Agents Pvt. Ltd., Mumbai
65	KAYAL DIPAK	Manager - Operations	51,78,246	BE(Mech)	35	08-03-1979	60	Blue Bell Steel Fabricator (Pvt Company)-Durgapur
66	KHANDKAR R S	CHIEF ACCOUNTS ASST.	21,64,502	B.COM	35	01-08-1979	60	Deccan Group of Ind., Bandra
67	KHEDKAR B B	Chief Finance Superintendent	32,06,231	BA	33	13-10-1980	60	Shipping Corporation
68	KHERGAMKAR NIRMALA SUDHIR	Manager - HR	45,42,786	BA	34	02-01-1980	60	Nil
69	KOLHE GIRDHAR NATHU	Manager - Production	38,85,921	BSC	31	23-05-1983	60	Atuleena Chemicals
70	KOTAGIRI MURALI	Director - Refineries	40,54,240	B Tech (Chemical)	38	16-02-1976	60	Caltex Oil Company
71	KRISHNA RAO T	Manager - Maintenance	28,33,573	SSC/SSLC,ITI /NCTVT Machinist	35	04-01-1979	60	Nil
72	KULKARNI P T	Chief Manager - HSE (Mktg)	44,79,239	BSC,DBM,DMM	40	06-12-1973	60	Shri Satguru Seva Sangh Trust,Mumbai
73	KUMAR DALJIT	COMCO Officer	28,75,923	BA	27	11-12-1986	60	Nil
74	KUMAR G N	SENIOR ADMINSTRATIVE ASSISTANT	24,06,217	M.COM,M Phil	31	10-11-1982	60	Nil
75	KURELLA GANESWARA RAO	Senior manager-LPG Operations	40,85,630	B Tech (Chemical)	32	22-03-1982	60	Lecturer Applied Chemistry Shreeramnagar
76	L R MENDON	SR. PLANT OPERATOR(SPL. GRADE)	18,98,168	SSC/SSLC	34	11-02-1980	60	Nil
77	LABAN K	CHARGEMAN - OPNS	36,98,314	SSC/SSLC	35	26-06-1979	60	Nil
78	LADKE RAMESH RAMRAO	CHIEF MAINT. TECHNICIAN	20,48,257	Non SSC	32	03-11-1981	60	Sanjeevan Const. Co., Mumbai
79	LIBEIRO JOSEPH SYLVESTER	DGM - Development	43,24,125	BSC	38	27-10-1975	60	Cathalic Relief Services USCC Bombay
80	LODIWALE V R	CHIEF ACCOUNTS ASST.	30,26,246	B.COM,MA	30	02-05-1984	60	The Accountant General, Maharashtra, Nagpur
81	LOKREY SHOBHA PRADEEP	CHIEF SECRETARIAL ASST.	35,10,127	BA	31	01-02-1983	60	Reliance Textile Ind. Ltd., Mumbai
82	MAHESHWARI L N	Deputy General Manager - Logis	72,03,625	Boiler Proficiency,B Tech (Mec	33	12-12-1980	60	Century Spg. & Mfg. Co.Ltd. Mumbai.
83	MAHESWARASARMA K	CHARGEMAN - OPNS	35,74,206	SSC/SSLC,Boiler Attendant	31	14-02-1983	60	The ECA & IS Ltd, Etikoppaka, Visakhpatnam Dist
84	MALHOTRA S C	Addl.Director & RC, NR	60,52,245	DEE	36	07-04-1978	60	C.PW.D, I.P. Bhawan New Delhi

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Sr. No.	NAME	Designation / Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age	Last Employement
85	MANE DATTA T	MOBILE ASSISTANT	16,89,073	SSC/SSLC	30	27-12-1983	60	Nil
86	MANIKYALA RAO G V	CHIEF ADMINISTRATIVE ASST	26,07,723	SSC/SSLC	31	01-09-1983	60	Waltair Park Housing colony
87	MISHRA SURESHCHAND LALTAPRASAD	Manager - Field Shift - LR	35,55,774	Boiler Attendant,BSC	38	03-03-1976	60	Nil
88	MOHAN RAO I	Manager - Maintenance (Instrum	30,17,067	SSC/SSLC,ITI /NCTVT Machinist	35	20-12-1978	60	Nil
89	MOMIN HARUN B	General Service Assistant	12,64,767	Non SSC	23	12-04-1991	60	Nil
90	MORE J Y	Chief Accouts Assistant	21,67,131	BA	29	07-12-1984	60	Nil
91	MOSES PAUL RAJ K	Manager - LPG Operations	55,52,961	BSC,MA	36	15-06-1978	60	Nil
92	MUKADAM Y N	Chief Administrative Superinte	25,31,286	BA	34	22-07-1980	60	Nil
93	MUKHERJEE B	Director - Finance	49,57,948	BSC,FCA/ACA	35	08-03-1979	60	Price Waterhouse & Co.
94	MULANI INUS CHHABULAL	JR PLANT OPERATOR	14,92,163	SSC/SSLC	29	18-12-1984	60	Nil
95	NAIR N S	Senior Installation Manager	64,10,836	BSC,LLB	36	20-03-1978	60	Pure Drinks Pvt. Ltd. Mumbai
96	Nalini Aneja	Finance Superintendent	14,84,124	BA	28	17-09-1986	57	Nil
97	NARASIMHAM M	Dy Manager - Maintenance	30,36,606	SSC/SSLC	35	18-12-1978	60	Naval dockyard, Vizag
98	NASRULLAH MOHAMMED	Chief Manager - Infrastructure	62,39,193	BE(Mech),MS	35	24-09-1979	60	Siddaganger Institute of Technology Tumkur
99	NURANI S S	Manager Minas /LPG /Storage/Se	40,16,390	BSC	34	08-05-1980	60	Craftic Lab, Vileparle, Mumbai
100	PATABALLASHYAM PRASAD	CH SECR ASST	17,28,157	B.COM	21	25-01-1993	46	Nil
101	PATIL ASHOK DATTATRAY	Chief Manager- Maintenance Of	40,71,023	BE(Mech)	34	10-03-1980	60	Sudarshan Chemical Ind. Ltd. Roha
102	PATIL RAMADAS B	GEN. SERVICE ASST.	10,07,733	Non SSC	26	15-07-1988	60	Nil
103	PATRO JAMMULA SANKAR NARAYAN	Senior Manager - Project Finan	27,48,549	B.COM,FCA/ACA	19	01-06-1995	47	Rankay Inve. & Trading Co. Ltd. New Delhi
104	PAWAR H A	JR. PLANT OPERATOR	14,93,273	SSC/SSLC	29	05-01-1985	60	Nil
105	PAWAR NAVNATH T	HEAD SECURITY GUARD	14,92,792	SSC/SSLC	24	29-03-1990	60	Indian Army
106	PAWAR RAMCHANDRA B	GEN. SERVICES ASST.	10,36,746	Non SSC	24	23-05-1990	60	Army Medical Corps.
107	PENDSE SEEMA SAURABH	Manager - Finance	11,04,419	B.COM,FCA/ACA	9	20-10-2004	32	Nil
108	PEREIRA SHIRLEY PATRICIA	Senior Manager-IS	42,05,685	BA,DMM,PGDPM	38	15-10-1975	60	M/s. Tata Electric Co.
109	PRADHAN O P	ED-PCPIR Project	53,39,516	BSC,DMIT,MBA	33	05-12-1980	60	Indian Oil Corpotion Ltd. Begusarai
110	PRAFUL JOSHI	Administrative Superintendent	26,39,038	BA,LLB	40	21-09-1974	60	Nil
111	PRASAD CHANDRIKA	SR. LPG OPERATOR	12,61,788	Non SSC	23	15-12-1990	60	Indian Army, (ASC Centre (South)
112	PRASAD S S	Dy Manager - QC	30,71,241	BSC	33	22-05-1981	60	Chemical Complex Industries
113	PYNE PRATAP KUMAR	Chief Administrative Superinte	30,59,747	BSC,LLB	30	01-08-1984	60	Nil
114	RAGHUPATI PANDU A	PHARM./COMPOUNDER	24,97,213	HSC/Inter/PUC,Dip in Pharm	26	04-04-1988	60	Indian Air Force
115	RAJAN K PILLAI	Chief Executive Officer	66,54,951	B Tech (Mechanical),ME	36	01-05-1978	60	Mahindra & Mahindra Ltd.
116	RAJAN KUTTIYIL	Manager - Finance	45,88,694	B.COM,DAM	32	02-04-1982	60	International Airport Authority of India
117	RAJENDRA DIXIT	OPERATOR	10,54,312	Non SSC	30	15-02-1984	57	Nil
118	RAM KUMAR	Sr. Mobile Assistant	15,68,400	HSC/Inter/PUC	23	01-04-1991	60	Ex service men - Army
119	RAMACHANDRAN K	Chief Finance Superintendent	23,64,457	B.COM	35	09-01-1979	60	Nil
120	RAWAL PRADEEP MAHENDRABHAI	Senior Manager- OSD	57,17,910	LLB,PGDBM,M.COM	40	05-04-1974	60	Maneklal & Sons Ahmedabad
121	ROY RAMANUJ	General Manager - Corporate Ac	64,66,290	BSC,FCA/ACA	32	19-10-1981	60	M/s.Ford, Rhodes, Parks & Co.Kolkatta
122	S A KHANVILKAR	SR. PLANT OPERATOR	29,17,137	SSC/SSLC	31	19-05-1983	60	Nil
123	SAHA P K	Maintenance Technician	32,31,607	SSC/SSLC	38	01-07-1976	60	Nil
124	SAKAT S B	Finance Superintendent	18,20,221	SSC/SSLC,BA	28	15-07-1986	60	Nil
125	SALAHUDDIN MOHD NABI SHAIKH	SR. PLANT OPERATOR(SG)	25,53,155	Non SSC	42	04-11-1971	60	Nil
126	SALI A S	SR.ELECT.CUM OPERATOR	22,49,429	SSC/SSLC,ITI /NCTVT-Electrical	32	16-11-1981	60	Raghuvanshi Mills Ltd.
127	SANAYE S R	SR. Plantoperator	27,05,511	SSC/SSLC	32	08-02-1982	60	Nil
128	SANE R A	Manager - Field Shift - LR	66,76,054	BSC	35	03-09-1979	60	Nil
129	SATYANARAYANA CH	Engineer - Maintenance	24,99,625	SSC/SSLC,ITI /NCTVT Welder	30	16-07-1984	60	Visakhpatnam Port Trust
130	SAWALE D Y	Ch. Operations Superintendent	37,90,858	MA	31	20-06-1983	60	Nil
131	SAWANT AVINASH S	CHIEF MAINT. TECHNICIAN	17,16,397	SSC/SSLC	37	05-01-1977	60	Agrawal Steel Ind., Mumbai

Annexure to Directors' Report for the year 2013-14

Sr. No.	NAME	Designation / Nature of Duties	Remuneration (₹)	Qualification	Experience (Years)	Date of Joining	Age	Last Employement
132	SEETARAMA RAO P	Senior Manager - Housing Compl	35,81,246	BSC	38	08-06-1976	60	Caltex Oil Refinery
133	SHAH M K	Chief Manager - Finance	53,27,867	B.COM	40	01-02-1974	60	H B D Machines Mfg. Corp. Mumbai
134	SHAH P P	Ch. Operations Superintendent	24,00,710	SSC/SSLC,B.COM	33	06-11-1980	60	Nil
135	SHAHANI NARESH HASSOMAL	Senior Manager - Installation	49,28,858	MSC	34	12-10-1979	60	Nil
136	SHETH NIRANJAN M	CHIEF MAINT. TECHNICIAN	27,50,905	DME	43	01-09-1971	60	Nil
137	SIMON MAJHI	Deputy Manager - Operations	19,85,348	BA,MBA	29	04-07-1985	59	Director of Technical Edu. & Training Cuttack
138	SONI B B	Station Incharge	42,13,061	MA	40	17-10-1973	60	Nil
139	SOVITKAR ANILKUMAR JAIKUMAR	Manager -Office Supplies	39,08,435	BSC,DBM,DCM	38	01-04-1976	60	T.T.Blades Sakinaka Bombay
140	SUBBARAO NALLA	SR F&S INSPECTOR	23,11,763	BA,Sub Officere course - Fire	22	09-04-1992	60	National Fertilisers Ltd as Security Supervisor
141	SUBRAHMANYAM K	CHARGEMAN-MAINTENANCE	27,04,641	Non SSC	35	31-08-1979	60	East Coast Gas Company
142	SUBRAHMANYAM U	CHARGEMAN - MAINT	30,29,067	Non SSC	33	08-01-1981	60	A P Electrical Equipment Corporation
143	SURESH CH S	CHIEF SECRETARIAL ASSISTANT	33,29,133	B.COM	33	01-04-1981	60	The City Commercial Institute
144	SURYAMOHAN S	CHARGEMAN - MAINT	32,98,614	Non SSC	35	19-12-1978	60	Prestels & Fabrications(P) Ltd
145	SURYANARAYANA J	CHARGEMAN - MAINT	24,93,193	Non SSC	32	14-12-1981	60	Visakh Steel Plant as Showel operator
146	SUTAR D B	JR. MAINT. TECH CUM OPERATOR	20,49,892	SSC/SSLC,ITI /NCTVT Fitter	33	01-09-1981	60	Indian Hume Pipe Ltd. Wadala
147	SWAPAN KUMAR SAHA	Senior Manager - E and P	57,37,993	BSC,BE(Civil)	33	01-10-1980	60	Atkins Planning/DCL
148	T J MATHAI	Sr. Mobile Assistant	16,45,136	HSC/Inter/PUC	21	22-07-1993	60	Indian Army
149	TAMBOLI S G	Manager - Operations Planning	49,88,297	BSC	35	09-08-1979	60	E.S.I.S. Hospital, Mumbai
150	TANAPPA GOPAL	Operations Superintendent	21,22,505	M.COM	29	16-09-1985	60	Nil
151	TELLIS FRANCES MELVIN	Executive Confidential Secreta	44,23,593	BA	40	12-11-1973	60	Frank Sinoes Accounting Pvt. Ltd. Mumbai.
152	THORAT SURYAKANT GUNDA	Manager - OM&S (Shift)	41,91,830	BSC	36	20-12-1977	60	Drug Controls Lab, Bandra
153	V NARAYANA RAO	CHIEF ACCOUNTS ASST	33,98,621	B.COM	34	18-07-1980	60	Nil
154	VADERA V J	Chief Finance Superintendent	34,14,347	SSC/SSLC,B.COM	38	09-02-1976	60	Nil
155	VALENDRA J D	GEN SERVICE ASST(SG)	21,57,200	SSC/SSLC	40	15-04-1974	60	Indian Airlines
156	VEERRAJU D	SUPERINTENDENT-MAINTENANCE(ELE	40,55,202	Licensiate in Electrical Engg	31	25-08-1983	60	Visakhpatnam Port Trust
157	VIG J P	Exe. Confidential Secretary -	50,89,963	M.COM	31	18-05-1983	60	Deptt.of Agri & Coop Ministry New Delhi.
158	VISHWAKARMA JAWAHAR LALL	Deputy General Manager - Maint	43,97,329	BSc Engg (Mechanical)	34	28-01-1980	60	Dodsal Pvt Ltd Mafatlal House
159	VISHWEKAR U K	General Manager - Shipping	57,67,804	B.COM,LLB,Dip in Shipping	40	01-08-1974	60	Indo NipponTrader Bombay
160	WAGHMARE VITTHAL G	GEN SERVICE ASST	12,33,319	Non SSC	29	10-12-1984	60	Nil
161	YADAW J V	Chief Finance Superintendent	28,18,639	BA	38	03-05-1976	60	Nil

Annexure - IV

STATEMENT SHOWING WOMEN EMPLOYEES AS ON MARCH 31, 2014

Group	Total No. of Employees	No. of Women Employees	% of Women Employees
A	5,290	470	8.88
B*	-	-	-
C	5,531	389	7.03
D	37	1	2.70
TOTAL	**10,858**	**860**	**7.92**

* 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.

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DEVELOPMENTS IN THE ECONOMY AND THE OIL SECTOR

Indian economy fared marginally better in 2013-14. The Gross Domestic Product (GDP) increased by 4.7% in 2013-14 compared to 4.5% in 2012-13. As against 1.4% in 2012-13, agriculture sector growth in 2013-14 was very good at 4.7%. Industrial growth remained stagnant. For the second consecutive year, GDP growth in the industry sector was less than 1%. Manufacturing and mining GDP respectively declined by 0.7% and 1.4%. Services sector growth in 2013-14 was 6.8%, marginally less than last year's growth of 7%. The growth in GDP for the trade, hotels and transport and communication sectors during 2013-14 was 3% as against 5.1% in the previous year. As compared to 2012-13, growth in other services sector was better in 2013-14.

At around United States Dollar (US$) 107 per barrel, average crude price in 2013-14 was slightly lower than 2012-13 average of US$ 110 per barrel. However, benchmark prices were higher when denominated in Indian Rupee due to depreciation of rupee. With the United States (US) Fed signaling tapering of Quantitative Easing (QE) in May 2013, money rushed out of emerging economies, including India. Capital outflows amid a large Current Account Deficit (CAD) caused rupee to depreciate sharply against US dollar, from 55 per US$ on May 22, 2013 to 68 per US$ on August 28, 2013. A slew of measures by Reserve Bank of India (RBI) with respect to the policy rate, liquidity and forex swap facilities helped build up reserves during September to November 2013. Depreciation of rupee helped exports while moderation of imports lowered trade deficit. India's trade deficit at US$ 147.6 billion during 2013-14 was about 25% lower than that of US$ 195.7 billion during 2012-13. CAD to GDP ratio, which had reached 4.8% in 2012-13, narrowed to 1.7% in 2013-14. With revival of capital flows and lower CAD, concerns about the financing of CAD eased during second half of 2013-14. The Rupee stabilized and moved in a narrow range of 60-63 per US$ between November 2013 and March 2014.

In January 2013, Oil Marketing Companies (OMCs) were authorized to increase diesel prices in small increments at regular intervals. Periodic increase in fuel prices did lead to some decline in under-recoveries of OMCs. Under-recoveries on diesel sales at ₹ 62,837 crore were lower in 2013-14 compared to ₹ 92,061 crore in 2012-13. Under-recoveries on Superior Kerosene Oil (SKO) and Liquid Petroleum Gas (LPG) sales in 2013-14 were higher than that of 2012-13. As against ₹ 1, 61,029 crore under-recoveries incurred by OMCs in 2012-13, total under-recoveries on sales of diesel, kerosene and LPG in 2013-14 were ₹ 1, 39,869 crore.

Sluggish economic activity coupled with sector specific factors led to only a marginal increase in the consumption of petroleum products in 2013-14. Total petroleum product consumption was about 160 million metric tonnes (MMT) in 2013-14 compared to 157 MMT in 2012-13. Major increase was in the consumption of petrol, LPG and petcoke. Petrol consumption increased by about 1.4 MMT in 2013-14, recording an increase of about 9% over 2012-13 level. Year-on-Year (y-o-y) growth in LPG consumption was about 5% in 2013-14 translating into incremental volume of 0.7 MMT. With y-o-y growth of 15%, incremental consumption of petcoke in 2013-14 was about 1.5 MMT. Increase in consumption of these products was offset by decline in consumption of fuel oil, naphtha and diesel. Fuel oil consumption declined by about 1.5 MMT in 2013-14, a y-o-y fall of about 19%. Naphtha consumption fell by about 0.8 MMT, declining by about 7% over 2012-13 level. Switchover to natural gas by major consumers accounts for most of the decline in consumption of both products. Diesel consumption declined for the first time since 2001-02 and recorded a drop of 0.7 MMT with y-o-y fall of 1%.

PERFORMANCE PROFILE

The Corporation has secured 'Excellent' rating in terms of the Memorandum of Understanding(MOU) signed with the Government of India for the year 2012-13 with an MOU score of 1.034. This is the best score amongst all the Public Sector Undertakings (PSUs) under Ministry of Petroleum & Natural Gas(MOP&NG) for the second consecutive year. The performance for the year 2013-14 is discussed below:

Gross Sales

The Gross Sales of the Corporation (inclusive of excise duty) for the year ended 31st March, 2014 was ₹ 2,32,188 crore as compared to ₹ 2,15,666 crore in the previous year. The total sale of products (including exports) for 2013-14 was 30.96 MMT as against 30.32 MMT during 2012-13.

Profit before Tax

The Corporation has earned a Profit before Tax of ₹ 2,616 crore in 2013-14 as compared to ₹ 1,475 crore in 2012-13.

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Provision for Taxation

An amount of ₹ 882 crore has been provided towards income tax for 2013-14 considering the applicable income tax rates as against ₹ 570 crore provided during 2012-13.

Profit after Tax

The Corporation has earned a Profit after Tax (PAT) of ₹ 1,734 crore during the current financial year as compared to ₹ 905 crore in 2012-13. The Profit after Tax was achieved after absorbing an under-recovery of ₹ 482 crore on sale of sensitive products during the year.

Depreciation and Amortisation

Depreciation for the year 2013-14 was ₹ 2,202 crore as against ₹ 1,984 crore for the year 2012-13.

Borrowings

The borrowings of the Corporation were ₹ 32,165 crore as on 31st March, 2014 as compared to ₹ 33,789 crore as on 31st March, 2013. Borrowings during the year were mainly through short term foreign currency loans and commercial paper. Long Term Loans were borrowed at competitive rates. External Commercial Borrowings (ECB) of ₹ 5,992 crore were taken during the Financial Year 2013-14 for working capital purpose. The long term debt to equity ratio stands at 1.05:1 as on 31st March, 2014 as against 0.75:1 as on 31st March, 2013.

Capital Assets

Net Fixed Assets (including Capital Work in Progress) increased from ₹ 27,722 crore as on 31st March, 2013 to ₹ 30,498 crore as on 31st March, 2014. During the year, HPCL invested ₹ 2641.87 crore on Plan Projects.

Investments

Investments as on 31st March, 2014 were ₹ 10,860 crore as compared to ₹ 10,627 crore as on 31st March, 2013.

Gross Refining Margins (GRMs)

Gross Refining Margin of Mumbai Refinery averaged at US$ 5.38 /bbl during the year as against US$ 2.08 /bbl for the year 2012-13.

Gross Refining Margin of Visakh Refinery averaged at US$ 1.50/bbl during the year as against US$ 2.08/bbl for the year 2012-13.

Earnings per Share

Earnings per share for the current year is ₹ 51.20 as compared to ₹ 26.72 in 2012-13.

Dividend

Dividend of ₹ 15.50 per share has been proposed for the year 2013-14. The dividend would result in total payout of ₹ 614.07 crore, including Dividend Distribution Tax.

REFINERIES

Global Scenario

World GDP grew by 2.9% in 2013 led by growth in Asia Pacific region & US. 2013-14 saw a major shift in oil market due to continued refinery closures in western hemisphere and refining capacity addition in eastern half. On demand side, World added about 660 thousand barrels per day (Kbd) refining capacity led by Saudi Arabia, which put downward pressure on Asian refining margins. On supply side, 2013-14 was worst hit year by supply disruptions from Iran, Libya & Nigeria.

Year 2013-14 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 especially to India.

As per Energy Information Administration (EIA), first quarter (Q1) of 2013-14 witnessed very high US Crude inventory of 392 Million barrels, an all-time high, which exerted downward pressure on crude. Brent averaged $102.43/bbl in first quarter of 2013-14, representing a sharp decline of $10.14/bbl from the previous quarter. This sharp decline was also caused partially due to

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seasonal weak demand and by the persistently weak economic outlook in Europe, as well as poor economic growth. Increased supplies of light crudes in Europe weighed on Brent while stronger demand for heavier Mideast crudes stemmed the decline in Dubai prices resulting in very narrow Brent – Dubai differential of $ 1.64/bbl.

Crude oil markets rallied across the board in July 2013, propelled by increased refinery runs in the US, Europe, Asia and the Middle East and supply outages in Libya, Iraq and Yemen. Brent regained strength in Q2 of FY 2013-14 and averaged $ 110.29/bbl posting an increase of $ 7.86/bbl. Brent was supported by reduced crude supplies heading to the Mediterranean in the wake of sharply lower exports of Libyan crude due to a strike related shutdown of shipping terminals and a shift in Russian crude exports to Asian markets.

Oil market escalated in tandem with rising geopolitical tensions over Syria's suspected use of chemical weapons on civilians at end of August 2013. Markets were further supported by the near total outage of Libyan crude oil production by striking industry workers, facility guards and warring militias. Crude oil prices for benchmark crudes trended lower throughout September as tensions eased over the standoff with Syria, Dubai and Brent posting a marginal month on month average increase. The Brent premium over Dubai widened again due to the relative strength of low sulphur crudes in European markets.

Quarter 3 of FY 2013-14 began on positive note as risk of confrontation in Iran has eased following discussions in Geneva between the 5 permanent members of United Nations (UN) Security Council & Germany and Tehran over the latter's nuclear programme. Brent was down a more modest $2.75/bbl in October, to $109/bbl, with a 2013 peak in North Sea output and poor refining margins partially offset by the loss of Libyan supplies.

The weaker market for Brent continued into November 2013 with the Month1 (M1), Month2 (M2) spread moving into contango. By contrast, stronger demand for heavier Mideast crudes provided spot Dubai crude with some support. Dubai prices were off by a relatively small $1.65/bbl in October, to an average $106.60/bbl. As a result, the Brent Dubai spread narrowed to an average around $3.6/bbl in September and $2.4/bbl in October. The narrowing Brent Dubai spread led to an increase in arbitrage flows, with Asian refiners scouting out North Sea and West African crudes pegged to Brent prices. In Europe, the near total absence of Libyan crude supplies due to the continued shutdown of shipping terminals supported Brent prices in December 2013.

Total global oil demand rose by an estimated 1.2 million barrels per day (mbpd) in 2013. This is due to much stronger than expected oil use in the US and smaller increases in Western Europe in last quarter of 2013, despite significant downward demand estimates for China and Japan in the same quarter. Spot crude oil prices weakened in January 2014 month on month (m-o-m) by $2.65/bbl to $108.17/bbl for North Sea Dated. Mideast Dubai, a heavier crude grade than Brent, declined by a steeper $3.88/bbl to an average $104.02/bbl for January. Expectations of weaker demand heading into the spring refinery turnaround season, added downward pressure on prices, with global refinery throughputs forecast to plummet by 2.5 million bpd. Crude Oil market ended year with slightly low m-o-m with seasonally weaker demand and scheduled maintenance in the Atlantic basin and Asia curbing refining runs in all major markets.

Weakness in crude market got reflected in product market as well. Singapore cracking margin for Q1 got settled at $ 6.65/bbl dropped by $ 2.05 /bbl as compared to previous quarter. Refined product crack spreads largely declined in July on the back of stronger benchmarks crudes and rising product inventories. Asian Fuel Oil crack dropped sharply in Q2 due to falling bunker demand and monsoon season. Gasoline also showed weakness along with decline in Fuel Oil crack, which impacted refinery margins adversely. Spot product crack spreads posted diverging trends in August, with the US partially insulated from the surge in crude prices on account of shale gas crude oil supplies, which pressured crack spreads in Asia and Europe. Gasoline crack spreads fell across the board, suffering from both strong crude prices and lower US and Singapore spot prices as the driving season came to a close. All these factors weighed down on Singapore cracking margin which posted modest average of $ 5.27/bbl. Middle distillates crack spreads increased across all regions in October as demand strengthened ahead of winter and supplies tightened in line with sharply reduced refinery throughputs due to seasonal plant maintenance. Product crack spread movements were mixed in latter half of Q3.

In last quarter, Asian refiners benefitted from improving cracks at the light end of the barrel as increased petrochemical demand and refinery outages supported naphtha and gasoline prices. An increase in imports from India, where the refineries underwent maintenance, helped to push up prices, which in turn drew in supplies from Europe, the Middle East and the US. Accordingly, naphtha cracks strengthened in these markets over the quarter and ended with average of $ -1.46/bbl while occasionally going into positive territory. Gasoline and Gasoil also registered their strongest number in this quarter.

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Singapore GRM was under pressure during 2013-14 and declined to USD 5.76 /bbl for the year compared USD 7.74/bbl for 2012-13. Mumbai Refinery GRM has improved to US$ 5.38 /bbl in 2013-14 from US$ 2.08 /bbl in 2012-13 due to better operational performance. Visakh Refinery GRM has been lower at US$ 1.50 /bbl in 2013-14 compared to US$ 2.08 /bbl in 2012-13 mainly due to unplanned shutdowns during 2013-14.

Crude Oil Imports

HPCL imported 12.03 of crude oil as compared to 12.02 MMT in 2012-13. The average cost of crude oil imported in 2013-14 was at US$ 107 per barrel as compared to US$ 110 per barrel in 2012-13 primarily on account of lower international crude prices. The average exchange rate was INR 60.75/ $ as compared to INR 54.66/ $ in 2012-13.

HPCL uplifted 3.77 MMT of indigenous low sulphur crude oil (Mumbai High, Ravva and Krishna-Godavari Basin). The price of Ravva is linked to regional markers like Tapis and Minas crude which are disconnected from comparable markers on account of their declining production. This has resulted in Ravva crude price being higher than equivalent imported crude and has impacted HPCL's margin adversely. HPCL has taken up with MOP&NG on both pricing and allocation of Ravva crude. With the support of MoP&NG, the Ravva allocation has been addressed in the current year. The balance crude requirement was mainly met through term imports and spot purchases. Total high sulphur crude oil procurement of 9.16 MMT was done through term contracts from the Gulf region. Main suppliers included Saudi Arabia, United Arab Emirates, Iraq and Kuwait. Total low sulphur crude oil procurement of 2.87 MMT was sourced through term and spot purchases.

Due to prevalent economic sanctions by the US and the European Union on Iran, it has become progressively difficult to lift Iranian crude oils since they specifically prohibit provision of insurance cover to Iranian crude oil shipments for both vessel as well as cargo. Even refinery asset insurance under mega insurance corporate policy has prohibited to process Iranian Crude oil.

During the year, 12.03 MMT of crude oil was imported through ocean transportation from Arabian Gulf, West Africa and Far East. All the term crude was transported by Shipping Corporation of India (SCI) under Contact of Affreightment (COA) with HPCL. For spot purchases of crude, vessels were chartered directly by HPCL at competitive freight / charter hire through global enquiries. Except a low spike in July - August 2013 and a big surge in Dec 2013 - January 2014, shipping freight markets continued to be low during the year.

To reduce overall crude procurement costs, HPCL continued chartering of Very Large Crude Carriers (VLCCs) for Low sulphur spot crude cargoes which discharged crude to Visakh Refinery through Single Buoy Mooring (SBM). Crude transportation through VLCCs is currently done with partial cargo loading due to tankage limitations at Visakh refinery. The expected commissioning of Indian Strategic Petroleum Reserves Limited (ISPRL) with additional storage capacity would enable HPCL to further optimize crude transportation by VLCCs and obtain significant freight benefits.

Physical Performance & Initiatives

During the year 2013-14, HPCL's refineries have maximized crude processing which enabled in achieving a combined refining throughput of 15.51 MMT with a capacity utilization of 105%, in spite of unplanned shutdowns at Visakh refinery.

HPCL Refineries have made remarkable efforts for improvement in the yield of value added products. Mumbai Refinery has augmented Propane De-Asphalting (PDA) unit capacity by 40% which will result in production of high value added product Bright Stocks. Visakh Refinery has also taken the initiative of commissioning chiller package in Fluidized Catalyst Cracking (FCC) unit and has also started adding bottom cracking additive to the catalyst used in FCC for maximizing LPG yields and reduction of heavy ends production. Propylene Recovery Unit (PRU) capacity has also been augmented to enhance the existing production of value added products.

Environmental consciousness has always been foremost for the corporation. Accordingly initiatives to reduce Suspended Particulate Matter (SPM) and Sulphur emissions were undertaken by refineries through installation of Flue Gas Desulphurization (FGD) facility for treating FCC off-gases. This has enabled both the refineries to have flexibility to enhance High Sulphur crude processing as well. Additionally, refineries have been contributing in conservation of water resource to the community by reuse/ recycle operations; Mumbai refinery has conserved 565 thousand kilo liter (TKL) in 2013-14 with state of the art Integrated Effluent Treatment Plant (IETP) facilities. Visakh refinery has sea water treating facilities to meet part of its utility requirement with a treated water output of about 605 TKL in the year thereby conserving equal amounts of natural resource.

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To produce BS-IV specifications Diesel, HPCL has set up Diesel Hydro Treater(DHT) Units with associated facilities at both Mumbai and Visakh Refineries. Mumbai Refinery has commissioned the facility during 2013-14. Visakh Refinery has accomplished mechanical completion of the unit while the pre-commissioning/Commissioning activities are in progress.

To improve the refinery operations, both Mumbai and Visakh Refineries have undertaken performance bench marking study by M/s Solomon Associates (SA) along with other refineries. The exhaustive study made by them has brought out gaps in critical Key Performance Areas (KPAs). In order to address these gaps several short term measures for improvement have been identified and are being implemented. Similarly major initiatives like heat integration with capacity expansion along with residue up gradation are proposed to be taken up as a long term measures.

The above initiatives have resulted in Mumbai refinery recording the best ever Specific Energy Consumption of 75.4 MBTU/BBL/NRGF (Million British thermal units/Barrel/Nelson's refining gross factor) against MoU Excellent target of 87.0. Similarly, Visakh refinery has achieved the best ever Specific Energy Consumption of 83.9 MBTU/BBL/NRGF against MoU Excellent target of 87.0. The energy conservation measures undertaken by both refineries during the year 2013-14 have resulted in a savings of 25,535 SRFT/year (Standard Refinery Fuel Tonnage per year).

During the year, Mumbai refinery has recorded the best ever production of High Speed Diesel (HSD, 2166 TMT), Rubber Processing Oil (RPO, 146 TMT) and Lube oil Base Stock (LOBS, 386 TMT) through effective utilization of assets. By blending reformate sourced from domestic imports, Visakh Refinery was able to enhance production of Motor Spirit (MS), and has recorded the best ever MS (BS III grade) production of 1100 TMT and LPG production of 423 TMT during 2013-14.

Visakh Refinery suffered a setback due to unplanned shutdowns at one of its crude distillation units and an incident at cooling tower complex. This has affected refinery throughput and hence production of petroleum products. All out efforts were done to restore normalcy and bring back the refinery to regular operations by December 2013 and the refinery was operating at full crude processing capacity by 4th quarter of 2013-14

Enhancement of refining capacity

As a part of the strategic objective HPCL plans to enhance the refining capacity by setting up a green-field refinery at Pachpadra, Barmer district, Rajasthan in addition to undertaking brown field expansion of its existing Mumbai and Visakh Refineries.

This green field refinery at Rajasthan will be wellhead refinery and an integrated petrochemical complex with a refining capacity of 9 million metric tonnes per annum(MMTPA) and capability to process indigenous Mangala crude oil being produced from local Cairn Oil fields with a capital outlay of about ₹ 37,000 crore. A joint venture agreement with Rajasthan Government has been signed to incorporate a new company "HPCL- Rajasthan Refinery limited" ("HRRL") Participation of Govt. of Rajasthan is first of its kind partnership with state government as an equity stake holder in the Refining Sector. Pre-project activities such as obtaining environmental clearance, soil investigation at site and Licensor selection etc. have commenced.

Visakh refinery modernization project is being taken up to augment existing refinery capacity from 8.3 MMTPA to 15 MMTPA along with the state of the art secondary processing and Bottoms upgradation units. Mumbai refinery expansion plan is envisaged to augment existing refining capacity from 6.5 MMTPA to 9.5 MMTPA. Pre Project activities for both the refineries expansion are underway.

HPCL as Anchor tenant had planned a grass root 15 MMTPA Petrochemical cum petroleum Integrated Refinery in the Visakhapatnam Petroleum Chemicals and Petrochemicals Investment region (PCPIR). HPCL has plans for implementation of this project in collaboration with National and International Oil / Petrochemical companies after conducting the feasibility study and financial assessment.

MARKETING

HPCL continued to record robust physical sales growth during the financial year by implementing effective marketing strategies under challenging business conditions and environment. The Corporation has registered a total Products sale (including exports) of 30.96 MMT during FY 2013-14 vis-à-vis sales of 30.32 MMT during the preceding year. It has been a significant year for the Corporation, with a growth of 4.1% in Market sales (Domestic market) over the sales volume of previous year, compared to 0.6% growth for the public sector oil companies. This performance has enabled the Corporation to improve its market share by 0.71% amongst Public Sector Oil companies to 20.90% during the current year 2013-14 against 20.19% in the previous year. Individual Marketing SBUs performance is covered in the sections below.

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Retail

Retail strategic business unit (SBU) continued to play a pivotal role for the company accounting for a major share of total sales volumes. The business vertical's philosophy of strategic network expansion remained a key focus area, with addition of Retail Outlets in identified geographies. Combined with the parallel thrust on business solicitation and process improvements, the SBU registered another stellar performance during the year. The excellent performance during the year sequentially over the decade made it a **"Decade of Excellence"** for this SBU, which has the highest weightage in the Companies top line.

The physical volumes recorded during the year by the SBU crossed 21 MMT, which translates to significant addition of over 11 MMT to the annual volumes over the last decade i.e., more than doubling of the sales volumes in the decade. These sales gains have come on the back of unrelenting focus on customer delight initiatives and processes, coupled with strengthening the network capabilities, deployment of information technology across critical marketing practices and enhanced dealer connect features who are the last link in this Business to Consumer(B2C) business. The market gains over the last 10 years consecutively had a salutary impact on the company's Total Motor Fuel (TMF) market share, which now stands at 25.35%, which corresponds to an increase of 0.15 % over the previous year.

With regard to individual products, the vertical has recorded Petrol (Motor Spirit) sales growth of 8.7 % in the year 2013-14 vis-à-vis historical, which compares favourably against PSU oil industry growth of 8.4% for the year. Similarly, Diesel (High Speed Diesel) also registered better than PSU oil industry growth at 6.6% which is 0.7% higher than PSU oil industry growth.

The Retail network expansion continued, with the commissioning of 723 new Retail Outlets during the year, including 223 outlets in rural areas which has been a special focus area for the company considering the business volumes likely to be generated with the country's GDP growth getting back to a strong growth path. The Corporation has come within striking distance of the 13000 mark of retail outlets with the final tally standing at 12869 retail outlets as of March 31, 2014.

'DriveTrack Plus' and 'Payback' form the premiere loyalty programmes and have been the subject of focused attention by the company. Over 3000 outlets are enrolled in the programme which constitutes about 25% of the retail network. The robust Technology platform and applications is the key to efficient management of this very large scale programme, in which a unique online architecture based on smartcards enables users to transact even in the remotest locations seamlessly. The technology upgrades in the DriveTrack Plus programme helps customers to manage their working capital better and access over both internet and mobile platforms enables their vehicles to fuel at the designated outlets in a trouble-free way. On the technology enhancement front, the Payback programme also saw the facility of Real Time Burn across nearly 2000 active outlets along with various redemption campaigns to delight the customers.

Retail has continued to leverage Information Technology (IT) for enhancing customer satisfaction for which a key action area is product quality assurance. Retail Automation system was installed as a Quality Assurance (QA) tool at 160 Retail Outlets during the year, taking the total number of automated outlets to 2100 as of March 31, 2014. Another IT based initiative was rolled out for enhancing the up-time of the Dispensing Units installed at outlets, titled 'Retail Outlet Maintenance Management System'. This web based multi user application provides real time tracking and enables both management and maintenance of the units at least cost. Another industry first initiative for enhancing marketing efficiencies by leveraging Technology was a web based Pricing Tool Kit for calculation of Retail Selling Price (RSP) for all variants of Petrol and Diesel. This application provides real-time information 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 enroute while travelling and stop to fuel at the most suitable outlet.

Allied business streams remained a focus area, in which mutually beneficial partnerships with banks is one part. A record 500 ATMs have been commissioned at Retail Outlets taking the total tally to 1550 which in addition to enhancing the customer experience at retail outlets also contribute significantly to the non-fuel revenues.

To be competitive in the challenging business environment, Retail is focussed on strategies for customer gains and retention.

LPG

LPG Marketing in the country has seen dramatic changes over the last few years, with India having the unique distinction of the largest number of domestic consumers supplied in cylinders vis-à-vis any other country. For HPCL, LPG business line accounts

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for approximately 14% of the total sales volume, with sales for FY 2013-14 at 4205 TMT vis-à-vis 4020 TMT the previous year, corresponding to a growth of 4.60 %. The business vertical has maintained a commendable performance during the year, retaining the industry No. 2 position in total LPG Sales with a 26.73 % market share. The vertical achieved a LPG bottling of 4001 TMT during the year, which is an increase in productivity of 3% over previous year.

HPCL continues to maintain its market leadership position in the profitable and highly competitive Non-Domestic Bulk LPG segment, with 43 % market share. Two new exclusive Non-Domestic LPG distributorships were added to the network during the year in important markets, for future gains. Allied Retail Business stream also remained a focus area, and this stream has contributed a significant ₹ 75 crore approx. profit during the year. Implementation of primary and secondary Supply distribution model and meticulous inventory management across the chain also resulted in substantial savings of ₹ 124 crore approximately during the year.

Keeping in focus deliverables listed in the corporate plan - Target Shikhar, comprehensive strategic actions were implemented to penetrate the rural domestic LPG market. 219 new LPG distributorships were commissioned under the Rajiv Gandhi Gramin LPG Vitaran Yojana in addition to 95 new regular domestic LPG Distributorships during FY 2013-14. The SBU also launched 5 Kg LPG cylinders sales initiative thru Retail Outlets in selected cities for tapping the significant segment of consumers with this pack size requirement e.g., IT professionals, BPO employees etc.

LPG SBU is acknowledged in the industry for its infrastructural strength and further steps were taken during the year for augmenting LPG bottling capacity by 60 TMT along with increasing the bulk LPG storage capacity by 610 TMT during the year. Some of the key projects completed during the year are Anantapur LPG Bottling Plant (AP) with a bottling capacity of 75 TMTPA, 2.7 Km long LPG Pipeline connecting ONGC Hazira to HPCL Hazira LPG Plant, Mounded Storage Vessels (MSV) at Paharpur LPG Plant (WB) with augmentation of bottling capacity. During the year, Mechanical completion of the project for 8400 MT LPG Mounded Storage at Mangalore LPG Import Facility (MLIF), Mangalore was also completed which makes it the largest LPG MSV storage of HPCL. Two new marine LPG unloading arms were installed at New Mangalore Port Jetty No. 12 as part of the above project.

As part of the Government strategy for monitoring and controlling subsidy costs and ensure availability to genuine domestic LPG users, the vertical has taken the lead in implementing Know Your Customer (KYC) norms and deployment of Direct Benefit Transfer for LPG consumer scheme of the government (DBTL). The SBU rolled out 'Project Lakshya' for purifying the existing customer database with various phases such as KYC updation, customer verification, identification and dropping of multiple connection customers / shifting them to non-subsidised category and through de-duplication exercise jointly with other marketing companies. In this initiative, a Super Computer was deployed for handling the data of over 150 million LPG customers along with use of Fuzzy Logic programmes and Aadhaar based identification steps with the support of National Informatics Centre (NIC).

A Transparency Portal was also rolled out for enhanced transparency across the value chain and to enable free access to information on availability of LPG, list of subsidy beneficiaries, details of benefits drawn etc. Unique Mobile apps deployed also provide convenient and self-service features for the customer's interactions.

A web service has been provided to LPG consumers which provides the LPG delivery pattern of the distributors, for securing feedback to enhance distribution quality and achieve higher levels of customer delight. Another initiative during the year was the launch of LPG portability option for the first time, a technology based facility to customers to choose the distributor of their choice serving their locality. Intercompany portability initially commenced in 24 cities in 14 states and is now expanded to 488 more districts in 32 states. These initiatives are aimed at enhancing LPG distributorship effectiveness for increased customer delight by creating friendly rivalry between distributors and also with the long term aim for equipping the network to face free market competition when such a time comes.

LPG intrinsically calls for safe handling throughout the marketing chain. Operational efficiency and Safety metrics enhancement remained a focus area for the SBU with roll out of well-designed programmes including "Project Utkarsh" for workers, Project "SAKSHAM" for LPG Distributors, "Project Samarth" for LPG Distributors deliverymen and "Project Samvaad" for LPG Distributors showroom staff and "Suraksha Sanchetana Abhiyan Mela" (SSA) for enhancing awareness amongst the customers on safe usage of LPG in their kitchens, which resulted in HP GAS customers receiving unique and differentiated customer experience with safety as the centrepiece.

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LPG SBU has maintained an enviable safety record, with a 'NIL' accidents report involving injuries or fatalities across plants, along with a commendable 96.9% HSE Index score during the year. The SBU also carried out International Safety Rating System (ISRS) certification of 10 LPG plants successfully during the year, along with specialised training programmes on Risk Assessment, Hazardous Operations (HAZOP) and Disaster Management Plan (DMP) to LPG plant officers for making the system even more robust.

LPG SBU has also prepared exhaustive future plans for enhancement of operational effectiveness and customer delight and for identifying new LPG market segments for continued success.

Direct Sales - Lubes

The SBU recorded excellent sales during the year, resulting from well-laid out plans implemented for the three marketing channels of Lube CFA, Retail Network & Lube Distributor and the Original Equipment Manufacturer (OEM) sector. India is estimated to be the third largest lube market in the world after US and China, with share of approximately 6% of the total world's sales. During the year, the lube market size in India remained steady at about 2800 TMT, including Transformer and White Oils.

During the year 2013-14, HPCL has recorded value added lube sales (excluding base oil sales) of 357 TMT with a robust growth of 19.3% over the previous year. The growth rate is well ahead of the Industry and HPCL is the second largest marketer as per internal estimates. It is also estimated that HPCL is now India's No. 1 marketer in institutional lube sales with the volume of 262 TMT during the year, and also in total lubes including base oils with sales of 484 TMT during the year.

The SBU continued its strong focus on expansion of the network of Lube Distributors and Lube clearing and forwarding agents (CFAs) who cater to the Bazaar and Micro Small and Medium Enterprises (MSME) segments respectively. HPCL's strong network of 223 Lube Distributors today reaches to more than 40,000 bazaar lube shops / retailers across the country. The SBU has also started tapping the rural markets with current number of 11 Rural Lube Distributors for this segment. This is supplemented by the strong presence in Genuine Oils viz., Bajaj Auto, Tata Motors, Force Motors and Gabriel which are stocked at 2,200 OEMs' service stations. In the MSME segment, the 94 strong CFA network has expanded its reach to more than 14,000 customers across the country.

The SBU introduced new lube grades and specialty products and variants for tapping more segments in the Business to Business (B2B) and Business to Consumer (B2C) markets, such as Transformer Oil, Gas Engine Oil for 3 – Wheelers, Universal Tractor Transmission Oil (for tractors with Wet Brake technology), etc. Introduction of new stock keeping units (SKUs) and Pack sizes for meeting specific customers' demands enabled the SBU to spread the reach of HP Lubes across segments, resulting in the significant sales numbers as stated earlier.

The SBU retained OEM sector as its focus during the year, with consolidation of business at important OEMs including JCB India and Bajaj Auto along with renewed partnerships with reputed OEMs like Komatsu, Force Motors, Kirloskar Pneumatics, etc. The strategy for partnerships with major two wheeler OEMs like new tie ups with Royal Enfield and Mahindra Two Wheelers during the year and earlier years has enabled HPCL to reach the top rung in the 4T Oils segment. A cornerstone for OEM business development was the close interactions between HPCL Technical Services / R&D wings and the OEMs' R&D for establishing HPCL products' credentials. A significant outcome of these successes is that other multinational corporations (MNCs) OEMs have acknowledged and accepted HPCL strengths and capabilities, opening the way for more partnerships in the coming years.

Branding remains the key driver in the lube market and the SBU has adopted the strategy of hybrid branding with strong parent and strong product brands. In addition to commercials aired in important TV channels for promoting HP Lubes, the SBU has utilized Exhibitions, Trade Fairs, Krishi Melas and other mass contact events for increasing the brand recall amongst the target customers.

The SBU retained its preference for Below the Line (BTL) approach for increasing its market reach, with innovative promotional campaigns run during the year for different target groups of Distributors, Retail Outlet Dealers, Bazaar Retailers, Mechanics, OEM Service Stations and end consumers. Contact programs content included product specifications and performance handled by Technical Services personnel. This has resulted in the significant sales numbers recorded during the year, which is a measure of the success of this strategy which is at variance with the commonly adopted high cost Above the Line (ATL) path.

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The R&D wing of the SBU continued its meticulous activities during the year, with development of new products and performance upgrades in selected grades. The group also presented well received papers at international seminars and conferences with positive peer reviews. Collaborative ongoing projects include development of Nano technology additives for engine and gear oils, Cerium particle based catalytic Nano particles for diesel fuels and Jatropha based bio-diesel research.

Direct Sales - Industrial & Consumer (I&C)

The year 2013-14 remained a challenging year for I&C business-line which handles institutional sales of fuels, bitumen, naphtha and other bulk products consumed by industries, mining sector, construction, power plants, shipping, etc. Second consecutive year of subdued GDP growth of less than 5% saw slow industrial growth limiting the growth for petroleum products to 0.6% YoY for Public sector oil companies. The negative impact was magnified on demand for products handled by I&C due to shift of large customers from FO/LSHS to gas and due to volume pressures on HSD owing to higher price for industrial consumers vis-à-vis retail customers.

The company recorded much better performance than Industry in this competitive and price sensitive sector with de-growth contained at 3.4% vs. Industry de-growth of 15.5%. The exceptional performance in I&C resulted in a market share gain of 1.8%, which raised the company to No. 2 position in the Industry. The company recorded the highest growth in Industry in all major I&C products like High Speed Diesel (HSD), Light Diesel Oil (LDO), Furnace Oil (FO), Low Sulphur Heavy Stock (LSHS) and Naphtha, and gained market share in 12 out of 16 I&C products.

The company successfully focused on HSD sales to Marine, Steel and Railways sectors for overcoming the reduced offtake by bulk HSD industrial customers due to dual pricing. The strategy included entering Corporate MOUs accelerated by focused customer engagement and enhanced service quality. This strategy paid rich dividends in HSD as well as FO product-lines. The company has also been obtaining more business from Defence and Railways, with Kerb Side Pumps awarded by Army and Director General of Border Roads (DGBR) in Jammu, Leh&Kargil areas and commissioning of a Railway Consumer Depot at Puri, Orissa.

The company gained during the year from the successful Naphtha supply tie-ups with major buyers Reliance Industries and Haldia Petro-chemicals. LSHS sales was consolidated by supplementing own refinery supplies with innovative sourcing methods, enhancing the engagement with important user GMR Power at Chennai. The focus on marine bunker market increased, with measures such as supply logistics capabilities enhancement at key Ports and introduction of new grades.

The company recorded Bitumen sales of 1 MMT mark for the second consecutive year, by effective product planning and placement for overcoming refinery supply deficit during unit shutdown periods, including engagement of a vessel for coastal movement of bitumen from Visakh Refinery to Haldia and Chennai markets. The year also saw the launch of new VG 40 Bitumen Grade for the first time in the Industry from HPCL Mumbai Refinery which is technologically superior and suitable for construction of more durable Roads.

The I&C product-lines display commodity market patterns, and a prime strategy area for the company was optimal balancing of market sales volume vis-à-vis net revenue realisation per selling unit aided by measures to increase customer base and spread thereby de-risking the business. Another I&C role as part of an integrated oil company is to develop the domestic market for I&C products which is key to Refineries production maximisation, as build-up of stocks beyond holding capacity compel refineries to cut production. The challenge therefore to I&C is dynamically balance various aspects in the business-line, and tap the segments of the market which yield the best returns at the given point.

The I&C business-line has chalked out detailed plans for minimizing the adverse impact of drop in demand of liquid fuels by industries shifting to Regasified Liquefied Natural Gas (RLNG)/Natural Gas (NG) and other cheaper fuels, volatility in international prices of I&C products, etc. so as to improve the business volume and market share in the coming period.

Aviation

HPCL adopted a calibrated marketing strategy in the Aviation business-line during the year, which witnessed the domestic airlines coming under stress and saw a growth of 4.4 % during the year. The aviation sector in India has remained under pressure over the past many years, with some of them ceasing operations. It is expected that the country's economic recovery projected for 2014-15 is likely to have positive impact on the aviation sector through better load factors, improved fleet utilisation etc..

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During the year, the company recorded aviation fuel sales of 445 TMT, through a planned mix of domestic and international airline customers.

The dynamics of aviation fuel marketing is also evolving with the authorities planning more Public Private Partnerships (PPP) for operation, management and development of Indian airports. Staying ahead, the company has signed Share purchase and Shareholders agreement with other partners for formation of Joint Venture Company in Mumbai for developing and managing a new integrated fuel farm at Mumbai Airport. These strategies along with tapping new airlines which are at take off stage are expected to grow the aviation fuels business of the company in the coming period.

Natural gas

During 2013-14, HPCL made contribution of ₹ 4.95 crore in GSPL India Gasnet Limited (GIGL) and GSPL India Transco Limited (GITL)towards equity in the joint ventures for laying, building and operating three gas pipelines (a) Mehsana - Bathinda Pipeline; (b) Bathinda-Srinagar Pipeline; and (c) Mallavaram – Bhilwara Pipeline.

HPCL is operating a Compressed Natural Gas (CNG) network at Ahmedabad through one mother station and 20 daughter stations for general public for their vehicles. During 2013-14, the sale of CNG through CNG Stations in Ahmedabad is 1.946 TMT.

To give impetus and build in the area of Natural Gas, HPCL has formed a joint venture(JV) company- HPCL Shapoorji Energy Limited (HSEL), which was incorporated on October 15, 2013 as a 50:50 equity partnership with M/s SP Ports Private Limited (SPPPL) [a wholly owned subsidiary of Shapoorji Pallonji Infrastructure Capital Company Ltd. (SPICCL)] to build and operate 5 MMTPA LNG regasification terminal at Chhara Port in Gujarat.

Operations & Distribution

The backbone for petroleum marketing is robust supply logistics which is handled by the Operations and Distribution vertical in the company. HPCL has achieved a record market thruput of 43.281 MMT in the FY 2013-14 which played a key role in increasing market share. Optimum inventory management remained a focus area handled by accurate and effective Product positioning and delivery logistics, resulting in enhanced customer satisfaction levels in both Retail and I&C businesses.

A significant point in the regard was unremitting stress on Safety in operations across marketing locations, which resulted in an enviable record of ‘Zero’ Lost Time Accidents (LTA). This received acknowledgement with the company being awarded ‘Best Overall Safety Performance Award’ by Oil Industry Safety Directorate (OISD), for the 4th consecutive year in succession. Some of the initiatives taken for enhancing operational safety were rolling out of IT enabled Work permit System, online Management of Change processes. MB Lal Committee recommendations implementation remained another focus area, which enhanced the systemic and process strength in the company.

The company also successfully entered into strategic tie-ups during FY 13-14, resulting in sourcing of majority of the requirement from domestic sources and with negligible imports. The production of 5.6 MMT of MS/HSD/SKO/ATF from Bathinda JV refinery was evacuated successfully during the year, which played a major role in increasing the company’s Market Share in North India in addition to enabling uninterrupted functioning of the HMEL Bathinda Refinery.

The company has carried out detailed planning for meeting market future demand along with time bound infrastructure development. FY 2013-14 witnessed successful commissioning of technologically state-of-art supply locations at Visakhapatnam and Ennore (Chennai), which are equipped with latest instrumentation and product handling equipment which meet the stringent safety norms recommended by the MB Lal Committee. In addition to the above locations, significant capacity augmentation was carried out at other locations resulting in 115 Thousand Kilo Litres(TKL) capacity additional tankages, with commensurate new Road & Rail loading facilities during the year. New Projects are also underway with latest designs on safety & automation at several locations, viz. Bihta (Patna), Tikrikalan (Delhi), New Kadapa (AP) and Bokaro which will enhance company’s distribution capability significantly.

Technology is a significant force multiplier lever for Operational Excellence and the company has incorporated technology aided processes over the past. During the year 2013-14, Optimised Logistics Assistant and Order & Fleet Scheduling package was rolled out across all supply locations, for maximising utilisation of the storage and loading facilities as well as the large delivery fleet. Operational cost management tool & Auto Budgeting Module was rolled out which is expected to yield substantial savings in the coming years.

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The company places stress on environment protection and sustainability measures at oil installations and has taken steps for significant reduction in greenhouse gases (GHG) emissions at locations. Consultants Deloitte estimate emissions reduction of 56% and 49% over baseline at the company's Secunderabad and Loni (Pune) Terminals respectively. A pilot was also undertaken at two major locations – Coimbatore & Visakhapatnam for Green belt development with effective carbon sequestration.

Considering the significant and indispensable role of personnel in operational area, capability building of employees remained a key thrust area for the company's Operations & Distribution (O&D) group. Development of Competencies in three important domains Logistics, Safety & Fire Fighting and Leadership was carried out during the year through customised training modules.

Pipeline and Projects

HPCL has laid special emphasis on acquiring high level of competency in managing the pipeline network effectively for maximum revenue gains and also development of a varied set of cross country product pipelines.

HPCL has achieved remarkable successes on this front with a record combined thruput of 15.694 MMT during the financial year 2013-14,for Mumbai Pune Solapur Pipeline (MPSPL), Vizag Vijaywada Secunderabad Pipeline (VVSPL), Mundra Delhi Pipeline (MDPL), Ramanmandi-Bahadurgarh Pipeline (RBPL) and Ramanmandi-Bhatinda Pipeline (RBhPL) exceeding the previous best thruput of 14.04 MMT recorded in the year 2012-13. All the pipelines are accredited with ISO 9001, 14001, 50001 and OHSAS 18001.

New pipeline projects under progress 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). These 3 projects were given authorization by Petroleum and Natural Gas Regulatory Board (PNGRB) in November, 2012 with completion target of 36 months i.e. by November 2015.

In line with the Corporation's policy of enhancement of infrastructure to facilitate efficient supply chain logistics and to create customer delight for all the stakeholders, in the FY 2013-14, the Corporation has undertaken various marketing projects and completed state of the art facilities at following locations across India. These include:

- New Tank wagon loading gantry at Paradeep
- New Tank Truck gantries along with automations at Bhatinda, Akola, Paradeep, Ajmer, Jaipur, Bareilly and Amousi.
- Mechanical completion of Additional product tankages at Paradeep terminal (23400 KL), Ajmer (16700 KL) and Kolkata terminal (6700 KL).
- Railway Consumer depot (RCD) at Puri, Odisha.
- Construction of new green field Rail fed depots at Bhita (near Patna) & Bokaro has been mechanically completed and will be commissioned soon with completion of respective siding connectivity jobs by Indian railways.

- **Innovations**
  - The most prolific innovation that was implemented in the year 2013-14 was **Optical Fibre Communication (OFC) Based Pipeline Intrusion Detection System** for Mumbai-Pune-Solapur pipeline. HPCL received international recognition for implementation of this project, as it was honoured with American Society of Mechanical Engineers (ASME) Global Pipeline Innovation Award 2013 by ASME Pipeline Division, USA
  - HPCL for the first time adopted the **Truss-less Roofing System** for its new Lube Warehouse and Engineering Warehouse at its Loni (Pune) Terminal. Major advantages of truss- less roofing over conventional trussed roofing include instant installation for Speedy Construction, 100% Leak-proof and highly resistant to damage and corrosion and zero maintenance costs.
  - **Safety at Oil Marketing Terminals-** HPCL has implemented first of its kind in Oil Terminals/Depots in India ,an innovative Wireless Remote Position monitoring system for Open/Close status of Dyke Valves in Oil Tank farms at its 64 marketing terminals and Depots.

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RESEARCH & DEVELOPMENT

Research & Development (R&D) is an integral part of any organization progress and HPCL accords utmost importance to R&D as well. HPCL is setting up a world class R&D Centre at Bengaluru which is being executed in a phased manner with Phase-I investment of ₹ 312 crore. The R&D Centre will be conforming to eco-friendly design norms and will consist of Research Labs for Crude Evaluation & Fuels Research, Hydro processing, Catalytic Cracking, Catalysis, Process Modeling & Simulation, Bio Processes, Standard Testing, Analytical Lab and Centre for Excellence in Nano-Technology under Phase-I. Construction works for the Centre are underway. Construction of all major Buildings foundation, sub-structure and superstructure has been completed. Brick work, Plastering, Plumbing, flooring, heating, ventilation and air conditioning (HVAC), fire-fighting, electrical and glazing works & Road works are in advanced stage.

Off Site Laboratory facility at the Devangonthi Depot of HPCL has been further enhanced with construction of Pilot Plant facility and commissioning of major equipment like TBP, Pot Still, ACER MAT, Hydro processing unit and Steam Deactivation unit. This facility has been recognized by Department of Scientific & Industrial Research, Government of India and has been helpful in fast tracking in house research activities. With the expanded facility the Off Site Laboratory has been equipped to provide support to Refineries in the area of Crude oil Evaluation and Catalysts Evaluation/Performance improvement studies for complex refinery processes like Fluid catalytic cracking, Hydro processing, Vis Breaking, Lube Solvent Extraction. The facility is also having capability for synthesis/characterization of catalysts/additives in lab scale for various complex refinery processes and also in the Bio processes like Development of strains for Bio Fuels productions, Development of Bio-additives to treat specific pollutants in refinery effluents, Bio remediation.

HPCL R&D has also undertaken collaborative R&D projects with various premier institutes like IISc, IITs and Research facilities. The areas of Research undertaken thru these collaborative projects are related to Process Intensification, Nano Catalysis, CO2 Capture & utilization, Hydrogen production, purification & Storage, Residue upgradation, Improved Lubricants, Development of Catalysts. HPCL R&D team is participating as an Industrial member in the consortia of Indian and US Academic & Industrial Research organizations involved in Indo-US Joint Energy Research Development projects in the area of Solar Energy and Bio Fuels.

Major achievements during the year 2013-14 include Development of Innovative Catalyst formulation & Process for improving yields in Vis-breaker Unit, Development of Mixed Solvent system for improving Raffinate yield in Lube Refinery, Novel Catalyst developed for Light Naphtha Aromatization, Crude oil Characterisation and Optimum catalyst selection for Secondary processes for both HPCL and JV Refineries. Significant progress has been made in microbial strain development for producing ethanol and butanol from lignocellulosic biomass and development of Bio-additives to treat specific pollutants in refinery effluents. R&D center has also filed 12 Indian and 5 Patent Cooperation Treaty(PCT) Patents.

QUALITY ASSURANCE

HPCL has a dedicated Quality Assurance (QA) Cell, having officers posted at all the seven Zones and its functioning is independent of Refining and Marketing functions and directly reports to Human Resources Dept. Quality Assurance Cell carries out surprise inspections covering Retail Outlets, SKO agencies, LPG Distributors, Depot-Terminals in compliance with the revised Marketing Discipline Guidelines(MDG) & headquarters office (HQO) directives and acts as an important nodal agency for ensuring supply of quality and quantity of products Ex all supply sources/points Distributors/Outlets to all the customers. The QA cell also ensures actions / compliance through respective Regions/Zones.

Quality Assurance remained a focal point in HPCL with the Direct Sales (DS) Quality Control wing ensuring continuous vigil on input materials and finished product quality by monitoring at every stage. Regular Quality Control audits / inspections of Petroleum Products installations have been carried out during the year, for enhancing day-to-day effectiveness at field level. During the year, a new laboratory at Bokaro was commissioned for the Jharkand market along with upgradation of laboratories at Sewree, Bengaluru, Vijayawada and Mangalore.

HEALTH, SAFETY & ENVIRONMENT

HPCL continues to leverage workplace Health, Safety & Environment (HSE), including Sustainable Development (SD) as an ingredient of its business policies and strategic plans. Emphasis is given to make HSE an integral part of each and every business activity and build a HSE culture amongst internal and external stakeholders.

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- **Health**

  HPCL firmly believes occupational and personal health of all employees at all manufacturing sites as well as at its offices is vital for excellence in overall performance. HPCL has been maintaining state-of-the-art Occupational Health Centers (OHC) within the premises of both refineries with a view to give immediate attention to the employees/contractor workmen. Besides emergency medical services, the OHCs also offer preventive and curative health services to employees. These OHCs are equipped with state-of-the-art diagnostic and therapeutic equipment and are manned by qualified occupational health specialists. Some of the new initiatives undertaken viz, i) Life style modification program, ii) Basis life support, iii) Free health check-up camps for contractor workmen.

- **Safety**

  Safety is one of the foremost priorities and HPCL is committed to making continued efforts to recognize hazards through 'Job Safety Analysis' (JSA), assess health and safety risks in operations through 'Hazops' and taking steps to mitigate those risks to enhance safety performance. Managing health and safety of the people who work, both directly and indirectly, continues to be the highest priority. The focus is on enhancing safety culture, contractor safety management, risk assessment and training. Key learning from the past incidents occurred at the sites are disseminated to the employees & contractors through daily talks / training programs, newsletters and websites etc. which improve safety process.

- **Environment**

  HPCL refineries are committed to ensure environmentally sustainable and responsible operations to achieve highest standards of environmental excellence and are ISO-14001 certified. All pollution abatement facilities e.g. effluent treatment plants, air emission control implemented with state of art technologies and waste disposal facilities are maintained and operated in line with the industrial best practices. New initiatives for improving safety have been implemented in the Refineries viz, i) Trade specific trainings to contractors, ii) Safety huddle talks, iii) Process safety management (PSM) implementation, iv) HSE index evaluation and v) Environmental Audits as per OISD Guidelines -212.

- **Sustainability Development**

  During the Financial year 2013-14, HPCL published 2nd Sustainability report with 'people' centred theme. In the financial year 2013-14, HPCL completed Sustainable development projects of electrical energy audits at 13 locations, solar installation at Lab building in Mumbai Refinery and improved treated water output at Mumbai and Visakh Refinery. During the FY 2013-14, generation of 563 lakh kilowatt-hour (KWH) of wind energy was achieved. Due to various initiatives taken for energy conservation and greenhouse gas emissions reduction, HPCL achieved significant carbon footprint reduction, especially at two of the locations where carbon footprint reassessment was done. Around the year numerous workshops and training programs with internal and external stakeholders were conducted on business sustainability. A total number of 722 stakeholders including employees were consulted through a structured process. Green belt development projects have been taken on pilot basis for reduction of Carbon footprint in the locations. During the year 2013-14, HPCL invested ₹ 6.2 crore on various Sustainable development projects. Going forward, assessment study on Resource management at locations will be conducted.

  Rain water harvesting system has been implemented in Visakh-Vijaywada -Secunderabad Pipeline (VVSPL), Visakh-Rajahmundry and Mundra Delhi Pipeline (MDPL) – Awa, which has resulted in reduced dependence on external water supply and increase in horticulture in these areas.

  Solar Lighting system has been implemented at 20 Cathodic Protection (CP)/ sectionalizing valve (SV) Stations of VVSPL and at Motor Operated Valve (MOV)-4 &Talegaon of Mumbai Solapur Pipeline (MPSPL). This has resulted in usage of green and clean power which is not only environment friendly but has reduced consumption of diesel in DG sets.

  HPCL is also developing an internal ERP portal for data compilation for Sustainability report generation. This will help in analysing the performance under resource Management and enable bench-marking for all the locations under both marketing and refinery SBUs.

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EXPLORATION & PRODUCTION (E & P)

HPCL has mandated Prize Petroleum Company Ltd (PPCL) to participate in exploration and production of hydrocarbons. During 2011-12, PPCL became wholly owned subsidiary and upstream arm of HPCL. Further details on PPCL have been elaborated under the section Joint Ventures & Subsidiaries.

RENEWABLE ENERGY

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 560 Lakh KWH and earned a Revenue of ₹ 21.79 crore. Going forward HPCL will be implementing the second phase of 50 MW of Wind Farm project.

INFORMATION SYSTEMS

Information systems are being used to support all business processes of the Corporation. All business transactions are carried out in Enterprise Resource Planning (ERP) system & various bolt-on applications to the ERP system. Various other applications have been developed and being used for providing decision support.

To enhance the competencies of employees to manage Information systems, a comprehensive training plan was put in place. Over 2000 man-days of training have been provided during the last year to the end users of the information systems covering both functional and operational areas.

- **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 developed & implemented to help managers do their job effectively. ERP platform has made possible development of real time interfaces to the IT enabled systems of HPCL's various business partners. Various such new initiatives have been implemented and sustained efforts continue to bring in more of these to reality.

  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 users for informed decision making.

  In house e-procurement system has been rolled out across the Corporation and is being used by various purchasing authorities in all SBUs and functions. The targets of e-procurement as laid down by Central Vigilance Commission (CVC) and MoP&NG have been achieved by during the year. The system has also been enhanced to handle specialized procurement requirements of lubes SBU, for transportation tenders and to auto-upload the tender details in Govt. of India (GoI) portal for Central Public Procurement Portal (CPPP). The use of the system ensures substantial savings in cost of procurement in terms of tender hosting charges and procurement man hours. It also ensures Data security with complete audit trail as well as conformance to CVC guidelines, complete integration with ERP system and results into improved cycle time from Purchase Requisition (PR) to Purchase Order (PO). HPCL is the only company among the major PSUs to have its own e-procurement platform.

  HPCL has introduced centralized payment system through work flow for recording receipts, by building a library of the purchase orders and integrating image processing software to ERP system. This has made possible online review and control for disbursement of payment. The system would significantly reduce the payment cycle times and would provide for visibility of all documents related to the payments including the vendor documents in the ERP system itself.

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To create immediate visibility of information and to inform the users on specific business triggers, alerts through email and SMS to concerned stake holders from ERP and other systems have been developed and rolled out. A few of the significant ones include a) To sales functionaries on credit holds, pending collections as well as new retail outlet commissioning / LPG dealership commissioning; b) to Customers on Bitumen invoicing. The generic SMS/email alert engine can be leveraged to send out targeted messages/alerts from various business processes/applications.

A system has been developed for digitization of dealership documents in which records of land lease agreements and allied documents have been scanned, meta data created and the documents uploaded. Central repository of the scanned documents facilitates the view of documents/details and ensures better control in payment of rentals/lease amounts.

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.

Applications have been developed for implementation of Direct Benefit Transfer for LPG consumer (DBTL) as per MoP&NG guidelines. Various components of this included changes to ERP system for control on quota of subsidised cylinders basis customer holding data in DCMS, multi modal seeding of Aadhaar numbers, development of full visibility of customer data in transparency portal, development of seamless integration of DCMS, Bank interface to SBI, ERP for subsidy transfer and generation of claims. A number of new technical features were developed by HPCL such as digitally signed and encrypted exchange of information with SBI using Secure File Transfer Protocol (SFTP) and web services, seeding using Bar codes /Quick Response (QR) codes scanners/mobile handsets, etc. Process of exchange of information in MoPNG and other stakeholders using dash boards, alerts/reports and portals were also developed and implemented in quick time.

B2B integration with Oil Marketing Companies (OMC) was completed earlier and this has now been extended to upstream companies. Traditionally product exchange data was settled between two Oil PSUs through manual joint certificates. Since other companies also have their own ERP system, it has been leveraged to develop an efficient, accurate and on-line product exchange accounting and settlement mechanism. It has also improved process efficiency.

In Aviation SBU, real time B2B interface has been developed with the operator for seamless transfer of refuelling data for automatic processing of transactions in ERP system. All documents are on B2B platform.

HPCL has taken the lead in developing Tank Truck (TT) blacklisting portal on behalf of the industry. Interfaces were developed to the systems of all OMCs to get the details of blacklisted TTs updated in the portal. The Portal enables TT Blacklisting Information sharing on real time basis across the industry. It eliminates the time lag of blacklisting of vehicle and information received by OMC.

HPCL has also taken the lead in developing Central Tank-wagon Calibration Committee(CTCC) portal on behalf of the industry. This initiative has been taken to develop and maintain Industry CTCC Portal for All Oil Marketing Companies for auto generation of calibration charts for Railway tank wagons. The application has enabled instant availability of calibration certificates for new tank wagons and their auto-updation in ERP systems of all Oil Companies on real time basis. With this portal, cycle time for generation to approval of the calibration charts has reduced drastically.

Web based application has been rolled out for new Route creation process for dealers. This has facilitated rationalisation of trip-distances to Retail Outlets and the routes are getting created with reference to distance mapped on Google Maps. Rationalisation of majority of retail customer routes has been completed with this application and it has accrued substantial savings.

A customer portal is being maintained which provides complete visibility to the direct customers, dealers & distributors on their transactions with HPCL. Similarly a portal for the transporters enables them to access information pertaining to their transactions with HPCL. 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.

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HPCL has set up a centralised hub to provide HR services to the employees. Suitable modifications to existing processes have been done and new applications and workflows and status tracking views have been developed to facilitate employee self-service. Document upload facility has been provided in these applications.

- **Communication Infra-structure & Security**

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

  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

The Human Resource (HR) function at HPCL is an integral part of the business, aimed at actively conceptualizing and implementing contemporary and customized HR initiatives, policies and practices in line with organizational vision and 'HP FIRST' values.

To achieve the outcomes envisaged as part of strategy and long term focus, various strategic initiatives were undertaken during the year 2013-14. HPCL has always believed that people are at the core of its business and building their capabilities is the foremost organizational imperative.

HPCL has embraced the philosophy of developing capability of workforce, focussing on leadership development for robust succession planning, managing the diversity of workforce, enhancing employee engagement levels, productivity improvement, maintaining sensitivity towards statutory compliances and also towards health, safety and environment issues. HPCL has taken a significant step towards driving sustainable growth by creating an ecosystem of people, culture, technology and opportunities by establishing an Apex Innovation Council.

HPCL continues to invest in young talent and encourage diversity in workforce as diversity comes with its own inherent advantages. HPCL also has a tradition of respecting values and celebrating the achievements of its employees.

- **Leadership Development**

  Focus on skill development and capability building of employees is the epicentre of endeavours and interventions at HPCL. Succession planning is a process for identifying and developing internal people with the potential to fill key business leadership positions in the organization. Succession planning increases the availability of experienced and capable employees who are prepared to assume these roles as they become available.

  In a continuing effort and pursuance towards creating future leaders, Project Akshaypath was launched in October 2013. 'Akshaypath' is a Leadership Development Program for Senior / Middle Management Officers. The program involves multiple methodologies like executive coaching, 360 Degree Feedback based on Emotional and Social Competency Inventory, Classroom sessions by the experts, experiential learning through mentoring opportunities and group projects etc. are all entwined together and deployed in well designed, co-ordinated and aligned manner.

  The program has 101 executives of the Corporation as Mentors who in-turn are mentoring around 300 mentees. The program has regular feedback loops, defined milestones and measurement mechanisms to gauge the progress towards leadership competencies.

  In addition, the Corporation also nominates Officers in senior management grades for Advanced Management Programs in India and abroad on regular basis for acquiring critical leadership attributes required at senior Management levels.

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- **Capability Building**

  The goal of training at HPCL is to create a profound impact on behavioural and technical competencies. The focus is on creating specific action steps and commitments that focus people's attention on incorporating their new skills and ideas at work and thus is a strategic partner to business. Apart from enabling employees to realize their full potential through innovative initiatives and progressive learning techniques, the key focus areas of the capability building department include enhancement of competencies, strengthening the leadership pipeline, cultural interventions to enhance collaboration and leveraging technology for Learning and Development.

  HPCL achieved figures of 4.15 man-days of technical & behavioral training programs for the management employees. Further, 10 Nos. of wellness programs were conducted for 200 officers through in house and external faculty and 10 e-learning modules were introduced to the officers during 2013-14.

  State-of-the-art "e-Learning Centre" has been established at HP's Management Development Institute at Nigdi which has the best of information technology and learning resources.

  - **Certified Petroleum Manager Program**

    The first batch of Certified Petroleum Manager Programme concluded in December 2013. 20 officers from Retail, Direct Sales, LPG, Operations & Distribution, Aviation and Pipeline and Pipeline & Projects have successfully completed the certification course spanning over a year consisting of 5 Modules and 20 Topics focussing on downstream and upstream Petroleum subjects as well as Management topics.

  - **Project Sankalp – (Operations & Distribution)**

    Project Sankalp initiative is directed towards development of safety related technical and behavioural competency framework for non-management employees in Operations & Distribution Locations.

    During 2013-14, the second phase of Project Sankalp was implemented for designing and implementation of the focussed Interventions for Enhancing the Safety Quotient. The training module was also translated into 8 vernacular languages. All the non-management employees of Operations and Distribution locations have been imparted with the training for improvement of the Safety Quotient.

  - **JiHaan Samarth (LPG)**

    HR (Marketing) conducted behavioural and technical proficiency programs covering over 5,000 LPG Delivery men across India in 9 different Regional Languages. The emphasis of the program was on the improvement in behavioral aspects, imparting knowledge on LPG products, safety, procedures to be followed, inspection tool kits, situational requirements to ensure excellent customer experience.

  - **Samvad(LPG)**

    HR (Marketing) team also covered over 2600 LPG distributorship staff across India, through a training module developed in 9 different regional languages, focusing on customer handling, grievance redressal, personal and professional conduct, etc.

- **Talent Sourcing and Acquisition**

  HPCL operates with underlying rule to provide equal opportunity to all the eligible candidates across the country. Presidential Directives as applicable are strictly adhered to. During 2013-14, 306 Nos. new officers / officer trainees have been inducted into the Corporation. These officers have been trained in a unique induction program 'Samavesh' in which the new joinees are provided exposure to different SBUs of the corporation in different phases of the program leading to a seamless and structured integration at three different levels viz. Personal, professional and cultural.

- **Performance Management**

  Performance Management initiatives seek to enforce a High-performance 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.

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Towards this end, benchmarking has been undertaken during the year and amendments were made to the Rewards and recognition scheme 'Outstanding Achievement Award' for officers in junior grades with the objective of further enhancing the effectiveness of the scheme.

- **Improvement in Industrial Harmony**

  Industrial Relations across the corporation remained harmonious and productive as a result of its tradition of resolving issues through dialogue, transparency of action, information sharing and maintaining a collaborative approach with Unions and workmen and other stakeholders.

  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.

  Regular meetings were held with the representatives of Unions to deliberate on various challenges and opportunities concerning Organisation as well as workmen.

  During the year, various policy guidelines were reviewed and modified keeping in view the current business scenario.

  To enhance Employee Engagement amongst Non-Management employees, on-line Application- "PRAGATI PATH" (The Road to Success) has been rolled out for ensuring timely implementation of Career Development Policy. This unique and comprehensive package automates the entire gamut of activities involved in Non-Management promotions viz. Online Appraisal, Normalization of ratings, Generation of Eligibility Lists and promotion letters. Appraisal Review Committees (ARCs) and Employee Promotion Committees (EPCs) were constituted for review /normalization of performance evaluation of Non-Management employees for their selection and promotion. During December 2013, the Employee Promotion Committee (EPC) formed under banner of PRAGATIPATH has granted 448 promotions/stagnations across Corporate and Marketing locations.

  A Leadership Development Programme 'JITENGE HUM SATH-SATH' (together we win) for Union Representatives was developed and conducted in collaboration with Centre for Organization Development, Hyderabad with an objective to enhance the leadership capabilities of Union Representatives. 30 Union Representatives attended the programme.

  Centralized HR Legal Cell was formed with an aim to provide professional advice to all SBUs in service matters and to further enhance competency of line managers in discharging their responsibility with respect to Labour/ Social Welfare legislations.

- **Employee Engagement Initiatives**

  - **Outstanding Achievement Awards – 2013**

    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 year, 94 officers were given Outstanding Achievement Award 2012- 13 under three categories.

  - **Yuvantage**

    A unique initiative towards ensuring holistic development of Youth at HPCL was launched under the brand name YUVANTAGE, which initiated year-long competitions where 400 young officers participated in 100 teams at the events organised at 10 locations pan-India and helped in increasing bonding among the officers.

  - **HP Gaurav - 2013**

    'HP Gaurav' award has been initiated for non-executive employees to recognize and reward outstanding and exemplary performance in the course of their duties. A total of 79 Non-Management employees were bestowed with this prestigious award during the year.

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- **Productivity Enhancement Initiatives**

  - **Project Uttam(Direct Sales)**

    The project is a joint initiative of Direct Sales SBU and Human Resources (Mktg.) wherein improvement in productivity, safety, quality, cost, delivery is aimed through participative management involving all employees and stakeholders. During the year, trainings on Six Sigma/ Total Productive Maintenance (TPM) Methodologies, 5S, Project Management tools etc. have been conducted under this initiative for teams of workmen and Officers.

  - **Project Utkarsh (LPG)**

    Project Utkarsh engages all the employees working on the floor level in LPG plants for improvement in the processes by using techniques viz. Quality Circle / Six Sigma / TPM etc. During this year, 32 out of 44 plants have achieved productivity of more than 100%. The hourly production rate has increased by 17% i.e. to 1538 cylinders per hour from 1315 cylinders per hour owing to the systematic improvements implemented under the banner of Project Utkarsh.

  - **Project Utkrisht (Operations & Distribution)**

    Project Utkrisht is a productivity development initiative for O&D locations aimed at improving safety, productivity, quality, environment at locations through execution of Management concepts like Quality Circle / TPM/ Six Sigma / 5S etc.

- **Other Highlights and Initiatives:**

  - **Centralised HR Services**

    HR department's unique initiative of "Centralisation of HR Services" which came into existence in April 2013 has redefined the internal customer satisfaction process by leveraging technology. Almost all the employee benefits are processed through this centralised Hub on pan-India basis and approximately 1.6 lakh transactions were handled during 2013-2014.

  - **SC/ST Welfare & Liasion**

    HPCL has a dedicated team for taking care of the interests of SC/ST/OBC &PWD personnel and to ensure compliance of Presidential Directives, Government Orders and Judicial Pronouncements pertaining to these categories in the matters of recruitment and promotions. HPCL also promotes affirmative actions to bring about equality in social and economic status of the community in the society. As a part of welfare programmes and initiatives towards this objective, following activities have been undertaken during 2013-14:

    - Various welfare programs such as distribution of food items, medical check-up camps, free drinking water facility, eye check-ups, distribution of spectacles etc. were conducted
    - Food items and water bottles to devotees arriving at Bhima Koregaon were distributed on the occasion of Memory day which is observed annually on January 1, 2014 at Pune.
    - Jayanti Celebration & Cultural Programme on the occasion of Birth Anniversary of Bharat Ratna Dr. Baba Saheb Ambedkar at Sri Shanmukhananda Hall, Matunga, Mumbai on April 2013.
    - 1531 numbers of scholarships were granted to SC/ST/OBC/PWD students for Graduation and Post-Graduation Studies.
    - 5 training programs on Presidential Directives on Reservation Policy for SC/ST in the matter of Recruitment and Promotion were conducted.

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- **Overview of Sports Activities at HPCL**

  During the year 2013-14, HPCL hosted XXXIV Petroleum Sports Promotion Board (PSPB) Inter-Unit Athletics Meet at Bengaluru from January 28-30, 2014 and XXXIII PSPB Inter-Unit Table Tennis tournament at Coimbatore from July 31 to August 4, 2013. Besides these two tournaments, HPCL also organised three tournaments viz. All India Inter Unit Indoor Games tournament, All India Inter Unit Cricket tournament and All India Annual Sports Meet for the employees of the Corporation.

  HPCL provides assistance to the youngsters belonging to the weaker sections of the society so that they can accomplish their goals in sports. HPCL takes promising and deserving boys/girls on Contract/Scholarship basis and gives them financial assistance to help them grow to the international standards by providing them financial assistance. These players are picked up for Athletics, Badminton, Chess, Cricket and Table Tennis. During the year, HPCL has taken 3 players on Contract and 9 players on Scholarship basis in Cricket, Athletics and Badminton.

  Team HPCL was Runners-up in the Team Championships as well as Field and Track events in the PSPB Athletics Meet winning 5 Gold, 6 Silver and 3 Bronze medals. HPCL finished Runners-up in the XIX PSPB Veterans Cricket Tournament held at Shillong, Meghalaya. HPCL was Second Runners-up in the 35th PSPB Badminton Tournament held at New Delhi. HPCL was Second Runners-up in Men's and Women's categories in the 34th PSPB Carrom Tournament held at Jorhat, Assam.

RIGHT TO INFORMATION (RTI)

HPCL, as a Navratna PSU with large public interface, has successfully ensured compliance with the Right to Information Act 2005, for providing information to Indian citizen, since October 2005. During 2013-14, a total of 11626 queries for information were processed. 200 Central Public Information Officers (CPIOs)/ First Appellate Authority (FAA) were given focused one day RTI Sensitization workshop, acquainting them to the latest Central Information Commission (CIC) decisions and judicial implications.

HPCL effectively follows the Centralized Public Grievances Redress & Monitoring guidelines (CPGRAMS), the online Grievance handling mechanism for complaints received and transferred by President's Secretariat, Prime Minister's Office (PMO), MOP&NG, Directorate of Public Grievances (DPG) & Department of Administrative Reforms and Public Grievances (DARPG) instituted by Government of India, adhering to the timeline norms as advised by DARPG. The scope of this online grievance lodging and monitoring system is being expanded to include and handle all on line and off line complaints.

Corporate website **www.hindustanpetroleum.com** has been upgraded using the DRUPAL open source technology for enhancing the user experience.

CORPORATE SOCIAL RESPONSIBILITY

HPCL draws from its vision and mission statements, its zest for the development of the marginalized and less privileged sections of society. The development of the peripherally less privileged communities, holistic development & empowerment ensuring the shared growth and an inclusive society is the focus of social initiatives of the Corporation. HPCL was able to touch lives of people across country through interventions in the sectors of Child Care, Health Care, Education and Skill Development.

- **Child Care**

  During 2013-14, HPCL has taken up two projects, 'ADAPT' (Able Disable All People Together) and 'CHILDLINE'. Project ADAPT supports education and therapy needs of the children with disabilities and make an attempt to bring them into the main stream schools and give them equal opportunities for education and growth with the larger aim of inclusive development. Under Project CHILDLINE constant efforts are being taken to rescue, rehabilitate and repatriate children in risk situations. The Childline Van which works in three major cities of Delhi, Kolkata and Mumbai also acts as a tool for outreach programs.

- **Health Care**

  HPCL has undertaken following initiatives in the area of Healthcare:

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- **Dil without Bill**

  Project Dil without Bill is to save lives by providing free of cost heart surgeries to the less privileged and economically marginalized sections of society. HPCL has saved the lives of 200 patients by supporting their surgery cost during the year.

- **Suraksha**

  Project Suraksha aims at Prevention of HIV+ and creating awareness amongst the Long Distance Truckers (LDT) who are on the highways, and are considered to be high risk population. HIV+ clinics are opened free of cost for the truck drivers for diagnosis of STI and treatment through the network of Khushi clinics.

- **Rural Health**

  The Rural Health Program is implemented with specific purpose of providing free rural health care services by operating Mobile Medical Units (Vans), through 'Reach – In' approach in the underprivileged areas of the rural community.

- **Education**

  HPCL has undertaken following initiatives in the area of education:

  - **Mid-Day Meal programme**

    Mid-Day Meal program provides unlimited nutritional and hygienic mid-day meals to children going to government schools to prevent dropouts, to increase attendance and to tackle malnutrition amongst them. During the year 500 students have been benefitted through the program.

  - **Nanhi Kali**

    Project Nanhi Kali provides quality education to girls (mostly first generation learners) from economically disadvantaged families through academic support that empowers them to make a success of their schooling experience, material support including uniforms, etc., to go to school with dignity and social support by sensitizing the community on gender equity. HPCL has taken care of 7552 Nanhi Kalis during the year.

  - **Unnati**

    Project Unnati aims to equip new generations with IT knowledge by providing time bound computer training programs and personal computers to students in semi-urban and rural schools so that they can contribute to national development with a progressive attitude. During the year 4100 students were trained in computer basics, including MS Office free of charge and the training duration is four to six months. Train the Trainer model where the teachers in schools are also trained has been the most important aspect of the project and have ensured the sustainability of the project.

- **Skill Development (Swavalamban)**

  Project Swavalamban aims for vocational training to unemployed youth including school dropouts in about 25 Centres. About 2750 youths were imparted skills in basic Electrical, Refrigeration, AC Fabrication, Plumbing, Basic IT, Computer, Retail and Beauty Culture & Skin care during the year.

OFFICIAL LANGUAGE IMPLEMENTATION

Official Language Implementation (OLI) has been given utmost importance in the Corporation. To promote implementation of Official Language with the spirit of persuasion and motivation, various programs like Hindi Pakhwada, Hindi workshops, Hindi Coordinators' Conferences, All India Hindi Mahotsav 2014 and All India Rajbhasha staff Conference were organised. First time in the History of MOP&NG, under the guidance of Ministry, HPCL successfully organised first Petroleum Rajbhasha conference at Cochin in February, 2014 wherein 150 members from Oil PSUs, MOP&NG and Rajbhasha Vibhag participated. Eminent speakers shared their views in the conference.

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

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AWARDS RECEIVED

1. “PSU Award 2013” by ‘Governance Now’ for “Overall Growth & Competitiveness” under Navaratna Category from Hon’ble Minister for Heavy Industries & Public Enterprises.
2. “Reader’s Digest - Trusted Brand Gold award” in Petrol Station category - for 8th consecutive year.
3. “Greentech Gold Award” for Outstanding Achievement in ‘Best HR Strategy’ by Greentech Foundation at 3rd Annual Greentech HR and Corporate Governance Conference 2013
4. “Gold Stevie Winner” in Human Resources Category at the 10th annual IBA awards at Barcelona Spain
5. “Golden Peacock Innovative Product/Service Award” for the year 2014 for Project Utkrisht - A joint productivity improvement initiative of Operations & Distribution Department and HR.
6. “Best Overall Safety Performance Award” by Oil Industry Safety Directorate (OISD) under POL Marketing Organisations category, for Operations & Distribution, for the 4th consecutive year.
7. “Golden Peacock Award for Corporate Governance” for the Year 2013 for its excellent practices in Corporate Governance.
8. “Golden Peacock Special Commendation Award” for its contribution towards Corporate Social Responsibility.
9. “ASME Global Pipeline Award for innovation” for implementation of OFC Based Intrusion Detection system for Mumbai-Pune-Solapur Pipeline.
10. “Safety award from OISD” for the 4th consecutive year for Mundra Delhi Pipeline.
11. “National Award for Excellence in Cost Management - 2013” Second Runner-up in the category of “Public Manufacturing: Organisations (Large)” .
12. “CIO 100 Efficient Enterprise Special Award” for implementation of Accounts Payable Automation systems.
13. “Indira Gandhi RajbhashaPuraskar” for the 6th 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’.
14. “FICCI CSR Award” for 2012-13 in PSU Category for its exemplary work in Corporate Social Responsibility.
15. “Civic Award by Bombay Chambers of Commerce and Industry” in Category of “Sustainable Environmental initiative”.
16. “Maharashtra Safety award” for 7th consecutive year for MPSPL Trombay, and 6th consecutive year for both MPSPL Khopoli and MPSPL Talegaon.
17. “Effectiveness in Boiler & Furnace Operations” 2nd prize for Mumbai Refinery from MOP&NG & Centre for High Technology.
18. “National Institute of Personal Management (NIPM) National Award” runner-Up (under Category – A) for ‘Best HR Practices – 2013’.
19. “Best Use of Raw Space for Exhibition Stall” runner-up at Petrotech 2014. The prestigious award was handed over by Hon’ble Minister of P&NG.
20. “JCB QCIDM Award” acknowledging our association on metrics ‘Quality, Cost, Innovation, Delivery & Management.
21. “BOSCH Service Award” in appreciation of the quality of services and products.
22. “Best Supplier Award” as a recognition of the quality of service and products by M/s TAFE Motors & Tractors Ltd. (TMTL).

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23. “British Council International Safety Award 2013” for Mundra Delhi Pipeline .
24. “Greentech Environment Awards” Golden & Silver Categories forMundra-Delhi Pipeline and Visakh-Vijaywada-Secunderabad pipeline respectively.
25. “Greentech CSR Awards” in Silver Category for Mundra-Delhi Pipeline and Visakh-Vijaywada-Secunderabad pipeline.
26. “FICCI Sustainability Award” for excellence in safety health and environment in petrochemicals for 2013 for Mundra Delhi Pipeline.

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 processes, and 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 the process of awarding contracts. An MOU has been signed with “Transparency International” on July 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 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. If offers a unique platform to engage companies in responsible business behaviour through the principles of Human Right, Labour Standards Environment norms and Ethical practices. In HPCL, all these areas receive constant attention of the management to ensure continuous compliance.

OUTLOOK

The economic growth is expected to improve in the year 2014-15. While structural impediments to growth are being addressed, the impact will be gradual. Reduction in CAD and fiscal deficit has reduced the risk of stress in the Indian economy. External demand is expected to improve as global economic prospects have brightened and are expected to improve further during 2014-15. The growth in the world economy is likely to be led by the advanced economies, especially the US. Emerging markets, however, are facing slower medium term growth prospects. In this environment, the GDP growth in the country is expected to be in the range of 5.4% to 5.9% during 2014-15. Downside risks emanate from scanty monsoon and its impact on agriculture growth. CPI inflation in recent past has tended to be high due to high and volatile food prices. Any adverse outcome on monsoon will, therefore, increase inflationary pressures and reduce monetary policy options to revive growth.

Slower growth prospects in emerging markets and Europe could also drag recovery by impacting exports. Oil prices have averaged more than US$ 100 per barrel for last three years. Rising US oil supply and slowing emerging market growth suggest slightly declining to flat oil prices this year. However, loss of supply due to turmoil in the Middle East and North Africa could lead

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to higher and volatile oil prices. Any sharper than expected tapering by the US Fed could impact the markets fuelling the prices further via exchange rate pass through. On the upside, revival of confidence, reforms to kick-start large projects and stronger than expected recovery in advance economies will push the growth to higher end of the expected growth rate.

Demand for petroleum products should return to its trend growth rate with the recovery in the economy. Higher demand along with higher oil prices could, however, create pressure on CAD. However, incremental increases in diesel price have reduced the under-recoveries and continued increases would lead to further reductions in under-recoveries incurred by oil companies.

JOINT VENTURES & SUBSIDIARIES

The Joint Venture companies and subsidiaries of HPCL have performed well during the year 2013-14.

- **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 was changed to HMEL on 31st December 2007. The initial authorized share capital was ₹ 200 crore and subsequently enhanced to ₹10,000 crore. HPCL has 48.94% equity participation in HMEL. As of 31st March 2014, paid up capital of HMEL is ₹ 7,541.46 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.

  The year 2013-14 for HMEL has been a landmark financial year with the refinery production exceeding its design capacity. Guru Gobind Singh Refinery (GGSR) processed about 9.3 MMT crude oil against its design capacity of 9 MMT. All major units of the refinery have been tested and operated in excess of 100% capacity. The increase in sales was more than double in comparison to the previous year with revenue touching ₹ 43,143 crore putting HMEL in the league of top 30 Indian companies by turnover. The Product sales crossed the mark of 8 million metric tons (including over 4 MMT of HSD and 1.2 MMT of MS). Diversified crude sourcing from various geographies helped the company derive maximum value from its existing assets while the shipping costs were optimized by maximizing the use of VLCCs during the year. At the same time, HMEL exported its solid products to neighboring Pakistan and Nepal, and Naphtha to Middle East and Asian countries.

  HMEL has a wholly owned subsidiary company HPCL-Mittal Pipelines Ltd. (HMPL), 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 oil from Mundra to Bathinda, crude oil 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 Company Pvt Ltd (SALPG)**

  South Asia LPG Company 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 2014, 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 2013-14, SALPG received LPG into the Cavern through 41 Vessels including 38 Very Large Gas Carriers (VLGC) and achieved thruput of 1.014 MMT. This has resulted into easing-out the product movement constraints across the east coast and ensured smooth availability of LPG in the surrounding zones. Also, propane-butane blender at the Cavern Terminal has helped Oil Marketing Companies to maximize the propane inputs into Visakhapatnam considering the limited availability of butane and price advantage of propane in the international market.

  The Cavern-cum-Marine Terminal achieved 1,76,5610 Safe Man-hours since commencement of commercial operations in January 2008 without a single Lost Time Accident. SALPG won Excellence award (2 star rating) from Confederation of Indian Industry (CII) for Environment, Health & Safety for the year 2013.

Management Discussion & Analysis Report: 2013-14

During 2013-14, SALPG achieved 2.50% higher turnover at ₹ 159.04 crore and earned 5.12 % higher profits (PAT) at ₹ 79.38 crore as compared to the previous year's turnover of ₹ 155.16 crore and PAT of ₹ 75.51 crore. SALPG has been continuously paying dividend for the last four years. For 2013-14, SALPG has declared a dividend of ₹ 5.00 per share.

SALPG has been certified for all three International standards for Health, Safety, and Environmental and Quality Systems viz. ISO 9001-2008 (for Quality Management System), ISO 14001-2004 (for Environmental Management System) and OSHAS 18001-2007 (for Occupational Health and Safety Management System).

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

HPCL had promoted 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 2014, the paid up equity capital of the company is ₹ 120 crore. During 2011-12, PPCL became wholly owned subsidiary and upstream arm of HPCL.

Prize Petroleum Company Limited (PPCL) has built a portfolio of two producing fields and one exploration block.

PPCL had signed Service Contract with ONGC for development of Hirapur Marginal Field in Cambay Basin with 50% holding in the consortium. PPCL is operator for the field. PPCL had also entered into a Production Sharing Contract (PSC) with 50% Participating Interest in Sanganpur Block as Joint Operator.

During the year, PPCL has promoted a wholly owned subsidiary namely Prize Petroleum International Pte. Ltd., Singapore (PPIPL). PPIPL has signed agreement for acquisition of 11.25% and 9.75% participating interest in two E & P blocks (T/L1 and T/18P respectively) in Australia.

During 2013-14, PPCL achieved production of 40,519 barrels of crude oil (cumulative production of 3,70,187 barrels since inception). The total revenue (on consolidated basis) stood at ₹ 11.56 crore compared to ₹ 7.66 crore during the previous year.

- **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 2014, 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 2013-14, HINCOL started a new application technology viz. Micro-surfacing with state-of-art equipment for road surface rejuvenation. The environment friendly cold mix technology for construction and repairs of roads is also being promoted by carrying out various trials in coordination with regulatory agencies as well as Government and other customers. HINCOL has implemented new processes and formulations to improve safety, efficiency, quality, energy saving and profitability. During 2013-14, HINCOL recorded highest ever sales volume of 197.63 MT, registered turnover of ₹ 833.75 crore (increase of 35% over turnover of ₹ 619.18 crore during the previous year) and achieved net profit (PAT) of ₹ 48.60 crore (increase of 41% over PAT of ₹ 34.42 crore in the previous year).

HINCOL has been continuously paying dividend for last 14 years. For 2013-14, HINCOL has declared a dividend of ₹ 32.50 per share, which is highest ever dividend declared by HINCOL.

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

In line with Government's policy for blending of ethanol in petrol, a wholly owned subsidiary company HPCL Biofuels Ltd (HBL) was incorporated on 16th October 2009 with an authorized share capital of ₹ 250 crore which was enhanced to ₹ 700 crore. As on 31st March 2014 total paid up capital (equity as well as preference share capital) of HBL is ₹ 625.17 crore.

Management Discussion & Analysis Report: 2013-14

HBL has built integrated plants with cane crushing capacity of 3,500 Tonnes of cane crushed per day (TCD) with Distillery of 60 kilo liter per day (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 company augmented its facilities to manufacture ethanol only from molasses which was partially completed in FY 2013-14.

The crushing season of the mills for 2013-14 started late due to delay in fixation of procurement price of sugar cane. The performance of the company in 2013-14 has improved over the previous year. Cane crushing during 2013-14 was 468 TMT against 436 TMT in the previous year, sugar production was 33,252 MT. against 24,345 MT., ethanol production was up at 7,684 KL from 6,947 KL while power production went up to 51.812 Million Units from 50.697 Million Units. Gross revenues increased to ₹ 133.55 crore during 2013-14 as compared to ₹ 92.05 crore in the previous year.

During the year, SBI Caps was engaged for suggesting financial restructuring for improving the performance of the company. As suggested by SBI Caps, HPCL has converted the loan of ₹ 419.65 crore into 5% preference share capital.

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 2014, paid up equity capital of CHBL is ₹ 21.76 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 production and marketing of biodiesel and by-products from the produce.

As on 31st March 2014, CHBL has acquired 6,909 hectares of land. Acquisition of balance land is expected to be completed in due course. Maintenance of Jatropha seedlings/nursery plants is currently being carried out on 2,300 hectares of land. Plantation on the balance land shall be undertaken in a phased manner.

The company has taken up trials of hybrid Jatropha plant with various national and international companies as technology and implementation partners for high yielding plantation stock, better agronomy practices, less mortality etc. It proposes to continue plantation activities in a calibrated way with High Yielding Varieties (HYV) of Jatropha to improve yield.

- **Petronet MHB Ltd. (PMHBL)**

HPCL, along with Petronet India Limited (PIL) promoted Petronet MHB Limited (PMHBL) for construction of Mangalore-Hassan-Bangalore Pipeline. 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. As on 31st March 2014, paid up capital of PMHBL is ₹ 548.71 crore. 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 28.77% each and PIL's holding decreased to 7.90%.

During 2013-14, PMHBL achieved 9.12% higher throughput of 3.073 MMT as compared to 2.81 MMT in 2012-13. Gross revenues increased to ₹ 131.39 crore during 2013-14 as compared to ₹ 103.17 crore in the previous year. The company earned net profit (PAT) of ₹ 38.40 crore during the year compared to ₹ 27.31 crore in the previous year, registering a growth of 40.61%.

PMHBL has been certified for Integrated Management System (IMS) covering Quality Management System-ISO-9001-2008, Environmental Management System-ISO-14001-2004 and OHSAS–18001-2007. The company deploys various technology solutions for its operations.

Management Discussion & Analysis Report: 2013-14

- **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.

  The initial authorised share capital of BGL was ₹ 0.10 crore, which was subsequently enhanced to ₹ 100 crore. As on 31st March 2014 total paid up capital of BGL is ₹ 0.05 crore in which HPCL has 25% equity participation.

  BGL has been authorized by MOP&NG and PNGRB to set up City Gas Distribution networks in Hyderabad, Vijayawada and Kakinada. BGL operates 29 CNG stations in the three cities of Hyderabad, Vijayawada and Kakinada put together and 1 Auto LPG station at Tirupati.

  During 2013-14, BGL achieved Gross revenue of ₹ 104.99 crore, an increase of 26% over 2012-13. PAT during 2013-14 was ₹ 14.98 crore against ₹ 2.98 crore during 2012-13.

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

  Aavantika Gas Ltd (AGL) was incorporated on 7th June 2006 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 Madhya Pradesh.

  The authorised share capital of AGL is ₹ 100 crore. As on 31st March 2014 total paid up capital of AGL is ₹ 0.05 crore in which HPCL has 25% equity participation.

  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. AGL 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).

  During 2013-14, AGL registered increase in gross revenue by 19% to ₹ 115.26 crore compared to ₹ 97.64 crore in the previous year and earned a net profit (PAT) of ₹ 0.50 crore during the year as compared to ₹ 0.21 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) were incorporated on 13th October 2011 as subsidiaries of Gujarat State Petronet Limited (GSPL). The authorised share capitals of GIGL and GITL as on 31st March, 2014 were ₹ 2,000 crore and ₹ 2,200 crore respectively.

  Pursuant to signing Joint Venture Agreements on 30th April 2012 with Gujarat State Petronet Limited (GSPL), IOCL and BPCL (Equity holding: GSPL- 52%; IOCL- 26%; HPCL – 11% and BPCL – 11%), HPCL has become an equity partner in GIGL and GITL. As on 31st March 2014, paid up capitals of GIGL and GITL were ₹ 137.01 crore and ₹ 115 crore respectively.

  GIGL will lay two cross-country gas pipelines viz 1,640 KM Mehsana to Bathinda Pipeline (with initial capacity of 43 million standard cubic meter per day i.e. MMSCMD to final capacity of 77 MMSCMD) and 740 KM Bathinda to Srinagar Pipeline (with initial capacity of 32 MMSCMD to final capacity of 43 MMSCMD). GITL will lay 1,746 KM pipeline from 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 independently to customers along the pipeline route.

- **HPCL Shapoorji Energy Limited (HSEL)**

  HPCL Shapoorji Energy Limited (HSEL) was incorporated on 15th October 2013 as a Joint Venture Company with SP Ports Private Limited (SPPPL) [a wholly owned subsidiary of Shapoorji Pallonji Infrastructure Capital Company Ltd. (SPICCL)] with an authorized share capital of ₹ 10 crore. HPCL has 50% equity participation in HSEL. As on 31st March 2014, paid up capital of HSEL is ₹ 10 crore.

Management Discussion & Analysis Report: 2013-14

HSEL has been formed to build and operate 5 MMTPA LNG regasification terminal at Chhara Port in GirSomnath District of Gujarat. The key LNG terminal facilities includes:

- Marine Facilities for LNG carrier berthing
- Tanks and Storage Facilities: 2 tanks of 185,000 cubic meter each
- Regasification Facility based on Shell & Tube Vaporizer (STV)
- Utilities such as Boil-Off System and Emergency generator

The Financial Appraisal has been completed and debt syndication process is in progress. HSEL has initiated various pre-construction activities. The scope of work and deliverable for front-end engineering design has been finalized.

On Environment front, Expert Appraisal Committee (EAC) has issued Terms of Reference for Environment Impact and Risk Assessment Study (EIRA) on 01/03/14. HSEL has appointed National Environment Engineering Research Institute (NEERI) and National Institute of Oceanography to carry out concerned environment studies.

- **HPCL Rajasthan Refinery Limited (HRRL)**

  HPCL Rajasthan Refinery Limited (HRRL) was incorporated on September 18, 2013 as a subsidiary company of HPCL with equity shareholding of 74% by HPCL and 26% by Government of Rajasthan with an authorized share capital of ₹ 4,000 crore for setting up a 9 MMTPA capacity Greenfield refinery and a petrochemical complex in the State of Rajasthan. As on 31st March 2014, the total paid up capital of HRRL is ₹ 0.05 crore.

  Land measuring 12034.10 bighasin Pachpadra village, Barmer district, Rajasthan has been allotted to the project by Govt of Rajasthan. SBI Capital Markets Ltd. has been engaged to carry out the debt syndication for the project. The project is expected to take 48 months from the zero date for achieving mechanical completion.

MANGALORE REFINERY AND PETROCHEMICALS LTD. (MRPL)

HPCL holds an equity of 16.95% in the 15 MMTPA Mangalore Refinery and Petrochemicals Ltd. (MRPL). HPCL and MRPL have been collaborating for off-take of products produced by the refinery. MRPL has not recommended any dividend for the financial year 2013-14.

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, 2014, 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. The Company's 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;

   (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

7. Without qualifying our opinion we draw attention to

   (a) Note No. 39 (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 ₹ 568.44 crore will be availed during the period specified in section 115JAA of the Income Tax Act, 1961

(b) Note No. 35 of Financial Statements regarding recognition of unrealized marked to market loss of ₹ 168.33 Crores on forward contract taken to hedge the commitment to return USD to Reserve Bank of India. However the marked to market gain on the said underlying commitment of ₹ 192.73 Crores is not recognized for reasons stated in the said note.

8. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

9. 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 and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

bb. The report on the accounts of the Visakh Refinery audited by the auditor appointed by the Company has been forwarded to us as required by clause (c) of sub-section (3) of Section 228 and have been dealt with in preparing our report in the manner considered necessary by us;

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 notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

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.

For B. K. Khare & Co.
Chartered Accountants

Naresh Kumar Kataria
Partner
Membership No.037825
Firm No. : 105102W

For CVK & Associates
Chartered Accountants

A. K. Pradhan
Partner
Membership No. 032156
Firm No. 101745W

Place : New Delhi
Date : 28th May, 2014

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 or 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 thereunder.

(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.

(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, as at March 31, 2014, which were in arrears 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
Central Excise	Central Excise Service Tax Appellate Tribunal	146.77	Various years pertaining to 1994 to 2013
	Asst. Commissioner/ Asst. Deputy Commissioner/ Commission Appeal/ Commissioner of Central Excise Appeal	9.99	Various years pertaining to 1994 to 2013
	Various High Courts	1.02	1996-1997 & Various years pertaining to 2007 to 2009
	Revision Authority	1.04	Various years pertaining to 1999 to 2012
	Supreme Court	**4.05**	2007-08
	Total – A	**162.87**	
Customs	Central Excise Service Tax Appellate Tribunal	6.64	Various years pertaining to 1997 to 2012
	Supreme Court	40.78	Various years pertaining to 2005 to 2007
	Total - B	**47.42**	
Service Tax	Commissioner of Central Excise Appeal	0.31	Various years pertaining to 2004 to 2009
	Central Excise Service Tax Appellate Tribunal	185.25	Variousyears pertaining to 2002 to 2013
	Total – C	**185.56**	
Sales Tax	Board of Revenue	4.90	Various years pertaining to 2003 to 2008
	Sales Tax Appellate Tribunal	5,521.73	Various years pertaining to 1985 to 2009
	Various High Court	1,262.63	Various years pertaining to 1979 to 2013
	Supreme Court	72.44	2002-2004, 2006-2007
	Commissioner/Deputy Commissioner Commercial Tax/ Asst. Deputy Commissioner/ Joint Commissioner Commercial Tax/ Asst. Commissioner Commercial Tax	5,326.11	Various years pertaining to 1976 to 2012
	Total – D	**12,187.81**	
Income Tax	Income Tax Appellate Tribunal	**33.25**	Various years 2006 to 2011
	Total – E	**33.25**	
	Grand Total – (A+B+C+D+E)	**12,616.91**	

(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 came 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 B. K. Khare & Co.
Chartered Accountants

Naresh Kumar Kataria
Partner
Membership No.037825
Firm No. : 105102W

For CVK & Associates
Chartered Accountants

A. K. Pradhan
Partner
Membership No. 032156
Firm No. 101745W

Place : New Delhi
Date : 28th May, 2014

Balance Sheet as at 31st March, 2014

₹ / Crores

		Notes	2013 - 14	2012 - 13
I.	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**			
	(a) Share Capital	3	**339.01**	339.01
	(b) Reserves and Surplus	4	**14,673.15**	13,387.39
			15,012.16	13,726.40
(2)	**Non-Current liabilities**			
	(a) Long - Term Borrowings	5	**15,554.88**	8,947.18
	(b) Deferred Tax Liabilities (Net)	6	**3,908.43**	3,598.35
	(c) Other Long Term Liabilities	7A	**7,207.70**	6,211.19
	(d) Long - Term Provisions	7B	**587.66**	498.96
			27,258.67	19,255.68
(3)	**Current Liabilities**			
	(a) Short - Term Borrowings	8	**16,375.17**	23,510.54
	(b) Trade Payables	9	**10,651.39**	11,071.98
	(c) Other Current Liabilities	10A	**6,538.72**	6,879.59
	(d) Short - Term Provisions	10B	**1,741.98**	1,800.54
			35,307.26	43,262.65
	TOTAL		**77,578.09**	76,244.73
II.	**ASSETS**			
(1)	**Non - Current Assets**			
	(a) Fixed Assets			
	(i) Tangible Assets	11	**25,797.19**	22,441.67
	(ii) Intangible Assets	12	**115.05**	107.03
	(iii) Capital Work - in - Progress	13	**4,585.56**	5,172.87
	(b) Non - Current Investments	14	**5,735.83**	8,266.07
	(c) Long - Term Loans and Advances	15	**1,461.42**	1,937.70
	(d) Other Non - Current Assets	16	**146.26**	88.75
			37,841.31	38,014.09
(2)	**Current Assets**			
	(a) Current Investments	17	**5,124.04**	2,360.86
	(b) Inventories	18	**18,775.41**	16,438.70
	(c) Trade Receivables	19	**5,465.95**	4,935.04
	(d) Cash and Bank Balances	20	**34.71**	147.13
	(e) Short - Term Loans and Advances	21	**10,007.90**	14,082.91
	(f) Other Current Assets	22	**328.77**	266.00
			39,736.78	38,230.64
	TOTAL		**77,578.09**	76,244.73
Significant Accounting Policies		1 & 2		

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

FOR AND ON BEHALF OF THE BOARD

NISHI VASUDEVA
Chairman & Managing Director

K V Rao
Director-Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 28th May, 2014
Place : New Delhi

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

NARESH KUMAR KATARIA
Partner
Membership No. 037825

For CVK & ASSOCIATES
Chartered Accountants
Firm No. - 101745W

A K PRADHAN
Partner
Membership No. 032156

Statement of Profit and Loss for the year ending 31st March, 2014

₹ / Crores

	Notes	2013 - 14	2012 - 13
Revenue from Operations			
a. Gross Sale of Products	23A	**232,188.35**	215,666.45
Less : Excise Duty		**9,151.68**	9,146.15
b. Net Sale of Products		**223,036.67**	206,520.30
c. Other Operating Revenues	23B	**234.66**	201.92
d. Other Income	23C	**974.45**	1,102.36
Total Revenue (b+c+d)		**224,245.78**	207,824.58
Expenses:			
Cost of Materials Consumed		**61,962.49**	63,182.61
Purchases of Stock-in-Trade		**145,137.95**	128,163.94
Packages Consumed		**213.20**	183.12
Excise Duty on Inventory Differential		**26.56**	(227.54)
Transhipping Expenses		**4,639.31**	3,785.43
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	24	**(574.43)**	809.45
Employee Benefits Expense	25	**2,030.30**	2,525.56
Exploration Expenses		**203.97**	54.81
Finance Costs	26	**1,336.36**	1,412.80
Depreciation and Amortization Expense	11 & 12	**2,201.94**	1,983.52
Other Expenses	27	**4,394.25**	4,589.71
Total Expenses		**221,571.90**	206,463.41
Profit Before Prior Period, Exceptional and Extraordinary Items and Tax		**2,673.88**	1,361.17
Prior Period Expenses / (Incomes)	28	**58.37**	(113.39)
Profit Before Tax		**2,615.51**	1,474.56
Tax Expense: (refer note # 39)			
Current tax		**744.17**	250.58
MAT Credit Entitlements		**-**	(61.06)
Deferred tax		**117.75**	440.95
Provision for Tax for Earlier years written back (net)		**19.82**	(60.62)
Total Tax Expenses		**881.74**	569.85
Profit / (Loss) after Tax for the Period		**1,733.77**	904.71
Earnings per equity share: (Basic and Diluted)		**51.20**	26.72
(2013 - 14 : EPS = Net Profit ₹ 1,733.77 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(2012 - 13 : EPS = Net Profit ₹ 904.71 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 Statetments

FOR AND ON BEHALF OF THE BOARD

NISHI VASUDEVA
Chairman & Managing Director

K V Rao
Director-Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 28th May, 2014
Place : New Delhi

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

NARESH KUMAR KATARIA
Partner
Membership No. 037825

For CVK & ASSOCIATES
Chartered Accountants
Firm No. - 101745W

A K PRADHAN
Partner
Membership No. 032156

Cash Flow Statement For The Year Ended 31st March, 2014

₹ / Crores

		2013 - 14	2012 - 13
A.	**Cash Flow From Operating Activities**		
	Net Profit/(Loss) before Tax & Extraordinary Items	**2,615.50**	1,474.56
	Adjustments for :		
	Depreciation / Amortisation Prior Period	**(13.50)**	(49.10)
	Depreciation / Amortisation	**2,201.94**	1,983.52
	Loss/(Profit) on Sale/write off of Fixed Assets/ CWIP	**17.54**	12.39
	Amortisation of Foreign Currency Monetary Item Translation Difference	**(9.47)**	2.00
	Amortisation of Capital Grant	**(0.16)**	(0.14)
	Spares Written off	**0.18**	0.58
	Provision for Diminution in Value of Current Investments	**736.83**	(181.79)
	(Profit)/Loss on Sale of Current Investment	**-**	35.53
	Finance Costs	**1,336.36**	1,412.80
	Exchange Rate Difference on Loans (unrealised)	**(422.42)**	(79.54)
	Provision for Doubtful Debts & Receivables	**13.09**	47.67
	Interest Income	**(416.59)**	(449.06)
	Share of Profit from PII	**(0.56)**	(0.61)
	Dividend Received	**(74.02)**	(112.19)
	Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}	**5,984.72**	4,096.62
	(Increase) / Decrease in Assets and Liabilities :		
	Trade Receivables	**(544.00)**	(1,417.57)
	Loans and Advances and Other Assets	**3,842.85**	(4,091.33)
	Inventories	**(2,336.90)**	3,015.24
	Liabilites and Other Payables	**1,150.19**	(600.24)
	Sub Total - (ii)	**2,112.14**	(3,093.90)
	Cash Generated from Operations (i) + (ii)	**8,096.86**	1,002.72
	Less : Direct Taxes / FBT refund / (paid) - Net	**366.78**	107.17
	Net Cash from Operating Activities (A)	**7,730.08**	895.55
B.	**Cash Flow From Investing Activities**		
	Purchase of Fixed Assets (incl. Capital Work in Progress / excluding interest capitalised)	**(4,135.77)**	(3,680.71)
	Sale of Fixed Assets	**28.47**	13.90
	Purchase of Investments (Including share application money pending allotment/ Advance towards Equity)	**(88.14)**	(924.24)
	Investment in Subsidiary	**(70.00)**	(2.50)
	Sale Proceeds of Oil bonds	**-**	672.47
	Interest received	**416.59**	454.37
	Dividend Received	**74.02**	96.14
	Share of profit from PII	**-**	-
	Net Cash Flow generated from / (used in) investing activities (B)	**(3,774.83)**	(3,370.57)

Cash Flow Statement For The Year Ended 31st March, 2014

₹ / Crores

	2013 - 14	2012 - 13
C. Cash Flow From Financing Activities		
Long term Loans raised/(repaid)	**4,979.10**	1,342.88
Short term Loans raised / (repaid)	**(7,543.92)**	2,364.28
Finance Cost paid	**(1,704.47)**	(1,964.15)
Dividend paid (including dividend distribution tax)	**(336.67)**	(334.43)
Net Cash Flow generated from / (used in) Financing Activities (C)	**(4,605.97)**	1,408.58
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**(650.72)**	(1,066.44)
Opening 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**	2.36
iii. Current Account with Municipal Co-operative Bank Ltd.	**0.06**	0.06
	147.13	226.38
Overdraft from Bank	**(1,379.27)**	(392.06)
	(1,232.14)	(165.68)
Closing Balance of Cash and Cash Equivalents		
i. Cash and Cash Equivalents		
Cash on hand	**12.58**	11.58
Cheques Awaiting Deposit	**0.15**	0.25
With Scheduled Banks:		
- On Current Accounts	**14.92**	128.60
- On Non-operative Current Accounts	**0.01**	0.01
- On Fixed Deposit Accounts	**4.52**	4.16
ii. Earmarked for Unclaimed dividend	**2.53**	2.46
iii. Current Account with Municipal Co-operative Bank Ltd.	**0.00**	0.06
	34.71	147.13
Overdraft from Bank	**(1,917.57)**	(1,379.27)
	(1,882.86)	(1,232.14)
Net Increase / (Decrease) in Cash and Cash Equivalents	**(650.72)**	(1,066.44)

FOR AND ON BEHALF OF THE BOARD

NISHI VASUDEVA
Chairman & Managing Director

K V Rao
Director-Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 28th May, 2014
Place : New Delhi

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

NARESH KUMAR KATARIA
Partner
Membership No. 037825

For CVK & ASSOCIATES
Chartered Accountants
Firm No. - 101745W

A K PRADHAN
Partner
Membership No. 032156

Notes to the Financial Statements for the Year ending 31st March, 2014

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 read with the General circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of the Companies Act, 2013. 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 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.

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 variationto the extent regarded as an adjustment to interest cost.

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 ₹ 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.

Notes to the Financial Statements for the Year ending 31st March, 2014

c. All exchange differences 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.

However, foreign exchange differences on long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and in other cases, if any, accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortised over the balance period of loan.

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.

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.

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.

Notes to the Financial Statements for the Year ending 31st March, 2014

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. Claims, including subsidy on LPG, HSD and SKO, from Government of India are booked on in principle acceptance thereof on the basis of available instructions / clarifications.

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

e. Income from sale of scrap is accounted for on realisation.

f. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

2.15 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.

2.16 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

a. Contingent Liabilities are disclosed in respect of:

   i. A possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or

   ii. A present obligation where it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or a reliable estimate of the amount of obligation cannot be made.

b. Contingent Liabilities are considered only for items exceeding ₹ 5 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.

2.17 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, 2014

₹ / Crores

	2013 - 14	2012 - 13
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

	31.03.2014		31.03.2013	
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	**9.85**	**33,359,022**	9.84	33,332,314

(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 .

₹ / Crores

	2013 - 14	2012 - 13
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	**407.02**	438.69
Add: Transfer from Surplus in the Statement of Profit and Loss	**137.77**	227.52
Less: Transfer to Surplus in the Statement of Profit and Loss	**269.25**	259.19
	275.54	407.02
Capital Grant		
As per last Balance Sheet	**3.66**	3.80
Less: Amortised during the year	**0.16**	0.14
	3.50	3.66

Notes to the Financial Statements for the Year ending 31st March, 2014

₹ / Crores

	2013 - 14	2012 - 13
Foreign Currency Monetary Item Translation Difference Account (Refer Note # 34)		
As per last Balance Sheet	**(4.66)**	-
Additions during the year	**175.69**	(6.66)
Less: Amortised during the year	**9.47**	(2.00)
	161.56	(4.66)
General Reserve		
As per last Balance Sheet	**1,635.70**	1,504.51
Add:Additions during the year*	**-**	40.72
Add:Transfer from The Statement of Profit and Loss	**173.38**	90.47
	1,809.08	1,635.70
Surplus		
As per last Balance Sheet	**10,191.90**	9,682.74
Add : Profit for the year	**1,733.77**	904.71
Less : Profit appropriated to General Reserve	**173.38**	90.47
Add : Transfer from Debenture Redemption Reserve	**269.25**	259.19
Less : Profit appropriated to Debenture Redemption Reserve	**137.77**	227.52
Less : Profit appropriated to Proposed Dividend (Dividend Per Share ₹ 15.50 (2012 - 13 ₹ 8.50 per share)	**524.87**	287.83
Less : Profit appropriated to Tax on Distributed Profits	**89.20**	48.92
	11,269.70	10,191.90
	14,673.15	13,387.39

* 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

	2013 - 14	2012 - 13
Secured Loans		
8.77% Non-Convertible Debentures (a) (i)	**975.00**	975.00
8.75% Non-Convertible Debentures (a) (ii)	**545.00**	545.00
	1,520.00	1,520.00
Unsecured Loans		
Term Loan from Oil Industry Development Board (b)	**463.00**	559.50
Syndicated Loans from Foreign Banks (repayable in foreign currency) (c)	**7,579.88**	6,867.68
Syndicated Working Capital Loans from Foreign Banks (repayable in foreign currency) (c)	**5,992.00**	-
	14,034.88	7,427.18
	15,554.88	8,947.18

Notes to the Financial Statements for the Year ending 31st March, 2014

(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.

(b) Term Loan from Oil Industry Development Board

Repayable during	As on 31st Mar 2014		As on 31st Mar 2013	
	Repayable Amount (₹ / Crores)	Range of Interest Rate	Repayable Amount (₹ / Crores)	Range of Interest Rate
2013-14*	-	-	330.75	7.10 % - 9.96%
2014-15*	234.50	7.10 % - 8.39%	234.50	7.10 % - 8.39%
2015-16	234.50	7.20 % - 9.27%	200.00	7.20% - 8.39%
2016-17	159.50	8.07 % - 9.27%	125.00	8.07% - 8.39%
2017-18	34.50	8.94 % - 9.27%	-	-
2018-19	34.50	8.94 % - 9.27%	-	-
Total	697.50		890.25	

* ₹ 234.50 Crores (2012 - 13 : ₹ 330.75 Crores) is repayble 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 3 - 5 years. During the year ended March, 2014 an amount of ₹ Nil (March, 2013 ₹ Nil) of Syndicated Loans is repayble withing one year.

₹ / Crores

	2013 - 14	2012 - 13
6. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Assets		
Provision for Employee Benefits	224.36	385.79
Others	504.74	229.56
Total (A)	729.10	615.35
Deferred Tax Liabilities		
Depreciation	4,217.78	3,808.73
Others	419.75	404.97
Total (B)	4,637.53	4,213.70
Total Deferred Tax Liability (Net) (B) - (A)	3,908.43	3,598.35
7A. OTHER LONG TERM LIABILITIES		
Deposits from Dealers /Consumers/Suppliers	7,172.49	6,143.29
Other Deposits	3.06	3.08
Retention Money	32.15	64.82
	7,207.70	6,211.19

Notes to the Financial Statements for the Year ending 31st March, 2014

₹ / Crores

	2013 - 14	2012 - 13
7B. LONG-TERM PROVISIONS		
Provision for Long Term Employee Benefits (refer foot note to note 10B)	**587.66**	498.96
	587.66	498.96
8. SHORT-TERM BORROWINGS		
Loans repayble on demand from Banks		
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)	**825.00**	975.00
Overdrafts from Banks (Secured by hypothecation of Inventories)	**1,917.57**	1,379.27
	2,742.57	2,354.27
Unsecured Loans		
Short Term Loans from Banks (repayable in foreign currency)	**13,032.60**	19,707.27
Clean Loans from Banks	**-**	1,449.00
Commercial Papers	**600.00**	-
	13,632.60	21,156.27
	16,375.17	23,510.54
9. TRADE PAYABLES		
Micro, Small and Medium Enterprises (Refer Note # 40)*	**-**	-
Other Trade Payables	**10,651.39**	11,071.98
	10,651.39	11,071.98
10A. OTHER CURRENT LIABILITIES:		
Outstanding dues of Micro, Small and Medium Enterprises (Refer Note # 40)*	**12.14**	8.06
Other Deposits	**136.05**	124.47
Interest accrued but not due on loans	**58.57**	139.66
Unclaimed Dividend **	**2.53**	2.46
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***	**234.50**	1,330.75
Other Liabilities****	**6,094.90**	5,274.16
	6,538.72	6,879.59

* 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 loans repayable withing one year: Non - Convertible Debenture ₹ Nil (2012 - 13: ₹ 1,000 Crores) and Loan from Oil Industry and Development Board ₹ 234.50 Crores (2012 - 13: ₹ 330.75 Crores).

**** Includes Statutory Liabilities of ₹ 2,518.81 Crores (2012 - 13: ₹ 2,062.46 Crores), Liabilities towards Forward Exchange Contracts of ₹ 386.40 Crores (2012 - 13: ₹ 653.96 Crores), Liabilities relating to retention money payable to Suppliers within one year, Supplies / Project related payables, etc. ₹ 2,821.93 Crores (2012 - 13: ₹ 2,352.81 Crores)

Notes to the Financial Statements for the Year ending 31st March, 2014

₹ / Crores

	2013 - 14	2012 - 13
10B. SHORT-TERM PROVISIONS		
Other Employee Benefits*	**845.26**	1,463.63
Provision for Tax	**282.49**	-
Proposed Dividend	**524.87**	287.83
Fringe Benefit Tax	**0.16**	0.16
Tax on Distributed Profits	**89.20**	48.92
	1,741.98	1,800.54

* Represents provisions for gratuity, leave encashment, post retirement benefits etc. (refer note # 50)

11. TANGIBLE ASSETS

₹ / Crores

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
		As at 1st Apr, 2013	Additions/ Reclassifi-cations	Deductions/ Reclassifi-cations	As at 31st Mar, 2014	As at 1st Apr, 2013	For the Year	Deductions/ Reclassifi-cations	As at 31st Mar, 2014	As at 31st Mar, 2014	As at 31st Mar, 2013
1	Land -Freehold	646.69	76.24	0.02	**722.91**	-	**-**	-	**-**	**722.91**	646.69
2	Buildings	3,377.58	406.04	22.34	**3,761.28**	394.23	**62.20**	0.51	**455.92**	**3,305.36**	2,983.35
3	Plant & Equipment	28,937.88	4,555.27	90.38	**33,402.77**	13,041.20	**1,958.57**	71.75	**14,928.02**	**18,474.75**	15,896.69
4	Furniture & Fixtures	149.40	18.81	1.83	**166.38**	67.88	**8.13**	1.00	**75.01**	**91.37**	81.52
5	Transport Equipment	168.95	7.99	3.38	**173.56**	102.05	**13.96**	3.14	**112.87**	**60.70**	66.90
6	Office Equipment	579.82	70.98	19.26	**631.54**	221.53	**48.18**	14.96	**254.75**	**376.79**	358.29
7	Roads and Culverts	2,170.95	287.51	0.20	**2,458.26**	196.06	**38.98**	0.05	**234.99**	**2,223.27**	1,974.90
8	Leasehold Property - Land	404.70	8.31	-	**413.01**	79.01	**12.52**	-	**91.53**	**321.48**	325.69
9	Railway Siding & Rolling Stock	306.31	135.91	-	**442.22**	198.66	**23.00**	-	**221.66**	**220.56**	107.66
10	Unallocated Capital Expenditure on Land Development	0.20	-	-	**0.20**	0.20	**-**	-	**0.20**	**-**	-
	Grand Total	**36,742.48**	**5,567.07**	**137.42**	**42,172.14**	**14,300.82**	**2,165.53**	**91.41**	**16,374.95**	**25,797.19**	**22,441.67**
	Previous Year 2012-13	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

Notes:

1 Includes assets costing ₹ 76,191/- (2012-2013: ₹ 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 ₹ 73.30 Crores (2012-2013: ₹ 73.34 Crores) being the Corporation's Share of Cost of Land & Other Assets jointly owned with other Oil Companies.

3 Includes ₹ 35.32 Crores (2012-2013 : ₹ 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 (31.03.2014)**	Original Cost (31.03.2013)
Roads & Culverts	0.13	0.14
Buildings	1.62	1.64
Plant & Equipment	2.81	2.82
Total	**4.56**	4.60

Notes to the Financial Statements for the Year ending 31st March 2014

5 Includes Assets retired from active use and held for disposal - Gross Block: ₹ 22.38 Crores / Net Block: ₹ 3.61 Crores (2012-13: Gross Block: ₹ 22.04 Crores / Net Block: ₹ 1.60 Crores). These Assets are valued at their Net Book Value or Net Realisable Value whichever is lower: ₹ 2.25 Crores (2012-13: ₹ 1.02 Crores).

6 Depreciation for the year includes reversal of excess depreciation on building in earlier years of ₹ NIL (2012-13: ₹ 60.85 Crores) on account of re-classification of various assets under Factory Building, Non-Factory Building and Fences, ₹ -0.14 (2012-13: ₹ 14.36 Crores) on Plant and Machinery on account of other adjustments and reversal of excess depreciation charged in earlier years of NIL (2012-13: ₹ 3.94 Crores) on Leasehold Land. These have been disclosed under the head "Depreciation" in note # 28 on Prior period expenses/ (income).

7 Leasehold Land includes ₹ 22.35 Crores (2012-13 ₹ 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 of 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, 2013	Additions/ Reclassifi-cations	Deductions/ Reclassifi-cations	As at 31st Mar, 2014	As at 1st Apr, 2013	For the Year	Deductions/ Reclassifi-cations	As at 31st Mar, 2014	As at 31st Mar, 2014	As at 31st Mar, 2013
Right of Way	45.29	7.18	-	**52.47**	1.77	**0.47**	-	**2.24**	**50.23**	43.52
Technical / Process Licenses	63.00	19.71	-	**82.71**	27.80	**9.23**	-	**37.03**	**45.68**	35.19
Software	155.43	4.02	0.01	**159.44**	127.11	**13.20**	0.01	**140.30**	**19.14**	28.32
Grand Total	**263.73**	**30.91**	**0.01**	**294.62**	**156.69**	**22.90**	**0.01**	**179.57**	**115.05**	**107.03**
Previous Year 2012-13	243.70	22.12	2.09	**263.73**	129.60	**29.17**	2.08	**156.69**	**107.03**	114.09

Notes:

1 Cost of Right of Way is amortised over a period of 99 years which has resulted in amortization during the year of ₹ 0.47 Crores; prior period NIL (2012-13 : ₹ 1.77 Crores including ₹ 1.33 Crores pertaining to Prior Period).

₹ / Crores

		2013 - 14	2012 - 13
13.	**CAPITAL WORK-IN-PROGRESS**		
	Unallocated Capital Expenditure and Materials at Site	**3,699.61**	4,378.30
	Capital Stores lying with Contractors	**150.39**	126.27
	Capital goods in transit	**25.46**	0.39
		3,875.46	4,504.96
	Construction period expenses pending apportionment (Net of recovery):		
	Establishment charges	**123.99**	149.73
	Borrowing Costs	**586.11**	518.18
		710.10	667.91
		4,585.56	5,172.87

Notes to the Financial Statements for the Year ending 31st March, 2014

₹ / Crores

	2013 - 14	2012 - 13
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 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
Unquoted		
Investment in Equity		
Investments in Subsidiaries		
CREDA HPCL Biofuel Ltd.	**16.10**	7.83
1,60,99,803 (2012 - 13 : 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	**120.00**	72.50
11,99,99,600 (2012 - 13 : 6,99,99,600) Equity Shares of ₹ 10 each fully paid up (2012 - 13 : ₹ 0.50 called up on 5,00,00,000 shares)		
HPCL Rajasthan Refinery Ltd	**0.04**	-
37,000 Equity Shares of ₹ 10 each fully paid-up		
Investments in Joint Venture		
HPCL-Mittal Energy Ltd.	**3,690.74**	3,218.56
3,69,07,35,200 (2012 - 13 : 3,21,85,55,200) 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	**12.65**	4.24
1,26,50,000 (2012 - 13 : 42,41,359) Equity Shares of ₹ 10 each fully paid up		
GSPL India Gasnet Ltd	**15.07**	6.36
1,50,72,128 (2012 - 13 : 63,56,743) Equity Shares of ₹ 10 each fully paid up		

Notes to the Financial Statements for the Year ending 31st March, 2014

₹ / Crores

	2013 - 14	2012 - 13
HPCL Shapoorji Energy Limited	**5.00**	-
50,00,000 Equity Shares of ₹ 10 each fully paid up		
Investment in Preference Shares		
Investments in Subsidiary		
5% HPCL - Biofuels Ltd. Non-Cumulative Pref Shares (refer note # 48)	**419.65**	-
41,96,51,511 Preference 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	**5,735.81**	8,266.05

*: ₹ 2,750 Crores bonds pledged with Clearing Corporation of India Limited against CBLO Loan. Also refer note # 38

**: Clarification has been sought from MOP&NG as regards the methodology to be followed for calculating the ceiling on investments in all joint ventures and wholly owned subsidiaries as per DPE circular of August, 2005. The same is awaited.

***: 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%.

	2013 - 14	2012 - 13
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 (2012-13 : ₹ 0.25 lakhs)	**0.00**	0.00
Government Securities of the face value of ₹ 0.24 lakhs		
Deposited with Others - ₹ 0.10 lakhs (2012-13 : ₹ 0.10 lakhs)	**0.00**	0.00
On hand - ₹ 0.14 lakhs (2012-13 : ₹ 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 (2012-13 : ₹ 0.14 lakhs)*	**0.00**	0.00
Total Other Investments - B	**0.02**	0.02
Total Non - Current Investments (A + B)	**5,735.83**	8,266.07

* Includes ₹ 0.14 lakhs (2012-13 : ₹ 0.14 lakhs) not in the possession of the Company

₹ / Crores

	2013 - 14		2012 - 13	
Disclosure towards Cost / Market Value	**Market Value**	**Cost**	Market Value	Cost
a Aggregate amount of Quoted Investments	**2,064.87**	**1,033.45**	5,294.97	4,533.45
b Aggregate amount of Unquoted Investments		**4,702.38**		3,732.62
		5,735.83		8,266.07

Notes to the Financial Statements for the Year ending 31st March 2014

₹ / Crores

		2013 - 14	2012 - 13
15.	**LONG-TERM LOANS AND ADVANCES**		
	Secured, considered good :		
	Employee Loans and Advances	**231.04**	238.47
	Interest Accrued thereon	**173.88**	168.98
	Unsecured, considered good :		
	Capital Advances	**170.30**	26.35
	MAT Credit Entitelments	**568.44**	406.85
	Balances with Excise, Customs, Port Trust etc.	**1.88**	1.45
	Other Deposits	**70.11**	64.86
	Prepaid Expenses	**6.31**	7.23
	Advance tax (net of provisions)	**-**	83.97
	Share application money pending allotment (to Related Parties)	**4.98**	4.97
	Advance towards equity (to Related Parties)	**62.30**	454.27
	Advances given to others	**12.00**	12.00
	Other Receivables *	**160.18**	162.84
	Loans to Related Party (Refer Note # 47)	**-**	305.46
		1,461.42	1,937.70
	*Includes Working Capital Loans to customers ₹ 45.04 Crores (2012 - 2013 : ₹ 52.65 Crores) and Statutory Receivables of ₹ 109.02 Crores (2012 - 2013 : ₹ 109.02 Crores)		
16.	**OTHER NON - CURRENT ASSETS**		
	Unamortized Expenses (including ancillary cost, refer note # 37)	**146.26**	88.75
		146.26	88.75
17.	**CURRENT INVESTMENTS**		
	TRADE INVESTMENTS (Quoted)		
	i. 7.61% Oil Marketing Companies' GOI Special Bonds, 2015	**5.07**	5.10
	ii. 6.90% Oil Marketing Companies' GOI Special Bonds, 2026 (refer note # 38)*	**2,938.79**	23.64
	iii. 8.00% Oil Marketing Companies' GOI Special Bonds, 2026	**22.26**	24.02
	iv. 8.20% Oil Marketing Companies' GOI Special Bonds, 2024	**115.25**	123.49
	v. 6.35% Oil Marketing Companies' GOI Special Bonds 2024	**2,042.67**	2,184.61
		5,124.04	2,360.86

₹ / Crores

	2013 - 14		2012 - 13	
Disclosure towards Cost / Market Value	**Market Value**	**Cost**	Market Value	Cost
Aggregate of Quoted Investments	**5,124.03**	**6,211.71**	2,360.86	2,711.71
Aggregate provision made for diminution in value of current Investments		**1087.68**		350.85

* ₹ 2,750 Crores bonds pledged with Clearing Corporation of India Limited against CBLO Loan. Also refer note # 38

Notes to the Financial Statements for the Year ending 31st March, 2014

	₹ / Crores 2013 - 14	2012 - 13
18. INVENTORIES		
(As per Inventory taken, valued and certified by the Management)		
Raw Materials (Including in transit ₹ 1,563.45 Crores: 2012 - 13 : ₹ 831.91 Crores)	**4,625.48**	2,896.39
Work - in - Progress	**1,491.69**	1,208.43
Finished Goods	**7,381.12**	7,414.37
Stock - in - Trade (Including in transit ₹ 158.06 Crores: 2012 - 13 : ₹ 182.44 Crores)	**4,959.04**	4,634.64
Stores and Spares (Including in transit ₹ 41.51 Crores: 2012 - 13 : ₹ 10.50 Crores)	**306.43**	271.87
Packages	**11.64**	13.00
	18,775.41	16,438.70
19. TRADE RECEIVABLES		
Over six months (from the due date) :		
Unsecured Considered good	**35.38**	23.02
Considered Doubtful	**134.15**	121.06
Less: Provision for Doubtful Debts	**134.15**	121.06
	35.38	23.02
Others :		
Unsecured Considered good	**5,430.57**	4,912.02
	5,430.57	4,912.02
	5,465.95	4,935.04
20. CASH AND BANK BALANCES		
i. **Cash and Cash Equivalents**		
Cash on Hand	**12.58**	11.58
Cheques Awaiting Deposit	**0.15**	0.25
With Scheduled Banks:		
- On Current Accounts	**14.92**	128.61
- On Non-operative Current Accounts	**0.01**	0.01
- On Fixed Deposit Accounts	**4.52**	4.16
ii. **Earmarked for Unclaimed dividend**	**2.53**	2.46
iii. **Current Account with Municipal Co-operative Bank Ltd.**	**0.00**	0.06
	34.71	147.13

Notes to the Financial Statements for the Year ending 31st March, 2014

	2013 - 14	2012 - 13
	₹ / Crores	
21. SHORT-TERM LOANS AND ADVANCES		
Secured, considered good :		
Employee Loans and Advances	**113.21**	111.87
Interest Accrued thereon	**11.10**	4.74
Unsecured, considered good :		
Advances recoverable in cash or in kind or for value to be received	**58.98**	11.40
Balances with Excise, Customs, Port Trust etc.	**392.67**	378.52
Other Deposits	**1.85**	3.30
Prepaid Expenses	**25.89**	26.24
Amounts recoverable under Subsidy Schemes	**7,084.92**	12,663.93
Loans to Related Parties (Refer Note # 47)	**75.00**	155.00
Other Receivables*	**2,244.28**	727.91
Total A	**10,007.90**	14,082.91
Unsecured, considered doubtful :		
Accounts Receivable & Deposits	**3.97**	3.97
Less : Provision for Doubtful Receivables	**3.97**	3.97
Total B	**-**	-
Total (A+B)	**10,007.90**	14,082.91

* Includes : ₹ 637.19 Crores (2012 - 13 ₹ 535.87 Crores) deposits made with LIC for liability towards Leave Encashment, ₹ 1,411.75 crores (2012 - 13 ₹ Nil) recoverable from Government of India towards Direct Benefit Transfer for LPG consumers (DBTL)

	2013 - 14	2012 - 13
22. OTHER CURRENT ASSETS		
Interest Accrued on Investments	**82.82**	82.82
Unamortized Expenses (including ancillary cost refer note # 37)	**78.02**	30.12
Delayed Payment Charges Receivable from Customers	**234.65**	219.78
Less : Provision for doubtful receivables	**66.72**	66.72
	328.77	266.00
23A. GROSS SALES OF PRODUCTS		
Sale of Products (Net of Discount of ₹ 1,404.58 Crores, 2012-13 : ₹ 1,340.59 Crores) (refer note # 53K)	**216,337.21**	190,039.81
Recovery under Subsidy Schemes	**15,851.14**	25,626.64
	232,188.35	215,666.45
23B. OTHER OPERATING REVENUES		
Rent Recoveries	**99.19**	91.00
Net Recovery for LPG Filling Charges	**1.27**	2.83
Miscellaneous Income	**134.20**	108.09
	234.66	201.92

Notes to the Financial Statements for the Year ending 31st March, 2014

	2013 - 14	2012 - 13
		₹ / Crores
23C. OTHER INCOME		
Interest On :		
Deposits	**0.56**	0.46
Staff Loans	**23.66**	19.02
Customers' Accounts	**109.84**	137.30
Long Term Investments (refer note # 38)	**-**	241.50
Current Investments	**416.59**	207.56
Others	**139.47**	143.05
	690.12	748.89
Dividend income*	**74.02**	112.19
Share of Profit from Petroleum India International (AOP)	**0.57**	0.61
Miscellaneous Income	**209.74**	240.67
	974.45	1,102.36
* Includes Dividend from Long - Term Investments ₹ 73.31 Crores (2012 - 13 : ₹ 107.85 Crores)		
24. CHANGES IN INVENTORIES OF FINISHED GOODS WORK-IN-PROGRESS AND STOCK-IN-TRADE : (INCREASE) / DECREASE		
Closing Stock:		
Work - in - Progress	**1,491.69**	1,208.43
Finished Goods	**7,381.12**	7,414.36
Stock - in - Trade (In respect of goods acquired for trading)	**4,959.05**	4,634.64
	13,831.86	13,257.43
Less: Opening Stock:		
Work - in - Progress	**1,208.43**	1,635.58
Finished Goods	**7,414.36**	6,890.54
Stock - in - Trade (In respect of goods acquired for trading)	**4,634.64**	5,540.76
	13,257.43	14,066.88
	(574.43)	809.45
25. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus, etc. (refer note # 50)	**1,533.00**	1,675.72
Contribution to Provident Fund	**117.03**	134.50
Pension, Gratuity and Other Employee Benefits	**144.53**	457.81
Employee Welfare Expenses	**235.74**	257.53
	2,030.30	2,525.56
26. FINANCE COSTS		
(a) Interest Expense*	**613.53**	1,219.75
(b) Other Borrowing Costs	**28.92**	12.96
(c) Applicable Net (Gain)/Loss on Foreign Currency Transactions and Translation	**693.91**	180.09
	1,336.36	1,412.80

* Includes interest u/s 234 B/ 234C of Income Tax Act, 1961 for an amount ₹ 25.06 Crores (2012 - 13 : ₹ 6.18 Crores)

Notes to the Financial Statements for the Year ending 31st March, 2014

		₹ / Crores 2013 - 14	2012 - 13
27.	**OTHER EXPENSES**		
	Consumption of Stores, Spares and Chemicals	**167.81**	156.39
	Power and Fuel	**2,136.51**	2,063.08
	Less : Fuel of own production consumed	**2,027.01**	1,428.39
		109.50	634.69
	Repairs and Maintenance - Buildings	**36.43**	36.78
	Repairs and Maintenance - Plant and Machinery	**650.68**	618.17
	Repairs and Maintenance - Other Assets	**193.58**	157.98
	Insurance	**36.66**	34.97
	Rates and Taxes	**161.41**	116.85
	Irrecoverable Taxes and Other Levies	**427.14**	184.89
	Equipment Hire Charges	**1.97**	5.41
	Rent	**206.74**	178.83
	Travelling and Conveyance	**182.45**	156.86
	Printing and Stationery	**15.70**	14.28
	Electricity and Water	**532.74**	458.86
	Charities and Donations	**23.74**	21.78
	Stores and Spares written off	**0.18**	0.58
	Loss on Sale of Current Investments	**-**	35.53
	Provision / (Reversal) for Diminution in value of Current Investments (refer note # 38)	**736.83**	(181.79)
	Provision for Doubtful Receivables	**-**	(0.02)
	(After adjusting provision no longer required)		
	Provision for Doubtful Debts	**13.09**	47.69
	After adjusting provision no longer required written back ₹ 0.99 Crores, 2012-13 : ₹ 27.80 crores)		
	Loss on Sale/ write off of Fixed Assets/ CWIP (Net)	**17.54**	12.39
	Security Charges	**111.37**	95.82
	Advertisement and Publicity	**130.30**	91.91
	Sundry Expenses and Charges (Not otherwise classified)	**386.16**	382.07
	Consultancy and Technical Services	**36.94**	42.84
	Exchange Rate Variations (Net)	**215.29**	1,285.95
		4,394.25	4,589.71
28.	**PRIOR PERIOD EXPENSES / (INCOMES)**		
	Expenditure on Enabling Assets	**5.02**	-
	Transhipment Expense	**(6.49)**	-
	Interest on Delayed Payment charges	**7.93**	-
	Depreciation (refer note # 11 & 12)	**(13.50)**	(49.10)
	Finance Costs (refer note # 36)	**-**	(64.82)
	Exchange Rate Variation (refer note # 36)	**65.16**	0.53
	Loss on sale of Assets	**0.25**	-
		58.37	(113.39)

Notes to the Financial Statements for the Year ending 31st March, 2014

29. During the current financial year 2013-14, 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) ₹ 1,815.55 Crores (2012-13: ₹ 1,587.82 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) ₹ 14,955.22 Crores (2012-13: ₹ 9,600.71 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 ₹ 15,215.45 Crores (2012-13: ₹ 24,825.28 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 138.85 Crores (2012-13 : USD 246.90 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 106.27 Crores (2012-13: USD 103.70 Crores) towards purchase of Crude & Products and USD 305.15 Crores (2012-13: USD 242.60 Crores) in respect of loans taken. As at Balance Sheet date, Corporation has interest rate swap contracts for a value of USD 20 Crores (2012-13: USD 16 Crores) to cover its floating interest rate exposure to fixed interest rate. Forward contract of USD 95.30 Crores are outstanding as at the year end to hedge the RBI swap transactions referred in note # 35 later.

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 2013-14 as per Ministry of Corporate Affairs' Notification.

34. In accordance with the option exercised by the Company as referred in note # 33, an amount (gain) of ₹ 161.58 Crores (2012 - 13: loss 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 31, 2014.

35. During the financial year 2013-14, Reserve Bank of India had introduced forex swap window for meeting the daily US dollar requirement of public sector oil marketing companies. The net realized gain (including premium paid/ received) of ₹ 147.74 Crores on the RBI Swap transactions and the forward contracts taken to hedge the same, which have matured during the financial year 2013-14 have been recognized and accounted for in the books.

The un-matured RBI Swap Transactions (which are in the nature of firm commitments) are mark to market at the year end and resultant unrealized gain of ₹ 192.73 Crores is not recognized on ground of prudence. The forward contracts taken to hedge the un-matured RBI swap transactions and open at year end are also mark to market and the resultant loss of ₹ 168.33 Crores is recognized. This treatment is in line with the March 29, 2008 announcement of Institute of Chartered Accountants of India.

36. During the previous financial year, the premium on forward exchange contracts entered into to hedge the liability towards Syndicated Loans from Foreign Banks (repayable in foreign currency) had been considered as borrowing costs as per AS 16. Accordingly, an amount of ₹ 64.82 crores had been capitalized and an amount of ₹ 55.90 Crores (net of depreciation) had been disclosed as "Prior Period Expenses/(Income)".

During the current financial year, based on the opinion of Expert Advisory Committee of ICAI, the Corporation has decapitalized the said premium of ₹ 64.82 Crores and an amount of ₹ 52.43 Crores (net of depreciation) has been disclosed as "Prior Period Expenses/(Income)".

Notes to the Financial Statements for the Year ending 31st March, 2014

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 ₹ 224.28 Crores (2012-13 : ₹ 118.87 Crores).

38. During the current year, investments in “6.90% Oil Marketing Companies’ GOI Special Bonds 2026” amounting to ₹ 3,500.00 crores have been reclassified from ‘Long Term Investments’ to ‘Current Investments’ to improve flexibility in liquidity. Consequently, an amount of ₹ 583.18 Crores has been provided in the books of accounts towards diminution in the value for this investment.

39. (a) Current Tax includes MAT Credit availment of ₹ 10.68 Crores (2012-13: Nil).

(b) The recognition of MAT Credit Entitlements of ₹ 568.44 Crore as at March 31, 2014 (₹ 406.85 Crores as at March 31, 2013) is on the basis of convincing evidence that the Corporation will be able to avail the credit during the period specified in section 115JAA of the Act.

(c) Provision for tax for earlier years (written back) / provided of ₹ 19.82 Crores (2012 – 13: written back ₹ 60.62 Crores) represents additional provision of ₹ 192.33 Crores (2012 – 13: ₹ 72.12 Crores) towards deferred tax, recognition of MAT Credit Entitlements of ₹ (169.99 crores) (2012 – 13: ₹ (24.89 Crores) and reversal of excess provision of ₹ (2.53 Crores) (2012 – 13: ₹ (107.85 Crores).

40. 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	2013-14	2012-13
1	Amounts payable to “suppliers” under MSMED Act, as on 31/03/14 :-		
	- Principal	**12.14**	8.06
	- Interest	**-**	-
2	Amounts paid to “suppliers” under MSMED Act, beyond appointed day during F.Y. 2013 – 14 (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	**-**	-

41. Related Party disclosure:

(A) Names of and Relationship with Related Parties

1. Joint Venture Companies

a. HPCL-Mittal Energy Ltd.
b. Hindustan Colas Ltd.
c. South Asia LPG Company Pvt. Ltd.
d. Petronet India Ltd.
e. Aavantika Gas Ltd.
f. HPCL Shapoorji Energy Limited (w.e.f 27-03-2014)

Notes to the Financial Statements for the Year ending 31st March, 2014

2. **Key Management Personnel**
   a. Smt. Nishi Vasudeva, Chairman and Managing Director (w.e.f 1-3-2014).
   b. Shri S. Roy Choudhury, Chairman and Managing Director (up to 28-2-2014).
   c. Shri B. Mukherjee, Director - Finance (up to 31-5-2013).
   d. Shri K. V. Rao, Director - Finance (w.e.f. 1-6-2013).
   e. Shri K. Murali, Director - Refineries (up to 30-6- 2013).
   f. Shri B K Namdeo, Director - Refineries (w.e.f. 1-7- 2013).
   g. Smt. Nishi Vasudeva, Director - Marketing (up to 28-2-2014).
   h. Shri Pushp Kumar Joshi, Director - Human Resources

The above disclosure does not include following Related Parties for which no disclosure is required as they are State-Controlled Enterprises as per AS - 18.

1. **Subsidiaries**
   a. CREDA-HPCL Biofuels Ltd.
   b. HPCL Biofuels Ltd.
   c. Prize Petroleum Company Ltd.
   d. HPCL Rajasthan Refinery Ltd. (w.e.f 25-03-2014)
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 4-7-2012)
   e. GSPL India Transco Ltd. (w.e.f 4-7-2012)

(B) Related Party Transactions

(i) Transaction with Joint Ventures ₹ /Crores

Nature of Transactions	2013-14	2012-13
(i) Sale of goods		
HPCL-Mittal Energy Ltd.	**1.97**	48.89
Hindustan Colas Ltd.	**482.06**	473.58
Others	**0.23**	0.47
	484.26	522.94
(ii) Purchase of goods		
HPCL-Mittal Energy Ltd.	**39,697.49**	17,935.00
Hindustan Colas Ltd.	**228.99**	128.36
Aavantika Gas Ltd.	**41.79**	32.20
	39,968.27	18,095.56
(iii) Dividend income received		
Hindustan Colas Ltd.	**5.86**	15.69
South Asia LPG Company Pvt. Ltd.	**30.00**	25.00
	35.86	40.69
(iv) Services given (Manpower Supply Service)	**4.59**	3.92
(v) Lease rental received	**2.26**	2.33

Notes to the Financial Statements for the Year ending 31st March, 2014

₹ /Crores

Nature of Transactions		2013-14	2012-13
(vi)	**Others - provided / (availed) (net)**		
	HPCL-Mittal Energy Ltd.	**10.26**	22.39
	Hindustan Colas Ltd.	**(5.87)**	(8.57)
	South Asia LPG Company Pvt. Ltd.	**(86.12)**	(97.08)
		(81.73)	(83.26)
(vii)	**Investment in equity shares / Converted to Equity Shares**		
	HPCL-Mittal Energy Ltd.	**472.18**	769.54
	HPCL Shapoorji Energy Limited	**5.00**	-
		477.18	769.54
(viii)	**Advance against equity given**		
	HPCL-Mittal Energy Ltd.	**66.18**	913.64
(ix)	**Net outstanding receivable / (payable) as on**	**31.03.2014**	31.03.2013
	HPCL-Mittal Energy Ltd.	**(1,572.89)**	(949.94)
	Hindustan Colas Ltd.	**6.37**	33.05
	Others	**13.41**	13.26
		(1,553.11)	(903.63)

(ii) **Remuneration paid to Key Management Personnel**

₹ /Crores

Details	2013-14	2012-13
Salary and Allowances	**1.74**	1.42
Contribution to Provident Fund	**0.12**	0.10
Pension and Gratuity	**0.33**	0.14
Other benefits	**1.57**	1.17
Total	**3.76**	2.83

42. 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 %	
	31/03/2014	31/03/2013
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

Notes to the Financial Statements for the Year ending 31st March 2014

Name of the Block	Participating Interest of HPCL in %	
	31/03/2014	31/03/2013
Under NELP VI		
CY-DWN-2004/1	**10**	10
CY-DWN-2004/2	**10**	10
CY-DWN-2004/3	**10**	10
CY-DWN-2004/4	**10**	10
CY-PR-DWN-2004/1	**10**	10
CY-PR-DWN-2004/2	**10**	10
KG-DWN-2004/1	**10**	10
KG-DWN-2004/2	**10**	10
KG-DWN-2004/3	**10**	10
KG-DWN-2004/5	**10**	10
KG-DWN-2004/6	**10**	10
MB-OSN-2004/1	**20**	20
MB-OSN-2004/2	**20**	20
RJ-ONN-2004/1	**22.22**	22.22
RJ-ONN-2004/3	**15**	15
Under NELP IX		
MB-OSN-2010/2	**30**	30
Outside India		
BLOCK WA-388-P, AUSTRALIA	**Nil**	Nil
SOUTH SENAI, EGYPT	**25**	25
SOUTH QUSEIR, EGYPT	**25**	25

a) The Blocks KK-DWN-2002/2, KK-DWN-2002/3,CY-DWN-2004/1,2,4, CY-PR-DWN-2004/2, KG-DWN-2004/1,2,3,5,6, AA-ONN-2003/3,MB-OSN-2004/1, MB-OSN-2004/2 & 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. Joint Operating Agreement signed on February 6, 2014. Seismic data acquisition is completed and processing & interpretation is planned in FY2014-15.

c) 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 not yet signed. Consortium has unanimously decided not to proceed further as the project is techno-economically unviable due to current prevailing conditions in Egypt.

d) Block WA-388-P was relinquished during the FY 2012-13 on completion of Minimum Work Programme (MWP) under exploration phase. Drilling of one (1) well was completed as per committed work program, which was declared as dry.

e) In addition to the above, the company 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 to the Financial Statements for the Year ending 31st March, 2014

43. 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, 2014**	Percentage of ownership interest as on 31st March, 2014
HPCL-Mittal Energy Ltd.	India	**48.94**	48.82
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	**11.00**	8.73
GSPL India Gasnet Ltd.	India	**11.00**	9.38
HPCL Shapoorji Energy Limited	India	**50.00**	-

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

	2013-14	2012-13
(i) SHARE OF ASSETS & LIABILITIES :		
I. LIABILITIES		
(1) Share application money pending allotment	**2.49**	433.57
(2) Non-current liabilities	**10,500.71**	8,459.23
(3) Deferred tax liabilities (Net)	**(564.99)**	146.14
(4) Current liabilities	**10,652.77**	7,985.64
II. ASSETS		
(1) Non-current assets	**14,099.23**	14,089.46
(2) Current assets	**10,126.64**	6,627.53
(ii) SHARE OF INCOME & EXPENSES :		
(a) Income	**33,959.91**	15,393.57
(b) Expenses	**34,423.65**	15,799.36
(iii) SHARE OF CONTINGENT LIABILITIES & CAPITAL COMMITMENTS :		
(a) Contingent Liabilities	**377.43**	170.20
(b) Capital Commitments	**293.49**	409.87

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

₹ / Crores

	2013 – 14	2012 – 13
Jointly Controlled Operations		
Contingent Liabilities	**224.29**	198.24
Capital Commitment	**195.34**	530.96

Notes to the Financial Statements for the Year ending 31st March 2014

44. 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'.

45. 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.

46. During the year 2013-14, an amount of ₹ 12.82 Crores (2012-13: ₹ 8.11 Crores) has been charged to revenue towards Enabling Assets on which the Corporation does not have a control.

47. Disclosure as required by Clause 32 of Listing Agreement

₹ / Crores

	Particulars	Balance as on		Maximum amount outstanding during the year	
		31/03/2014	31/03/2013	**2013 – 14**	2012 – 13
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
	12.5% Inter Corporate Loan to HPCL – Biofuels Ltd.	**-**	80.00	**100.00**	100.00
	10.17% Inter Corporate Loan to HPCL – Biofuels Ltd.	**-**	198.00	**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**	30.00	**30.00**	30.00
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	**-**	-	**-**	-

48. During the financial year 2013 - 14, bridge loan (along with accrued interest) totaling to ₹ 419.65 crores given to HPCL Biofuels Ltd., a subsidiary company, has been converted into 41,96,51,511 'Non-cumulative 14 years Redeemable Preference Shares' of ₹ 10 each bearing 5% dividend.

The net worth of said subsidiary company, which is in nascent stage of operation, is partially eroded. Based on the current price trends of Ethanol and withdrawal of levy sugar mechanism the Corporation expect improvements in the operation of the subsidiary. Having regard to the said facts, the long terms and strategy nature of investment, conversion of loan into Non-Cumulative Preference Share and continuing support of the Corporation, the diminution in value is considered temporary in nature and hence not provided.

49. The company has investment in Joint Venture entity, viz. Hindustan Mittal Energy Limited, which has set up a Petroleum Refinery at Bathinda and supplies major part of its production to Corporation. The refinery has started operation in the year 2012 and had incurred losses in the initial years of operation resulting in partial erosion of net worth. The investment is long term and strategic in nature and has long gestation period. The operation of refinery is expected to stabilize in near future. Having regard to the above facts, the diminution in value is considered temporary in nature and hence not provided.

Notes to the Financial Statements for the Year ending 31st March, 2014

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

51. During the year, there was an instance of fire in Cooling Water Tower Area in Visakh Refinery. The Company has incurred an expenses of ₹ 31.38 Crores towards reconstruction / compensation. Insurance claims are under process and will be recognized on acceptance.

₹ / Crores

	2013-14	2012-13
52. Contingent Liabilities and Commitments		
I. Contingent Liabilities		
A. 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	**75.80**	87.60
ii. Sales Tax/Octroi	**4,419.81**	4,260.21
iii. Excise/Customs	**424.57**	377.24
iv. Land Rentals & Licence Fees	**224.45**	98.90
v. Others	**134.16**	125.99
	5,278.80	4,949.94
B. Contingent Liabilities not provided for in respect of appeals filed against the Corporation		
i. Sales Tax/Octroi	**7.33**	7.33
ii. Excise/Customs	**34.11**	25.96
iii. Employee Benefits/Demands (to the extent quantifiable)	**367.34**	183.44
iv. Claims against the Corporation not acknowledged as Debts	**375.49**	316.89
v. Others	**286.84**	267.78
	1,071.09	801.39
C. Guarantees given	**79.27**	54.91
	79.27	54.91
II. Commitments		
A. Estimated amount of contracts remaining to be executed on Capital Account not provided for	**2,258.63**	2,408.32
B. Uncalled liability on partly paid up equity shares	**-**	47.50
C. Other Commitements (for Investments in Joint Ventures)	**-**	756.41
53. Other Notes		
A. Payment to auditors		
- Audit fees	**0.21**	0.21
- Other Services	**0.20**	0.15
- Reimbursement of expenses	**0.12**	0.07
	0.53	0.43
B. C.I.F.value of imports during the year (excludes canalised imports):		
- Raw materials	**57,859.94**	56,117.40
- Stores, Spares and Chemicals	**85.03**	88.88
- Capital Goods, Components and Spares	**68.91**	126.33

Notes to the Financial Statements for the Year ending 31st March 2014

₹ / Crores

				2013-14	2012-13
C.	(i)	Expenditure in foreign currency on account of: (on cash basis) Engineering, Technical and other services, demurrage charges, royalties, interest and other matters		**485.41**	553.92
	(ii)	Foreign Currency payments for crude		**60,075.57**	55,591.13
D.	Earnings in foreign exchange :				
	Export of goods calculated on FOB basis			**4,231.03**	6,416.82
	Includes ₹ 177.15 Crores (2012-13 : ₹ 204.28 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 %)		**90.17**	86.04
		- Imported (in Value)		**57,479.67**	55,934.50
		- Indigenous (in %)		**9.83**	13.96
		- Indigenous (in Value)		**6,268.18**	9,074.08
	(ii)	Spare Parts & Components:			
		- Imported (in %)		**29.26**	27.42
		- Imported (in Value)		**61.49**	64.78
		- Indigenous (in %)		**70.74**	72.58
		- Indigenous (in Value)		**148.64**	171.47
F.	Production in Metric Tonnes:				
	(a)	Petroleum fuel and lube products			
		i.	Bulk Petroluem Products	**13,865,111**	14,354,694
		ii.	Lubricating Oil Base Stocks(including Transformer Oil Base Stocks)	**385,753**	361,988
		iii.	Axle Oil	**-**	41
		iv.	Rubber Processing oil	**146,226**	98,287
	(b)	Lubricating Oils		**334,398**	314,429
	(c)	Textile Auxiliaries		**6,933**	1,295
	(d)	Insecticides		**117**	103
	(e)	Greases		**7,123**	4,941
G.	Raw Materials consumed :				
	(a)	Crude Oil Processed:		**62,003.13**	62,971.15
	(b)	Other Petroleum Products *		**2,283.86**	1,875.95
	(c)	Additives, Inhibitors and Chemicals		**402.24**	319.66
	* Includes Base Oil Consumption				
H.	Expenditure incurred on Research and Development				
	-	Capital		**78.33**	41.63
	-	Revenue		**22.29**	16.27

Notes to the Financial Statements for the Year ending 31st March, 2014

₹ / Crores

			2013-14	2012-13
I.	Interest on Project borrowings capitalised		**300.25**	274.75
J.	Exchange Differences / Forward Premiums			
	i)	Exchange Differences adjusted in the carrying amount of Assets during the accounting period.	**603.61**	386.51
	ii)	Premium in respect of Forward Exchange contracts to be recognised in Statement of Profit and Loss for one or more subsequent accounting periods	**237.71**	222.68

K. Information for each class of goods purchased, sold and stocks during the year ended 31st March 2014.

₹ / Crores

			Opening Stock		Purchases		Sales*		Closing Stock	
			2013-14	2012-13	**2013-14**	2012-13	**2013-14**	2012-13	**2013-14**	2012-13
a.	Bulk Petroleum Products	MT	**2252110**	2429276	**23392237**	22190252	**37447727**	36785456	**2144960**	2252110
		Value	**11,555**	11,876	**145,137**	128,178	**211,005**	185,486	**11,816**	11,555
b.	Lubricating Oil Base Stocks (Incl. Transformer oil Base stock)	MT	**29015**	38711			**233627**	197906	**15994**	29015
		Value	**178**	247	**0**	0	**1,452**	1,071	**115**	178
c.	Carbon Black Feed Stock	MT	**0**	0			**0**	0	**6**	0
		Value	**0**	0			**0**	0	**0**	0
d.	Axle Oil	MT	**7**	5			**2**	41	**34732**	7
		Value	**0**	0	**0**	0	**0**	0	**379**	0
e.	Lubricating Oils	MT	**29851**	29312			**329988**	314658	**41**	29851
		Value	**302**	284	**0**	0	**3,736**	3,398	**0**	302
f.	Textile Auxillaries	MT	**27**	33			**6924**	1301	**189**	27
		Value	**0**	0	**0**	0	**49**	8	**2**	0
g.	Insecticides	MT	**171**	73	**0**	0	**107**	103	**2553**	171
		Value	**1**	1	**0**	0	**2**	2	**28**	1
h.	Greases	MT	**1492**	2337	**89**	46	**6090**	5657	**0**	1492
		Value	**13**	22	**1**	1	**93**	83	**0**	13
i.	Automative Accessories	MT	**0**	0			**0**	0	**0**	0
		Value	**0**	0			**0**	0	**0**	0
	Total	MT	**2,312,673**	2,499,748	**23,392,326**	22,190,298	**38,024,465**	37,305,122	**2,198,475**	2,312,673
		Value	**12,049**	12,431	**145,138**	128,179	**216,337**	190,049	**12,340**	12,049

* 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 to the Financial Statements for the Year ending 31st March, 2014

L Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2014 is as under:

₹ / Crores

	2013-14			2012-13		
	Downstream Petroleum	**Exploration & Production**	**Total**	Downstream Petroleum	Exploration & Production	Total
Revenue						
External Revenue	**223,481.08**	**-**	**223,481.08**	206,962.89	-	206,962.89
Inter-segment Revenue	**-**	**-**	**-**	-	-	-
Total Revenue	**223,481.08**	**-**	**223,481.08**	206,962.89	-	206,962.89
Result						
Segment Results	**4,127.96**	**(203.97)**	**3,923.99**	1,934.22	(54.81)	1,879.41
Less: Unallocated Expenses						
Net of unallocated Income	**-**	**-**	**-**	-	-	-
Operating Profit	**4,127.96**	**(203.97)**	**3,923.99**	1,934.22	(54.81)	1,879.41
Less:						
Borrowing Cost			**1,336.36**			1,412.80
Provision for dimunition in investments			**736.83**			(181.79)
Loss on Sale of Investments			**-**			35.53
Add:						
Interest/Dividend (Incl Share of profit from PII)			**764.71**			861.69
Profit on Sale of Investments						
Profit before Tax			**2,615.51**			1,474.56
Less: Taxes (including Deferred tax / FBT)			**881.74**			569.85
Profit after Tax			**1,733.77**			904.71
Other Information						
Segment Assets	**65,939.55**	**40.38**	**65,979.93**	64,499.89	40.38	64,540.27
Corporate Assets			**11,598.17**			11,704.45
Total Assets			**77,578.09**			76,244.72
Segment Liabilities	**33,479.47**	**870.10**	**34,349.58**	42,117.64	666.13	42,783.77
Corporate Liabilities			**4,866.11**			4,077.23
Total Liabilities			**39,215.69**			46,861.00
Capital Expenditure	**5,147.91**	**6.71**	**5,154.62**	4,382.91	1.34	4,384.25
Depreciation and Amortization	**2,188.44**		**2,188.44**	1,934.42		1,934.42
Non cash expenses excluding depreciation			**215.29**			1,285.95

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 to the Financial Statements for the Year ending 31st March, 2014

54. EMPLOYEE BENEFITS

Defined Benefit Plans - As per actuarial valuation

₹ / Crores

	Particulars	Leave Encashment	Gratuity	Pension	Post Retirement Medical Benefit	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance
		Funded	Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded
	Refer foot-notes :	1	2	3	4	5	6	7	8
1	**Change in Defined Benefit Obligations (DBO) during the year ended March 31, 2014.**								
	Defined Benefit Obligation at the beginning 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*
	Interest Cost	45.30	38.18	4.09	31.69	6.05	1.48	1.86	0.22
		38.70	*37.59*	*4.03*	*27.50*	*5.40*	*1.74*	*2.19*	*0.22*
	Current Service Cost	37.16	4.10	0.06	35.96	11.06	-	-	0.40
		21.56	*8.52*	*0.09*	*16.80*	*9.12*	-	-	*0.39*
	Past Service Cost (Vested Benefits)	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Benefit Paid	-	(32.73)	(8.85)	(19.16)	(10.36)	(6.09)	(5.01)	(0.24)
		-	*(28.03)*	*(7.75)*	*(18.14)*	*(8.48)*	*(4.29)*	*(5.28)*	*(0.17)*
	Acturial (gain)/loss on Obligation	(34.19)	(35.46)	15.93	(1.46)	(9.54)	20.61	(0.88)	(0.59)
		35.06	*23.74*	*7.98*	*27.84*	*5.01*	*1.45*	*0.37*	*(0.32)*
	Defined Benefit Obligation at the end of the year	577.36	463.64	66.73	416.84	66.95	37.57	21.69	2.24
		529.09	*489.55*	*55.50*	*369.81*	*69.74*	*21.57*	*25.72*	*2.45*
2	**Change in Fair Value of Assets during the year ended March 31, 2014.**								
	Fair Value of Plan Asset at the beginning 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*
	Expected return on Plan Assets	50.83	41.76	N/A	N/A	N/A	N/A	N/A	N/A
		42.05	*35.24*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
	Acturial gain/(loss) on Plan Assets	2.10	2.31	N/A	N/A	N/A	N/A	N/A	N/A
		4.89	*6.94*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
	Contribution by employer	48.39	27.76	8.85	19.16	10.36	6.09	5.01	0.24
		-	-	*7.75*	*18.14*	*8.48*	*4.29*	*5.28*	*0.17*
	Benefit Paid	-	(32.73)	(8.85)	(19.16)	(10.36)	(6.09)	(5.01)	(0.24)
		-	*(28.03)*	*(7.75)*	*(18.14)*	*(8.48)*	*(4.29)*	*(5.28)*	*(0.17)*
	Fair Value of Plan Asset at the end of the year	637.19	507.72	N/A	N/A	N/A	N/A	N/A	N/A
		535.87	*468.62*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*
3	**Net asset/(liability) recognized in balance sheet as at March 31, 2014.**								
	Defined Benefit Obligation at the end of the year	577.36	463.64	66.73	416.84	66.95	37.57	21.69	2.24
		529.09	*489.55*	*55.50*	*369.81*	*69.74*	*21.57*	*25.72*	*2.45*
	Fair Value of Plan Asset at the end of the year	637.19	507.72	-	-	-	-	-	-
		535.87	*468.62*	-	-	-	-	-	-
	Amount recognised in the Balance Sheet	59.83	44.08	(66.73)	(416.84)	(66.95)	(37.57)	(21.69)	(2.24)
		6.78	*(20.93)*	*(55.50)*	*(369.81)*	*(69.74)*	*(21.57)*	*(25.72)*	*(2.45)*
4	**Components of employer expenses**								
	Current Service Cost	37.16	4.10	0.06	35.96	11.06	-	-	0.40
		21.56	*8.52*	*0.09*	*16.80*	*9.12*	-	-	*0.39*
	Interest Cost	45.30	38.18	4.09	31.69	6.05	1.48	1.86	0.22
		38.70	*37.59*	*4.03*	*27.50*	*5.40*	*1.74*	*2.19*	*0.22*
	Past Service Cost (Vested Benefits)	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
	Expected Return on Plan Asset	(50.83)	(41.76)	-	-	-	-	-	-
		(42.05)	*(35.24)*	-	-	-	-	-	-
	Acturial (gain)/loss	(36.29)	(37.77)	15.93	(1.46)	(9.54)	20.61	(0.88)	(0.59)
		30.17	*16.80*	*7.98*	*27.84*	*5.01*	*1.45*	*0.37*	*(0.32)*
	Total expenses recognized durng the year	(4.66)	(37.25)	20.08	66.19	7.57	22.09	0.98	0.03
		48.38	*27.67*	*12.10*	*72.14*	*19.53*	*3.19*	*2.56*	*0.29*

Notes to the Financial Statements for the Year ending 31st March, 2014

₹ / Crores

	Particulars	Leave Encashment	Gratuity	Pension	Post Retirement Medical Benefit	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance
		Funded	Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded	Non - Funded
	Refer foot-notes :	1	2	3	4	5	6	7	8
5	**Actuarial Assumptions**								
	Discount Rate	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%	9.36%
	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	47.40%	47.40%	N/A	N/A	N/A	N/A	N/A	N/A
	Bonds / Debentures	31.90%	31.90%	N/A	N/A	N/A	N/A	N/A	N/A
	Equity Shares	5.08%	5.08%	N/A	N/A	N/A	N/A	N/A	N/A
	Others	15.62%	15.62%	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, 2014	456.23			392.87				
	Revised service cost for 2013-14	35.04			38.02				
	Revised interest cost for 2013-14	35.65			27.73				

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, 2014 over March 31, 2013 towards leave encashment is funded to LIC. As per the practice followed, the payment made to employees during the year to the extent of ₹ 78.94 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 ₹ (4.66) Crores (i.e. provision of ₹ 48.26 Crores towards increase in liability and interest earned from LIC is ₹ 52.93 Crores).

2 Gratuity : All employees are entitled to receive gratuity as per the provisions of Payment of Gratuity Act, 1972.

3 Pension : The employees covered by the Pension Plan of the Corporation are entitled to receive monthly pension for life.

4 Post Retirement Medical Benefit : The serving and superannuated employees are covered under medical insurance policy taken by Corporation. It provides reimbursement of medical expenses for self and dependents as per the terms of the policy.

5 Long Service Awards : The Corporation has policy of giving service awards to its employees in the form of 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 fair value of the assets of Provident Fund Trust as of balance sheet date is greater than the obligation, including interest, and also the returns on these plan assets including the amount already provided are sufficient to take care of PF interest obligations, over and above the fixed contribution recognized.

10 The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation.

11 The estimates of future salary 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

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

C & AG's Comments

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF HINDUSTAN PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The preparation of financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2014 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 standards on auditing 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 2014.

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 2014. 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 : 9 July 2014

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"), its subsidiaries and jointly controlled entities, (collectively referred to as the "Group"), refer note No 1.1 to the attached consolidated financial statements, which comprise the consolidated Balance Sheet as at March 31, 2014, 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. The Company's 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 responsibility 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 and jointly controlled entities 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 Group as at March 31, 2014;

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

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

Emphasis of Matter

8. Without qualifying we draw your attention to

   (a) Note No. 31(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 ₹ 568.44 crore will be availed during the period specified in section 115JAA of the Income Tax Act, 1961

   (b) Note No. 34 of Financial Statements regarding recognition of unrealized marked to market loss of ₹ 168.33 crores on forward contract taken to hedge the commitment to return USD to Reserve Bank of India. However the marked to market gain on the said underlying commitment of ₹ 192.73 crores is not recognized for reasons stated in the said note.

   (c) Attention is invited to Note No. 43(a)(i) relating to recognition of gain by HPCL – Mittal Energy Limited (a Joint Venture Entity) of ₹ 394.55 crore (Group share),being difference between the gross amount of CST liability as at the year end and the estimated amount required for its settlement on 30th June 2014 for reasons stated in the said note.

   (d) Note No 43(a)(ii) regarding recognition of deferred tax assets of ₹ 659.72 crore (Group share) by HPCL – Mittal Energy Limited (a Joint Venture Entity) Group share being based on its management assessment of realisation within the available period for reasons stated in the said note.

Other Matter

9. We did not audit the financial statements of

   (a) 4 subsidiaries whose financial statements reflect total asset of ₹ 1,041.79 Crore as at 31st March 2014, total revenue of ₹ 145.34 Crore and net cash flows amounting to ₹ 55.14 crore for the year ended as considered in the consolidated financial statements.

   (b) 11 Jointly Controlled Entities whose financial statements reflect total asset of ₹ 24,225.87 Crore as at 31st March 2014, total revenue of ₹ 33,959.91 Crore and net cash flows amounting to ₹ 2,089.05 Crore for the year ended as considered in the consolidated financial statements.

   The financial statements referred to in (a) and (b) have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion in so far as it relates to these financial statements, is based solely on the reports of the other auditors

For B. K. Khare & Co.
Chartered Accountants

Naresh Kumar Kataria
Partner
Membership No.037825
Firm No. : 105102W

For CVK & Associates
Chartered Accountants

A. K. Pradhan
Partner
Membership No. 032156
Firm No. 101745W

Place : New Delhi
Date : 28th May, 2014

Consolidated Balance Sheet as at 31st March, 2014

₹ / Crores

	Notes	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	**339.01**	339.01
(b) Reserves and Surplus	4	**13,659.72**	13,019.56
		13,998.73	13,358.57
(2) Share Application Money Pending Allotment		**1.24**	234.13
(3) Minority Interest		**3.65**	1.48
(4) Non-Current Liabilities			
(a) Long-Term Borrowings	5	**26,143.43**	17,620.00
(b) Deferred Tax Liabilities (Net)	6	**3,342.13**	3,733.94
(c) Other Long Term Liabilities	7A	**7,333.83**	6,287.30
(d) Long-Term Provisions	7B	**597.17**	508.21
		37,416.56	28,149.45
(5) Current Liabilities			
(a) Short-Term Borrowings	8	**21,162.40**	25,572.23
(b) Trade Payables	9	**14,749.39**	14,359.20
(c) Other Current Liabilities	10A	**7,611.38**	8,738.37
(d) Short-Term Provisions	10B	**1,775.26**	1,862.37
		45,298.43	50,532.17
TOTAL		**96,718.61**	92,275.80
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	**38,752.78**	35,520.68
(ii) Intangible Assets	12	**196.06**	199.00
(iii) Capital Work-In-Progress	13	**6,155.29**	6,562.15
(iv) Intangible Under Development	13A	**1.39**	3.12
(b) Goodwill on Consolidation		**16.66**	16.69
(c) Non-Current Investments	14	**566.79**	4,066.79
(d) Long-Term Loans and Advances	15	**1,661.75**	1,601.11
(e) Other Non-Current Assets	16	**229.23**	157.68
		47,579.95	48,127.22
(2) Current Assets			
(a) Current Investments	17	**5,124.04**	2,360.86
(b) Inventories	18	**24,895.48**	20,733.41
(c) Trade Receivables	19	**6,302.17**	5,614.10
(d) Cash and Bank Balances	20	**2,178.90**	864.71
(e) Short-Term Loans and Advances	21	**10,274.25**	14,209.23
(f) Other Current Assets	22	**363.82**	366.27
		49,138.66	44,148.58
TOTAL		**96,718.61**	92,275.80
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

NISHI VASUDEVA
Chairman & Managing Director

K V Rao
Director-Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 28th May, 2014
Place : New Delhi

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

NARESH KUMAR KATARIA
Partner
Membership No. 037825

For CVK & ASSOCIATES
Chartered Accountants
Firm No. 101745W

A K PRADHAN
Partner
Membership No. 032156

Consolidated Statement of Profit and Loss for the year ending 31st March, 2014

₹ / Crores

	Notes	2013-14	2012-13
Revenue from operations			
(a) Gross Sale of products	23A	**245,497.94**	225,936.82
Less : Excise duty		**11,633.80**	10,043.18
(b) Net Sale of Products		**233,864.14**	215,893.64
(c) Sale of services		**56.92**	47.55
(d) Other operating revenues	23B	**238.38**	203.90
(e) Other income	23C	**1,432.08**	1,064.52
Total revenue (b+c+d+e)		**235,591.52**	217,209.61
Expenses:			
Cost of materials consumed		**94,495.34**	78,070.39
Purchases of stock-in-trade		**122,728.54**	122,433.88
Packages consumed		**235.47**	201.33
Excise duty on inventory differential		**104.14**	(209.72)
Transhipping expenses		**4,701.93**	3,800.93
Changes in inventories of finished goods work-in-progress and stock-in-trade	24	**(1,279.47)**	(165.17)
Employee benefit expenses	25	**2,197.13**	2,620.17
Exploration Expenses		**210.67**	62.31
Finance costs	26	**2,392.94**	1,773.27
Depreciation and amortization expense		**3,010.69**	2,364.66
Other expenses	27	**5,419.77**	5,763.09
Total expenses		**234,217.15**	216,715.14
Profit before Prior Period Items, exceptional and extraordinary items and tax		**1,374.36**	494.47
Prior period expenses / (incomes)	28	**72.73**	(112.11)
Profit before Exceptional, extraordinary items and tax		**1,301.63**	606.58
Exceptional items - expense / (income)	38	**(23.40)**	(275.14)
Profit before Tax		**1,325.03**	881.72
Tax expense: (refer Note No. 31)			
Current tax		**793.05**	276.57
MAT Credit Entitlements		**(3.26)**	(61.39)
Deferred tax		**(563.94)**	226.53
Provision for tax for earlier year written off/provided for / (written off)		**19.56**	(60.48)
Total Tax Expense		**245.41**	381.23
Profit after tax but before share of results of minority interest		**1,079.62**	500.49
Less : Share of minority in profit / (loss)		**(0.75)**	(0.81)
Profit for the Period for the Group		**1,080.37**	501.30
Earnings Per Equity Share: (Basic and Diluted) (in ₹)		**31.90**	14.80
(2013-14 : EPS = Net Profit ₹ 1,080.37 Crores/Weighted Avg. no of shares - 33.863 Crores)			
(2012-13 : EPS = Net Profit ₹ 501.30 Crores/Weighted Avg. no of shares - 33.863 Crores)			
(Total revenue includes ₹ 11,723.96 Crores (2012-13 : ₹ 9,638.51 Crores) towards share of jointly controlled entities)			
(Total expense includes ₹ 34,846.35 Crores (2012-13 : ₹ 15,809.18 Crores) towards share of jointly controlled entities)			
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

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Chairman & Managing Director

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Partner
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Chartered Accountants
Firm No. 101745W

A K PRADHAN
Partner
Membership No. 032156

Consolidated Cash Flow Statement for the Year Ended 31st March, 2014

₹ / Crores

		2013-14	2012-13
A. Cash Flow from Operating Activities			
Net Profit before Tax & Extraordinary items		**1,325.03**	881.72
Adjustments for :			
Depreciation / amortisation		**3,010.69**	2,364.66
Depreciation (prior period)		**(0.21)**	(49.10)
Profit on sale of Current investment		**(5.74)**	-
Amortisation of foreign currency monetary item translation difference account		**(9.47)**	2.00
Utilisation of securities premium towards amortisation of premium on Redemption on debentures		**(30.72)**	(19.97)
Loss on sale/write off of fixed assets/ CWIP		**17.57**	12.93
Amortisation of capital grant		**(0.16)**	(0.14)
Spares written off		**0.18**	0.60
Provision for diminution in investments		**736.83**	(181.79)
Borrowing costs		**2,392.94**	1,773.27
Gain on settlement of deferred sales tax loan		**(394.56)**	-
Provision for doubtful debts & receivable		**15.88**	49.13
Interest income		**(559.85)**	(555.80)
Share of profit from PII		**(0.56)**	(0.61)
Dividend income received		**(52.18)**	(43.95)
Loss on sale of current investments		**-**	33.58
Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}		**6,445.67**	4,266.53
(Increase) / Decrease in Assets and Liabilities			
Trade Receivables		**(703.96)**	(1,607.00)
Other Receivables		**3,657.60**	(3,547.08)
Inventories		**(4,162.25)**	2,251.94
Trade and Other Payables		**1,710.11**	515.04
Sub Total - (ii)		**501.50**	(2,387.10)
Cash Generated from Operations (i)+(ii)		**6,947.17**	1,879.43
Direct taxes / FBT refund / (paid) (net)		**(433.06)**	(164.40)
Net Cash Flow From Operating Activities	**(A)**	**6,514.11**	1,715.03
B. Cash Flow From Investing Activities			
Purchase of fixed assets (including CWIP / excluding interest capitalised)		**(5,982.47)**	(7,242.06)
Sale of fixed assets		**38.28**	777.68
Purchase of investment (including share application money pending allotment/ advance towards equity)		**185.54**	(74.23)
Proceeds from Sale of Oil bonds		**-**	679.04
Interest received		**548.44**	561.00
Dividend received		**52.18**	43.95
Net Cash Flow from Investing Activities	**(B)**	**(5,158.03)**	(5,254.62)

Consolidated Cash Flow Statement for the Year Ended 31st March, 2014

₹ / Crores

		2013-14	2012-13
C. Cash Flow from Financing Activities			
Share Application Money Received / (Paid)		**(232.89)**	100.99
Loans Raised		**2,268.51**	4,612.68
Premium on issue of Shares on Preferential basis		**-**	4.44
Interest paid on Loans		**(2,474.61)**	(1,800.24)
Dividend paid (including Dividend Distribution Tax)		**(337.93)**	(340.62)
Net Cash Flow from Financing Activities	**(C)**	**(776.92)**	2,577.25
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(A+B+C)**	**579.16**	(962.34)
CASH & CASH EQUIVALENTS AS AT 1ST APRIL (OPENING)			
Cash / Cheques on Hand		**12.11**	11.44
Balances with Scheduled Banks			
On Current Accounts		**161.05**	231.63
Others		**553.69**	490.88
Balances with Other Banks		**0.06**	0.06
		726.91	734.01
Overdrafts from Banks		**(1,381.18)**	(425.94)
		(654.27)	308.07
CASH & CASH EQUIVALENTS AS AT 31ST MARCH (CLOSING)			
Cash / Cheques on Hand		**13.16**	12.11
Balances with Scheduled Banks			
On Current Accounts		**69.92**	161.05
Others		**1,781.79**	553.69
Balances with other Banks		**-**	0.06
		1,864.87	726.91
Overdrafts from Banks		**(1,939.98)**	(1,381.18)
		(75.11)	(654.27)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**579.16**	(962.34)

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

FOR AND ON BEHALF OF THE BOARD

NISHI VASUDEVA
Chairman & Managing Director

K V Rao
Director-Finance

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 28th May, 2014
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For B K KHARE & CO.
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Partner
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For CVK & ASSOCIATES
Chartered Accountants
Firm No. 101745W

A K PRADHAN
Partner
Membership No. 032156

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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 read with the General circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of the Companies Act, 2013. 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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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 2014, which are as under;

Name of the Company	Country of Incorporation	HPCL's Ownership Interest	
		31.03.2014	31.03.2013
(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)***	India	**100.00%**	100.00%
HPCL Rajasthan Refinery Ltd. (HRRL) (w.e.f. 25th March, 2014)	India	**74.00%**	-
(ii) Joint Ventures			
HPCL - Mittal Energy Ltd. (HMEL)***	India	**48.94%**	48.82%
Hindustan Colas Ltd. (HINCOL)	India	**50.00%**	50.00%
South Asia LPG Co. Pvt. Ltd. (SALPG)	India	**50.00%**	50.00%
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	**11.00%**	9.38%
GSPL India Transco Ltd. (GITL) (w.e.f 4th July, 2012)	India	**11.00%**	8.73%
HPCL Shapoorji Energy Ltd. (HSEL) (w.e.f. 27th March, 2014)	India	**50.00%**	-

** 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.

*** Consolidated Financial Statements are considered.

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

Manglore Refinery and Petrochemical 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%). Prize Petroleum Company limited has wholly owned subsidiary namely Prize Petroleum PTE Limited (w.e.f 23/01/2014). Consolidated Financial Statements of both these entities are considered for the purpose of consolidation.

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 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.

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 to the extent regarded as an adjustment to interest cost.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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 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.

However, foreign exchange differences on long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of loan.

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.

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).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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. Claims, including subsidy on LPG, HSD and SKO, from Government of India are booked on in principle acceptance thereof on the basis of available instructions / clarifications.

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

e. Income from sale of scrap is accounted for on realisation.

f. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

2.15 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.

2.16 Contingent Liabilities and Capital Commitments

a. Contingent Liabilities are disclosed in respect of:

    a. A possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or

    b. A present obligation where it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligations or a reliable estimate of the amount of obligation cannot be made.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

b. Contingent Liabilities are considered only for items exceeding ₹ 5 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.

2.17 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.

Significant Accounting Policies in respect of Joint Ventures & Subsidiary Companies –

HMEL

1) Derivative instruments

In accordance with the Institute of Chartered Accountants of India (ICAI) announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the statement of profit and loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

2) Premium on Redemption / Discount on issue of Debentures

Premium on redemption / discount on issue of debentures, net of tax impact, which is not eligible for capitalization, is first adjusted against the securities premium account to the extent it is available and the balance is charged to the statement of profit and loss.

PPCL

1) Pre-producing Properties:

a. All acquisition costs, exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalized as Exploratory Wells under Pre-producing Properties till the time these are either transferred to Producing Properties on completion of commencement of commercial production or expensed in the year when determined to be dry or of no further use, as the case may be.

b. All costs relating to development wells are initially capitalized as development Wells under Pre-producing Properties and transferred to producing properties on completion of commencement of commercial production.

c. In respect of the wells pending completion of commencement of commercial production, all the expenses incurred net of the billing raised on test production supplied are classified as Pre-producing Properties.

2) Producing Properties:

Producing properties are created in respect of fields/blocks having proved developed Oil and Gas reserves, when the well in the fields/blocks is ready to commence commercial production.

Cost of successful exploratory wells, development wells, related equipments, facilities, hydrocarbon rights, concessions and applicable acquisition costs are capitalized and reflected as producing properties

3) Depletion of Producing Properties:

a. Producing properties including acquisition cost are depleted using the "Unit of Production method" (UOP) based on the related Proved Developed Reserves in accordance with guidance note on "Accounting for Oil & Gas producing activities".

b. Interest capitalized on producing properties including acquisition cost, as required under AS-16 (borrowing cost), are also depleted using the Unit of Production Method.

c. Proved and Developed Reserves of Oil and Gas are being technically assessed regularly and are finally reviewed and estimated at the end of each year in house by following International practices.

4) Abandonment Cost:

a. The estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities of fields/blocks are recognized as cost based on the technical assessment available.

b. The abandonment cost on exploratory dry well is charged as expense when incurred.

The actual cost incurred on abandonment is adjusted against the liability and the ultimate gain or loss is recognized in the Statement of Profit and Loss, when the designated filed/ block ceases to produce.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
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 each shareholder holding more than 5% shares in the Company

	31.03.2014		31.03.2013	
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	**9.85**	**33,359,022**	9.84	33,332,314

(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.

	31.03.2014	31.03.2013
4. RESERVES AND SURPLUS		
A. Capital Reserve		
As per last Balance Sheet	**0.08**	0.08
(Includes ₹ 0.08 Crores (2012-13 : ₹ 0.08 Crores) towards share of jointly controlled entities)		
B. Capital Redemption Reserve		
As per last Balance Sheet	**1.56**	0.78
Add: Transfer from the Statement of Profit and Loss	**-**	0.78
	1.56	1.56
(Includes ₹ 1.56 Crores (2012-13 : ₹ 1.56 Crores) towards share of jointly controlled entities)		
C. Share Premium Account		
As per last Balance Sheet	**1,082.93**	1,098.46
Add: Additions during the year	**-**	4.44
Less: Utilisation during the year*	**30.72**	19.97
	1,052.21	1,082.93
(Includes ₹ 40.12 Crores (2012-13 : ₹ 39.78 Crores) towards share of jointly controlled entities)		
* Represents Utilisation towards Amortisation of Premium on Redemption on Debentures pertaining to HMEL.		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

		31.03.2014	31.03.2013
		₹ / Crores	
D.	**Debenture Redemption Reserve**		
	As per last Balance Sheet	**407.03**	438.70
	Add: Transfer from the Statement of Profit & Loss	**137.77**	227.52
	Less: Transfer to the Statement of Profit & Loss	**269.25**	259.19
		275.55	407.03
	(Includes ₹ Nil Crores (2012-13: ₹ Nil Crores) towards share of jointly controlled entities)		
E.	**Capital Grant**		
	As per last Balance Sheet	**3.66**	3.80
	Less: Amortised during the year	**0.16**	0.14
		3.50	3.66
	(Includes ₹ Nil Crores (2012-13 : ₹ Nil Crores) towards share of jointly controlled entities)		
F.	**Market Development Reserve**		
	As per last Balance Sheet	**1.40**	1.40
	(Includes ₹ 1.40 Crores (2012-13 : ₹ 1.40 Crores) towards share of jointly controlled entities)		
G.	**General Reserve**		
	As per last Balance Sheet	**1,762.07**	1,566.18
	Add: Adjustment for dividend	**35.86**	62.98
	Add: Additions during the year	**0.26**	40.72
	Add: Transfer from Statement of Profit & Loss	**175.81**	92.19
		1,974.00	1,762.07
	(Includes ₹ 58.66 Crores (2012-13 : ₹ 43.50 Crores) towards share of jointly controlled entities)		
H.	**Foreign currency monetary item translation difference account (Refer Note No. 32)**		
	As per last Balance Sheet	**(4.66)**	-
	Addition during the year	**175.65**	(6.66)
	Less: Amortised during the year	**9.47**	(2.00)
		161.52	(4.66)
	(Includes ₹ Nil Crores (2012-13 : ₹ Nil Crores) towards share of jointly controlled entities)		
I.	**Surplus**		
	As per last Balance Sheet	**9,765.49**	9,659.78
	Add: Profit during the year	**1,080.37**	501.30
	Profit Available for appropriation	**10,845.86**	10,161.08
	Less : Profit appropriated to debenture redemption reserve	**137.77**	227.52
	Add : Transfer from debenture redemption reserve to surplus	**269.25**	259.19
	Less : Profit appropriated to capital redemption reserve	**-**	0.78
	Less : Profit appropriated to general reserve	**175.81**	92.19
	Less : Profit appropriated to proposed dividend (Dividend per share ₹ 15.50 (2012 - 13 ₹ 8.50 per share))	**524.87**	287.83
	Less : Profit appropriated to tax on distributed profits	**86.76**	46.46
		10,189.90	9,765.49
		13,659.72	13,019.56

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
5. LONG TERM BORROWINGS		
Secured		
Debentures / Bonds		
8.75% Non-Convertible Debentures	**545.00**	545.00
8.77% Non-Convertible Debentures	**975.00**	975.00
4% Non-Convertible Debentures of ₹ 0.10 Crores each fully paid (Series-I)	**97.88**	97.63
4% Non-Convertible Debentures of ₹ 0.30 Crores each fully paid	**499.18**	497.92
4% Non-Convertible Debentures of ₹ 0.30 Crores each fully paid (Series-II)	**623.98**	622.40
Zero coupon bonds issued to bankers under Corporate Debt Restructuring Scheme	**0.36**	2.73
Term Loans		
From Banks		
Canara Bank	**11.53**	17.15
Corporation Bank	**6.93**	10.29
Union Bank of India	**262.70**	308.80
Bank of Baroda	**14.90**	10.31
Other Banks	**3,298.89**	2,316.22
Foreign Currency Loan	**4,252.84**	3,180.97
From Others		
Rupee Loans from Financial Institutions	**-**	126.30
	10,589.19	8,710.72
(Includes ₹ 8,806.49 Crores (2012-13 : ₹ 6,881.92 Crores) towards share of jointly controlled entities)		
Unsecured		
From Banks		
Syndicated Loans from Foreign Banks (repayable in foreign currency)	**7,796.38**	7,063.42
Syndicated Working Capital Loans from Foreign Banks (repayable in foreign currency)	**5,992.00**	-
Rupee loan from banks	**244.70**	440.32
From others		
0% Non Convertible Debentures of ₹ 0.10 Crores each fully paid	**200.19**	-
Term Loan from Oil Industry Development Board	**598.64**	678.19
Rupee loan from Others	**4.89**	-
Deferred payment liabilities (Deferred sales tax loan)	**48.93**	187.82
Other Loans and advances	**668.51**	539.53
	15,554.24	8,909.28
(Includes ₹ 1,519.36 Crores (2012-13 : ₹ 1,482.09 Crores) towards share of jointly controlled entities)		
	26,143.43	17,620.00

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
6. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Assets		
Provision for Employee Benefits	**224.70**	386.21
Others (Note No. 43 (a) (ii))	**1,964.22**	349.21
Total (A)	**2,188.92**	735.42
Deferred Tax Liabilities		
Depreciation	**5,111.30**	4,063.39
Others	**419.75**	405.97
Total (B)	**5,531.05**	4,469.36
Total Deferred Tax Liability (net) (B - A) (refer Note No. 31)	**3,342.13**	3,733.94
(Includes deferred tax assets ₹ 564.99 Crores (2012-13 : deferred tax liability ₹ 146.14 Crores) towards share of jointly controlled entities)		
7 A. OTHER LONG TERM LIABILITIES		
Trade Payables	**2.32**	7.52
Others		
Deposits from Dealers / Suppliers / Consumers	**7,173.96**	6,143.67
Other Deposits	**3.02**	6.54
Accrued Charges / Credits	**0.04**	0.15
Other Liabilities (including retention money)	**154.49**	129.42
	7,333.83	6,287.30
(Includes ₹ 126.16 Crores (2012-13 : ₹ 76.27 Crores) towards share of jointly controlled entities)		
7 B. LONG TERM PROVISIONS		
Provision for Employee Benefits	**597.17**	507.88
Other Provisions	**-**	0.33
	597.17	508.21
(Includes ₹ 9.09 Crores (2012-13 : ₹ 8.91 Crores) towards share of jointly controlled entities)		
8. SHORT TERM BORROWINGS		
Loans repayable on demand		
Secured Loans		
Collateral Borrowing and Lending Obligation (CBLO)	**825.00**	975.00
Short Term Loans From Banks (Repayable in Foreign Currency)	**4,186.22**	1,485.76
EXIM Bank	**91.08**	-
Working Capital Loans from Banks	**7.99**	2.69
Overdrafts from Banks	**1,939.98**	1,381.18
	7,050.27	3,844.63
(Includes ₹ 4,194.62 Crores (2012-13 : ₹ 1,488.45 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
Unsecured		
Others Loans and advances	**41.04**	18.75
Short Term Loans from Banks (repayable in foreign currency)	**13,471.09**	20,219.63
Rupee Loans from Banks	**-**	40.22
Clean Loans from Banks	**-**	1,449.00
Commercial Papers	**600.00**	-
	14,112.13	21,727.60
(Includes ₹ 457.23 Crores (2012-13 : ₹ 571.33 Crores) towards share of jointly controlled entities)		
	21,162.40	25,572.23
9. TRADE PAYABLES		
Trade Payables	**14,749.39**	14,359.20
	14,749.39	14,359.20
(Includes ₹ 4,930.16 Crores (2012-13 : ₹ 4,083.12 Crores) towards share of jointly controlled entities)		
10A. OTHER CURRENT LIABILITIES		
Current Maturity of Long Term Debts	**687.95**	2,544.45
Interest Accrued but not Due on Loans	**113.30**	196.98
Interest Accrued and Due on Loans	**4.10**	2.09
Unpaid Matured Fixed Deposits	**0.02**	0.02
Other Payables		
Other Deposits	**146.41**	130.38
Accrued Charges / Credits	**60.76**	46.52
Preference Share Capital redeemed remaining unclaimed / unencashed	**0.01**	0.01
Unclaimed Dividend	**4.92**	5.11
Outstanding dues of Micro, Small and Medium Enterprises	**12.41**	8.06
Other Liabilities*	**6,581.50**	5,804.75
	7,611.38	8,738.37

(Includes ₹ 919.72 Crores (2012-13 : ₹ 1725.92 Crores) towards share of jointly controlled entities)

* Includes mainly for HPCL - Statutory Liabilities of ₹ 2,518.81 Crores (2012 - 13: ₹ 2,062.46 Crores), Liabilities towards Forward Exchange Contracts of ₹ 386.40 Crores (2012 - 13: ₹ 653.96 Crores), Liabilities relating to retention money payable to Suppliers within one year, Supplies / Project related payables, etc. ₹ 2,821.93 Crores (2012 - 13: ₹ 2,352.81 Crores).

	31.03.2014	31.03.2013
10B. SHORT TERM PROVISIONS		
Other Employee Benefits	**849.15**	1,467.78
Others		
Provision for Tax (net of advance tax)	**262.41**	1.56
Provision for proposed dividend	**524.87**	287.83
Fringe Benefit Tax	**0.16**	0.16
Tax on Distributed Profits	**91.86**	49.91
Other Provisions	**46.81**	55.13
	1,775.26	1,862.37
(Includes ₹ 56.20 Crores (2012-13 : ₹ 61.77 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

11. TANGIBLE ASSETS

₹ / Crores

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
		As at 1st Apr, 2013	Additions/ Reclassifi-cations	Deductions/ Reclassifi-cations	As at 31st Mar, 2014	As at 1st Apr, 2013	For the Year	Deduc-tions	As at 31st Mar, 2014	As at 31st Mar, 2014	As at 31st Mar, 2013
1	Land -Freehold	716.70	80.76	0.02	797.44	-	-	-	-	797.44	716.70
2	Buildings	3,957.64	429.56	22.36	4,364.84	429.30	81.87	0.73	510.44	3,854.41	3,528.34
3	Plant & Equipment	42,630.59	5,205.91	103.44	47,733.06	14,440.89	2,724.92	77.02	17,088.79	30,644.26	28,189.69
4	Furniture & Fixtures	165.54	19.89	1.87	183.56	72.37	9.36	1.05	80.68	102.88	93.17
5	Transport Equipment	187.65	8.25	4.25	191.56	104.16	16.03	3.55	116.64	74.92	83.49
6	Office Equipment	620.36	73.56	19.38	674.54	235.73	53.31	15.05	273.99	400.55	384.64
7	Roads and Culverts	2,171.70	287.51	0.20	2,459.01	196.16	38.99	0.05	235.10	2,223.91	1,975.54
8	Leasehold Property - Land	520.49	8.51	0.06	528.94	92.00	14.86	-0.25	107.11	421.83	428.49
9	Railway Siding & Rolling Stock	318.39	136.59	-	454.98	199.14	23.61	0.35	222.40	232.58	119.25
10	Unallocated Capital Expenditure on Land Development	0.20	-	-	0.20	0.20	-	-	0.20	-	-
11	Assets held for Disposal	1.48	-	1.48	-	0.11	-	0.11	-	-	1.37
	Grand Total	**51,290.74**	**6,250.54**	**153.06**	**57,388.13**	**15,770.06**	**2,962.95**	**97.66**	**18,635.35**	**38,752.78**	**35,520.68**
	(Includes share of jointly controlled entities)	13,841.03	626.60	7.90	14,460.11	1,111.45	765.66	6.87	1,870.24	12,589.87	12,729.58
	Previous Year	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	31702.41

12. INTANGIBLE ASSETS

₹ / Crores

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
		As at 1st Apr, 2013	Additions/ Reclassifi-cations	Deductions/ Reclassifi-cations	As at 31st Mar, 2014	As at 1st Apr, 2013	For the Year	Deduc-tions	As at 31st Mar, 2014	As at 31st Mar, 2014	As at 31st Mar, 2013
1	Right of Way	49.29	8.81	-	58.10	1.77	1.66	-	3.43	54.67	47.52
2	Technical / Process Licenses	63.00	19.72	-	82.72	27.80	9.23	-	37.03	45.69	35.20
3	Software	241.85	8.77	0.01	250.61	141.28	29.18	0.00	170.45	80.16	100.57
4	Share of Intangible Assets in JVs :										
	ONGC Marginal Fields (PI - 50%)	9.86	-	-	9.86	0.81	0.14	-	0.95	8.90	9.05
	Project Sanganpur (PI - 50%)	6.75	-	-	6.75	0.09	0.01	-	0.10	6.65	6.66
	Grand Total	**370.75**	**37.30**	**0.01**	**408.04**	**171.75**	**40.22**	**0.00**	**211.97**	**196.06**	**199.00**
	(Includes share of jointly controlled entities)	15.28	6.07	-	21.35	6.61	17.07	-	23.68	-2.33	8.67
	Previous Year	277.21	95.64	2.10	370.75	138.17	35.23	1.66	171.75	199.00	139.03

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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 ₹ 73.30 Crores (2012-2013: ₹ 73.34 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 (2012-2013 : ₹ 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. Depreciation for the year includes reversal of excess depreciation on building in earlier years of NIL (2012-13: ₹ 60.85 crores) on account of re-classification of various assets under Factory Building, Non-Factory Building and Fences, ₹ (0.14) (2012-13: ₹ 14.36 crores) on Plant and Machinery on account of other adjustments and reversal of excess depreciation charged in earlier years of NIL (2012-13: ₹ 3.94 crores) on Leasehold Land. These have been disclosed under the head "Depreciation" in note # 28 as Prior period expenses/ (income).

d. Cost of Right of Way is amortised over a period of 99 years which has resulted in amortization during the year of ₹ 0.47 crores; prior period NIL (2012-13: ₹ 1.77 crores including ₹ 1.33 crores pertaining to Prior Period).

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

Description	Original Cost (₹ / Crores) (31.03.2014)	Original Cost (₹ / Crores) (31.03.2013)
Roads & culverts	0.13	0.14
Buildings	1.62	1.64
Plant & Equipment	2.81	2.82
Total	**4.56**	**4.60**

2. MRPL

1. Leasehold property – Land includes ₹ 24.97 Crores (2012-13: ₹ 25.37 Crores) which has not been amortised in view of the fact that eventually the ownership will get transferred to the Company on expiry of the lease period. Net Block ₹ 0.78 Crores (2021-13: ₹ 1.15 Crores).
2. Leasehold property – Land includes land value ₹ 3.66 crores (2012-13: ₹ 4.03 Crores), which is in possession of the company towards which formal lease deeds are yet to be executed. Net Block ₹ 3.66 Crores (2012-13: ₹ 4.03 Crores)
3. Plant and Equipment ₹ 78.30 Crores (2012-13: ₹ 78.30 Crores) being MRPL's share of an asset jointly owned with another Company. Net Block ₹ 3.80 crores (2012-13 ₹ 7.94 Crores).

3. HMEL

Details of Expenditure during construction period which are capitalized is given below:

₹ / Crores

	2013-2014	2012-2013
Cost of raw materials consumed	-	1,33,464
Increase in Inventories	-	(16,345)
Employee benefit expense		
Salaries and wages	-	743
Contribution to provident fund	-	45
Gratuity expenses	-	7
Compensated absences	-	15
Staff welfare expenses	-	85

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	2013-2014	2012-2013
Other expenses		
Consumption of chemicals, stores and spares	-	643
Power and fuel purchased	-	1,168
Repair and maintenance		
Plant and machinery	-	947
Buildings	-	31
Others	-	56
Professional and consultancy fees	-	22
Outsourced services	-	216
Rent	-	52
Insurance	-	239
Travel and conveyance	-	111
Freight outward	-	532
Excise duty reversal on exempted finished goods	-	171
Increase of excise duty on inventories	-	245
Miscellaneous expenses	-	196
Interest	-	8,751
Premium on redemption of debentures	-	233
Loan facility and management fees	-	180
Bank charges	-	170
Interest rate swap	-	260
Exchange differences to the extent considered as an adjustment to borrowing cost	-	2,575
Total (a)	-	1,34,812
Less:		
Revenue from operations		
Sale of finished goods	-	1,14,426
Less: excise duty	-	(9,070)
Other income		
Interest income on Bank deposits	-	154
Other non-operating income	-	164
Total (b)	-	1,05,674
Add: Net expenditure relating to previous year capitalised during the year	-	4,648
Add: Current income tax on income of previous year included above	-	20
	-	33,806
Less: Transferred to gross block of fixed assets (c)	-	(33,806)
Net Balance carried as capital work in progress (a) – (b) – (c)	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

		31.03.2014	31.03.2013
13.	**CAPITAL WORK-IN-PROGRESS**		
	Unallocated Capital Expenditure and Materials at Site	**5,247.92**	5,766.57
	Capital Stores Lying with Contractors	**150.39**	126.27
	Capital Goods in Transit	**25.46**	0.39
		5,423.77	5,893.23
	Construction Period Expenses Pending Apportionment (Net of Recovery)		
	Establishment Charges	**145.41**	149.73
	Borrowing Costs	**586.11**	518.18
	Depreciation	**-**	0.02
	Other Expenses Incurred during Construction	**-**	0.99
		731.52	668.92
		6,155.29	6,562.15
	(Includes ₹ 1,535.72 Crores (2012-13 : ₹ 1,365.91 Crores) towards share of jointly controlled entities)		
13A.	**INTANGIBLE UNDER DEVELOPMENT***		
	ONGC Onshore Marginal Fields	**1.36**	1.36
	SR-ONN-2004-01 (South Rewa Block)	**0.03**	1.76
		1.39	3.12
	* Pertains to wholly owned subsidiary Prize Petroleum Company Limited (PPCL).		
14.	**NON CURRENT INVESTMENTS**		
	Trade Investments		
	Quoted		
	Investment in Equity		
	Oil India Ltd.		
	1,33,75,275 (2012 - 13 : 1,33,75,275) 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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
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)	**566.77**	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	**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	**0.00**	0.00
Less: Provision for loss on Investments - NIL	**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		
100 Equity Shares of ₹ 100 each fully paid up	**0.00**	0.00
(B)	**0.02**	0.02
(A + B)	**566.79**	4,066.79

(Includes ₹ Nil Crores (2012-13 : ₹ Nil Crores) towards share of jointly controlled entities)

* ₹ 2,750 Crores bonds pledged with Clearing Corporation of India Limited against CBLO Loan. Also refer note # 36

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
15. LONG TERM LOANS AND ADVANCES		
Secured, Considered Good		
Employee Loans and Advances	**231.13**	241.77
Interest Accrued Thereon	**173.88**	169.42
Capital Advances	**2.18**	1.35
Unsecured, Considered Good		
Capital Advances	**201.01**	67.88
Other Loans and Advances		
Advances Recoverable in Cash or in Kind or For Value to be Received	**9.16**	9.66
Balances with Excise, Customs, Port Trust etc.	**34.00**	68.49
Other Deposits	**183.52**	85.69
Prepaid Expenses	**16.02**	11.44
MAT Credit	**568.44**	407.18
Share Application Money Pending Allotment	**3.73**	13.91
Advance Towards Equity	**62.48**	237.81
Advances Given to Others	**12.00**	12.00
Advance Tax (Net of Provisions)	**-**	111.43
Other Receivables*	**164.20**	163.08
	1,661.75	1,601.11
Unsecured, Considered Doubtful		
Other Receivables and Deposits	**0.06**	0.07
Less: Provision for Doubtful Receivables and Deposits	**0.06**	0.07
	-	-
	1,661.75	1,601.11

(Includes ₹ 107.96 Crores (2012-13 : ₹ 148.44 Crores) towards share of jointly controlled entities)

*Includes Working Capital Loans to customers ₹ 45.04 Crores (2012 - 2013 : ₹ 52.65 Crores) and Statutory Receivables of ₹ 109.02 Crores (2012 - 2013 : ₹ 109.02 Crores)

	31.03.2014	31.03.2013
16. OTHER NON CURRENT ASSETS		
Unamortized Expenses (including Ancillary Cost)	**168.35**	132.20
Others	**60.88**	25.48
	229.23	157.68

(Includes ₹ 82.41 Crores (2012-13 : ₹ 61.58 Crores) towards share of jointly controlled entities)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
17. CURRENT INVESTMENTS		
Quoted		
Investment in Government Securities		
(i) 7.61% Oil Marketing Companies' GOI Special Bonds, 2015	**5.07**	5.10
(ii) 6.90% Oil Marketing Companies' GOI Special Bonds, 2026 (refer note # 36)*	**2,938.79**	23.64
(iii) 8.00% Oil Marketing Companies' GOI Special Bonds, 2026	**22.26**	24.02
(iv) 8.20% Oil Marketing Companies' GOI Special Bonds, 2024	**115.25**	123.49
(v) 6.35% Oil Marketing Companies' GOI Special Bonds 2024	**2,042.67**	2,184.61
	5,124.04	2,360.86
(Includes ₹ Nil Crores (2012-13 : ₹ Nil Crores) towards share of jointly controlled entities)		

₹ / Crores

	31.03.2014		31.03.2013	
Disclosure towards Cost / Market Value	**Market Value**	**Cost**	Market Value	Cost
Aggregate of quoted investments	**5,124.04**	**6,211.71**	2,360.86	2,711.71
Aggregate provision made for diminution in value of current Investments	**1087.68**		350.85	

*₹ 2,750 Crores bonds pledged with Clearing Corporation of India Limited against CBLO Loan. Also refer note # 36.

₹ / Crores

	31.03.2014	31.03.2013
18. INVENTORIES		
(As per Inventory taken, valued and certified by the Management)		
Raw Materials [including in transit ₹ 1,826.83 Crores (2012-13 : ₹ 1,265.38 Crores)]	**7,840.09**	5,062.82
Work - In - Progress	**2,474.34**	2,229.42
Finished Goods	**8,960.97**	8,249.68
Stock - In - Trade [including in transit ₹ 158.06 Crores (2012-13 : ₹ 182.44 Crores)]	**4,958.74**	4,635.48
Stores and Spares [including in transit ₹ 44.30 Crores (2012-13 : ₹ 13.36 Crores)]	**648.18**	541.22
Packages	**13.16**	14.79
	24,895.48	20,733.41
(Includes ₹ 6,005.68 Crores (2012-13 : ₹ 4,192.63 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	**59.93**	43.45
Considered Doubtful	**147.09**	132.47
Less: Provision for Doubtful Debts	**147.09**	132.47
	59.93	43.46

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
Others		
Secured Considered Good	**12.71**	8.39
Unsecured Considered Good	**6,229.53**	5,562.25
Considered Doubtful	**2.04**	0.83
Less: Provision for Doubtful Debts	**2.04**	0.83
	6,242.24	5,570.64
	6,302.17	5,614.10
(Includes ₹ 882.37 Crores (2012-13 : ₹ 700.63 Crores) towards share of jointly controlled entities)		
20. CASH AND BANK BALANCES		
Cash and Cash Equivalent		
With Scheduled Banks		
On Current Accounts	**69.92**	161.05
On Non-Operative Current Accounts	**0.01**	0.01
Cheques Awaiting Deposit	**0.48**	0.41
Cash on Hand	**12.68**	11.70
Fixed Deposits with Banks	**1,781.78**	553.74
	1,864.87	726.91
Other Bank Balances		
With Scheduled Banks		
On Fixed Deposit Accounts	**1.03**	1.75
Earmarked for Unclaimed Dividend	**4.92**	5.11
In current account with Municipal Co-operative Bank Ltd.	**-**	0.06
Other Bank Balances & Deposits	**308.08**	130.88
	314.03	137.80
	2,178.90	864.71
(Includes ₹ 2,089.05 Crores (2012-13 : ₹ 703.24 Crores) towards share of jointly controlled entities)		
21. SHORT TERM LOANS AND ADVANCES		
Secured, Considered Good		
Employee Loans and Advances	**113.21**	111.87
Interest Accrued Thereon	**11.10**	4.74
Unsecured, Considered Good		
Loans and Advances to Related Party	**56.74**	56.79
Others		
Advances recoverable in Cash or in Kind or for value to be Received	**66.96**	49.66
Balances with Excise, Customs, Port Trust etc.	**533.69**	518.62
Other Deposits	**74.00**	36.00

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	31.03.2014	31.03.2013
Prepaid Expenses	**49.11**	38.10
Amounts Recoverable Under Subsidy Schemes	**7,087.14**	12,663.94
Advance Tax (Net of Provisions)	**9.39**	2.53
Other Receivables*	**2,272.91**	726.98
	10,274.25	14,209.23
Unsecured, Considered Doubtful		
Other Receivables & Deposits	**4.00**	4.00
Less : Provision for Doubtful Receivables & Deposits	**4.00**	4.00
	-	-
	10,274.25	14,209.23

(Includes ₹ 246.34 Crores (2012-13 : ₹ 236.77 Crores) towards share of jointly controlled entities)

* Includes : ₹ 637.19 Crores (2012-13 : ₹ 535.87 Crores) deposits made with LIC for liability towards Leave Encashment, ₹ 1,411.75 crores (2012-13 : ₹ Nil) recoverable from Government of India towards Direct Benefit Transfer for LPG consumers (DBTL)

22. OTHER CURRENT ASSETS

	31.03.2014	31.03.2013
Interest Accrued on Investments and Term Deposits	**99.71**	88.30
Unamortized Expenses	**92.50**	53.81
Delayed Payment Charges Receivable from Customers	**234.65**	219.78
Less : Provision for Doubtful Receivables	**66.72**	66.72
Others (including Gains on Forward Exchange Contracts)	**3.68**	71.10
	363.82	366.27

(Includes ₹ 33.29 Crores (2012-13 : ₹ 16.62 Crores) towards share of jointly controlled entities)

	2013-2014	2012-2013
23A. GROSS SALES OF PRODUCTS		
Sale of products (Net of Discount of ₹ 1,404.58 Crores (2012-13: ₹1,340.59 Crores))	**229,646.79**	200,310.19
Recovery Under Subsidy Schemes	**15,851.15**	25,626.63
	245,497.94	225,936.82

(Includes ₹ 13,634.17 Crores (2012-13 : ₹ 10,411.08 Crores) towards share of jointly controlled entities)

23B. OTHER OPERATING REVENUES

	2013-2014	2012-2013
Rent Recoveries	**98.18**	90.72
Net Recovery for LPG Filling Charges	**1.27**	2.83
Miscellaneous Income	**138.93**	110.35
	238.38	203.90

(Includes ₹ 4.64 Crores (2012-13 : ₹ 2.06 Crores) towards share of jointly controlled entities)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	2013-2014	2012-2013
23C. OTHER INCOME		
Interest Income on		
Deposits	**82.06**	27.68
Staff Loans	**23.66**	19.20
Customers' Accounts	**109.83**	138.62
Long Term Investments	**-**	241.50
Current investments (refer Note # 36)	**416.59**	207.70
Others	**143.26**	106.60
	775.40	741.30
Dividend Income	**52.18**	43.95
Profit on sale of current investments	**5.74**	-
Profit on sale of fixed assets (net)	**0.01**	-
Share of Profit from Petroleum India International (AOP)	**0.56**	0.61
Gain on settlement of deferred sales tax loan (refer Note # 43)	**394.56**	-
Miscellaneous Income	**203.63**	278.66
	1,432.08	1,064.52
(Includes ₹ 504.01 Crores (2012-13 : ₹ 70.87 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	**2,474.34**	2,229.42
Finished Goods	**8,960.97**	8,249.68
Stock - in - Trade	**4,958.74**	4,635.48
	16,394.05	15,114.58
Opening 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
	(1,279.47)	(165.17)
(Includes ₹ 689.46 Crores (2012-13 : ₹ 1,013.15 Crores) towards share of jointly controlled entities)		
25. EMPLOYEE BENEFIT EXPENSES		
Salaries, Wages, Bonus, etc.	**1,669.98**	1,753.49
Contribution to Provident Fund	**126.29**	140.18
Pension, gratuity and Other Employee Benefits	**150.21**	459.85
Employee Welfare Expenses	**250.65**	266.65
	2,197.13	2,620.17
(Includes ₹ 150.36 Crores (2012-13 : ₹ 79.57 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

₹ / Crores

	2013-2014	2012-2013
26. FINANCE COSTS		
Interest Expenses	**1,372.19**	1,492.99
Other Borrowing Costs	**121.02**	81.22
Applicable net (Gain)/Loss on Foreign Currency Transactions and Translation	**899.73**	199.06
	2,392.94	1,773.27
(Includes ₹ 977.35 Crores (2012-13 : ₹ 312.05 Crores) towards share of jointly controlled entities)		
27. OTHER EXPENSES		
Consumption of Stores, Spares and Chemicals	**299.70**	190.58
Power and Fuel	**2,876.99**	2,709.84
Less : Fuel of Own Production Consumed	**2,688.92**	2,037.57
	188.07	672.27
Repairs and Maintenance - buildings	**39.26**	38.54
Repairs and Maintenance - plant & machinery	**716.40**	644.29
Repairs and Maintenance - other assets	**206.41**	180.06
Insurance	**73.79**	52.39
Rates and taxes	**176.14**	126.26
Irrecoverable taxes and other levies	**427.14**	184.89
Equipment hire charges	**2.36**	7.08
Rent	**222.56**	186.64
Travelling and conveyance	**195.99**	163.45
Printing and stationery	**15.89**	14.90
Electricity and water	**529.34**	458.70
Charities and donations	**23.95**	21.82
Stores & spares written off	**0.18**	0.60
Loss on sale of current investments	**-**	33.58
Provision / (reversal) for diminution in value of current investments (refer Note # 36)	**736.83**	(181.79)
Provision for doubtful receivables (after adjusting provision no longer required)	**0.01**	(0.33)
Provision for doubtful debts (after adjusting provision no longer required)	**15.88**	49.45
Loss on sale / write off of fixed assets/ CWIP (net)	**17.57**	12.93
Security Charges	**113.51**	102.14
Advertisement & Publicity	**131.20**	92.87
Sundry Expenses and Charges (not otherwise Classified)	**505.89**	1,199.83
Consultancy & Technical Services	**50.98**	43.90
Exchange Rate Variations (Net)	**730.72**	1,468.04
	5,419.77	5,763.09
(Includes ₹ 1,010.65 Crores (2012-13 : ₹ 1,225 Crores) towards share of jointly controlled entities)		
Note		
Payment to auditors included in sundry expenses and charges		
Audit Fees	**0.68**	0.66
Other Services	**0.46**	0.40
Reimbursement of Expenses	**0.15**	0.10
	1.29	1.16
(Includes ₹ 0.72 Crores (2012-13 : ₹ 0.70 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

	2013-2014	2012-2013
28. PRIOR PERIOD EXPENSES / (INCOME)		
Expenditure on enabling assets	**5.02**	-
Transhipment Expense	**(6.49)**	-
Interest on Delayed Payment charges	**7.93**	-
Depreciation (refer Note No. 11 & 12)	**(0.21)**	(49.10)
Finance costs (refer Note No. 33)	**(0.94)**	(64.82)
Exchange rate variations (refer Note No. 33)	**65.16**	0.53
Loss on sale of Asset	**0.25**	-
Others	**2.01**	1.28
	72.73	(112.11)
(Includes ₹ 1.83 Crores (2012-13 : ₹ - 0.81 Crores) towards share of jointly controlled entities)		

29. During the current financial year 2013-14, 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) ₹ 1,815.55 crores (2012-13: ₹ 1,587.82 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) ₹ 14,955.22 crores (2012-13: ₹ 9,600.71 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 ₹ 15,215.45 crores (2012-13: ₹ 24,825.28 crores), has been received and the same have been accounted under 'Recovery under Subsidy Schemes.

31. (a) Current Tax includes MAT Credit availment of ₹ 10.68 Crores ₹ (2012-13: Nil).

(b) The recognition of MAT Credit Entitlements of ₹ 568.44 Crore as at March 31, 2014 (₹ 406.85 Crores as at March 31, 2013) is on the basis of convincing evidence that the Corporation will be able to avail the credit during the period specified in section 115JAA of the Act.

(c) Provision for tax for earlier years (written back) / provided of ₹ 19.82 Crores (2012 – 13: written back ₹ 60.62 Crores) represents additional provision of ₹ 192.33 Crores (2012 – 13: ₹ 72.12 Crores) towards deferred tax, recognition of MAT Credit Entitlements of ₹ (169.99 Crores) (2012 – 13: ₹ (24.89 crores)) and reversal of excess provision of ₹ (2.53 Crores) (2012 – 13: ₹ (107.85 Crores)).

(d) Also refer note 43 (a) (ii).

32. 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 2013-14 as per Ministry of Corporate Affairs' Notification.

33. During the previous financial year, the premium on forward exchange contracts entered into to hedge the liability towards Syndicated Loans from Foreign Banks (repayable in foreign currency) had been considered as borrowing costs as per AS 16. Accordingly, an amount of ₹ 64.82 crores had been capitalized and an amount of ₹ 55.90 Crores (net of depreciation) had been disclosed as "Prior Period Expenses/ (Income)".

During the current financial year, based on the opinion of Expert Advisory Committee of ICAI, the Corporation has decapitalized the said premium of ₹ 64.82 Crores and an amount of ₹ 52.42 Crores (net of depreciation) has been disclosed as "Prior Period Expenses/ (Income)".

34. During the financial year 2013-14, Reserve Bank of India had introduced forex swap window for meeting the daily US dollar requirement of public sector oil marketing companies. The net realized gain (including premium paid/ received) of ₹ 147.74 crores on the RBI Swap transactions and the forward contracts taken to hedge the same, which have matured during the financial year 2013-14 have been recognized and accounted for in the books.

The un-matured RBI Swap Transactions (which are in the nature of firm commitments) are mark to market at the year end and resultant unrealized gain of ₹ 192.73 Crores is not recognized on ground of prudence. The forward contracts taken

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

to hedge the un-matured RBI swap transactions and open at year end are also mark to market and the resultant loss of ₹ 168.33 crores is recognized. This treatment is in line with the March 29, 2008 announcement of Institute of Chartered Accountants of India.

35. During the year, there was an instance of fire in Cooling Water Tower Area in Visakh Refinery. The Company has incurred an expenses of ₹ 31.38 Crores towards reconstruction / compensation. Insurance claims are under process and will be recognized on acceptance.

36. During the current year, investments in "6.90% Oil Marketing Companies' GOI Special Bonds 2026" amounting to ₹ 3,500.00 crores have been reclassified from 'Long Term Investments' to 'Current Investments' to improve flexibility in liquidity. Consequently, an amount of ₹ 583.18 crores has been provided in the books of accounts towards diminution in the value for this investment.

37. (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.

38. EXCEPTIONAL ITEMS – EXPENSES / (INCOME)

(Figures for joint ventures are reported at total amounts and not on proportionate basis)

The exceptional items (income) for the year of ₹ 23.40 crores mainly includes as under,

(a) HBL

A provision has been made for difference in the physical verification and book value which shall be appropriately accounted after due approval.

	Books	Physical	Variation (Qty.)	Amount (₹)
Sugar (bags)	4,55,246	4,46,791	(8,455)	(1,54,74,895)
Molasses-Sugar (MT)	13,928	14,035	107	2,00,199
Molasses-Ethanol (MT)	17,323	20,324	3,001	56,27,516
Ethanol (Ltrs.)	52,79,373	52,79,325	(48)	(1,848)
Rectified Spirit (Ltrs.)	10,69,164	10,69,164	-	-
Total Lauriya & Sugauli				**39,94,693**

(b) MRPL

I. The Company has recognised ₹ 11.19 crores as income under exceptional items, arising out of changed pricing terms for curde oil supply, pursuant to signing of Crude Oil Sale Agreement (COSA) with ONGC on 31st July 2013 effective from 1st April, 2010.

II. Pursuant to the order of Tariff Authority for major ports (TAMP) no TAMP/22/2012-NMPT dated 1st April, 2013 notfied in Gazette of India dated 12th April 2013 fixing the wharfage rates for the years 2002-03 to 2008-09, MRPL had recognised ₹ 44.45 crores as receivable from NMPT and the same was considered as income under Exceptional item in the previous year.

(b) HMEL

During the previous year, the Company reassessed the date when the plant began production of commercially feasible quantities of finished goods to 30th December 2012 as against its initial assessment of 23th February 2012. Consequentially, there was an exceptional income of ₹ 54.73 Crores, relating to the period 23th February 2012 to 31st March 2012, in the previous Year representing (i) net expenditure of ₹ 464.8 Crores incurred towards test run activities, and (ii) reversal of depreciation charge of ₹ 82.50 Crores; as the same had been charged off to the statement of profit and loss in the financial year 2011-12.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

39. RELATED PARTY DISCLOSURE

(a) Names and relationship with related parties

Joint venture companies

Mittal Energy Investments Pte 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 Development Pvt. Co. Ltd.
Jai Prakash Associates Ltd.
Valdel Oil & Gas Pvt. Ltd.
Prize Petroleum International Pte. Ltd. Singapore
GAIL (India) Ltd.
COLASIE SA, France
COLAS SA, France
SP Ports Pvt. Ltd.

Key management personnel of the group companies

Smt. Nishi Vasudeva, Chairman and Managing Director (w.e.f 1st Mar, 2014).
Shri S. Roy Choudhury, Chairman and Managing Director (up to 28th Feb, 2014).
Shri B. Mukherjee, Director - Finance (up to 31st May, 2013).
Shri K. V. Rao, Director - Finance (w.e.f. 1st Jun, 2013).
Shri K. Murali, Director - Refineries (up to 30th Jun, 2013).
Shri B K Namdeo, Director - Refineries (w.e.f. 1st Jul, 2013).
Smt. Nishi Vasudeva, Director - Marketing (up to 28th Feb, 2014).
Shri Pushp Kumar Joshi, Director - Human Resources
Shri. P. Dwarkanath, CEO & Director
Shri. Pardeep Madan, Managing Director
Shri. M. Ananth Krishnan, Director - Commercial
Shri Anil Khurana, Managing Director
Shri. Prabh Das, Managing Director & CEO
Shri P. P. Upadhya, Managing Director
Shri Vishnu Agrawal, Director (Finance)
Shri V.G.Joshi, Director (Refinery)
Shri. N. K. Agarwal, Managing Director
Shri. S.Sreenivasulu, Director - Commercial
Shri. M Somasundar, Manager
Shri Vinod Nehete (CEO)
Shri. Mukesh Kumar Surana, Manager & CEO
Shri Tapan Ray, IAS, Chairman
Shri Ravindra Agrawal, Director
Shri N. Bosebabu, Director
Shri Tejbir Singh Sawhney, Manager

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

(b) Details of transactions with related parties

₹ / Crores

Transactions with joint venture companies	2013-14	2012-13
Purchases	**109.83**	92.63
Investment in Equity / Share Application Money Received	**472.18**	497.27
Services Rendered / (Received)	**1.20**	0.83
Outstanding balances as on	**31.03.2014**	31.03.2013
Share Application Money Pending Allotment	**-**	472.20
Trade Payables	**9.96**	11.58
Remuneration paid to Key Management Personnel	**2013-14**	2012-13
Salaries and allowances	**3.64**	3.02
Contribution to provident fund	**0.15**	0.11
Pension and gratuity	**0.33**	0.18
Other benefits	**1.58**	1.28
	5.70	4.59

40. 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	01.04.2013	31.03.2014	Change
Defined Benefit Obligation (DBO)	**1,575.48** *1,369.34*	**1,674.76** *1,575.48*	**99.28** *206.14*
Fair value of Assets	**1,012.63** *949.86*	**1,157.39** *1,012.63*	**144.76** *62.77*
Amount recognized in the Balance Sheet - Liability		**517.37** *562.84*	
Total expenses recognized in Statement of Profit & Loss		**79.54** *188.89*	

Previous year's figures are given in italics.

₹ / Crores

	2013-14	2012-13
41. CONTINGENT LIABILITIES AND COMMITMENTS		
(a) Contingent Liabilities		
(i) Claims against the Group not acknowledged as debts	**487.93**	607.30
(ii) Guarantees		
Given to others	**81.65**	56.94
Given on behalf of Subsidiaries / Joint Ventures	**-**	-
	81.65	56.94

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

	2013-14	2012-13
(iii) Other money for which the Group is contingently liable		
Disputed demands / claims involving appeals / representations filed by the Group		
Income Tax	**124.05**	119.90
Sales Tax / Octroi	**4,334.18**	4,260.62
Excise / Customs / Service Tax	**448.81**	404.65
Land Rentals & Licence Fees	**224.46**	98.90
Others	**134.65**	125.99
	5,266.15	5,010.06
Disputed demands / claims involving appeals filed against the Group		
Income Tax	**12.38**	-
Sales Tax / Octroi	**10.75**	10.30
Excise / Customs	**50.53**	27.62
Employee Benefits / Demands (to the extent quantifiable)	**367.34**	183.44
Enhancement of Compensation against land acquired	**54.47**	27.00
Service Tax	**9.95**	-
Local Levies	**0.02**	0.02
Others	**425.02**	287.03
(a)	**930.46**	535.41
	6,766.19	6,209.71
(Includes ₹ 377.43 crores (2011-12 : ₹ 170.20 crores) towards share of jointly controlled entities)		
(Includes ₹ 224.29 crores (2011-12 : ₹ 231.28 crores) towards share of jointly controlled operations)		
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	**2,562.78**	3,399.20
Other commitments	**3.73**	615.73
(b)	**2,566.51**	4,014.93
(Includes ₹ 293.49 crores (2011-12 : ₹ 409.87 crores) towards share of jointly controlled entities)		
(Includes ₹ 195.34 crores (2011-12 : ₹ 530.96 crores) towards share of jointly controlled operations)		
Total (a-b)	**9,332.70**	10,224.64

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

42. SEGMENT REPORTING

Information regarding Primary Segment Reporting as per AS-17 for the year ended 31st March, 2014.

₹ / Crores

Particulars	2013-14				2012-13			
	Downstream Petroleum	Exploration & Production	Eliminations	Total	Downstream Petroleum	Exploration & Production	Eliminations	Total
Revenue :								
External revenue	**234,762.19**	**1.19**	**-**	**234,763.38**	216,422.75	1.00	-	216,423.75
Inter-segment revenue	**-**	**7.40**	**(7.40)**	**-**	-	6.21	(6.21)	-
Total revenue	**234,762.19**	**8.59**	**(7.40)**	**234,763.38**	216,422.75	7.21	(6.21)	216,423.75
Result :								
Segment results	**3,885.62**	**(186.23)**	**-**	**3,699.39**	1,671.61	(62.80)	-	1,608.81
Less: Unallocated expenses (net of unallocated income)	**-**	**-**	**-**	**-**	-	-	-	-
Operating profit	**3,885.62**	**(186.23)**	**-**	**3,699.39**	1,671.61	(62.80)	-	1,608.81
Add / (less) :								
Finance costs				**(2,392.94)**				(1,773.27)
Loss on sale of current investments and provision for diminution				**(736.83)**				148.21
Dividend income & share of profit from AOP				**52.74**				44.56
Interest income				**775.40**				741.30
Prior period (expenses) / income				**(72.73)**				112.11
Profit before tax				**1,325.03**				881.72
Less: Tax expenses (including deferred tax)				**(245.41)**				(381.23)
Profit after tax but before share of minority interest				**1,079.62**				500.49
Less : Share of minority in profit / (loss)				**(0.75)**				(0.81)
Profit / (loss) for the period for the group				**1,080.37**				501.30
Other Information :								
Segment assets	**89,538.56**	**199.86**	**(0.37)**	**89,738.05**	84,375.94	69.21	(2.65)	84,442.50
Unallocated corporate assets				**6,980.56**				7,833.30
Total assets				**96,718.61**				92,275.80
Segment liabilities	**51,245.22**	**982.58**	**-**	**52,227.80**	56,115.36	668.67	-	56,784.03
Unallocated corporate liabilities				**30,488.43**				22,131.72
Minority interest				**3.65**				1.48
Total liabilities				**82,719.88**				78,917.23
Capital expenditure	**5,922.00**	**59.64**	**-**	**5,981.64**	7,290.42	17.16	-	7,307.58
Depreciation (including prior period)	**3,010.48**	**-**	**-**	**3,010.48**	2,315.56	-	-	2,315.56
Non cash expenses excluding depreciation				**770.47**				98.24

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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.

43. 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)

(i) As per the provisions of the Deed of Assurance signed by the Company with the Government of Punjab read together with the notification dated 22 November 2011 under Punjab General SalesTax (Deferment & Exemption) Rules, 1991, the Company is allowed to defer the payment of its Central Sales Tax (CST) liability for a period of 15 years from the date of production and the same is repayable in 30 half yearly instalments from the 16th year onwards without any interest.

Punjab VAT Act, 2005 vide notification no. S.O. 21/P.O.5/2005/5, 92/2005 dated 6 April 2005, further prescribes conditions for availing deferment and exemption which inter-alia provides that any unit availing benefit of deferment, can opt for payment of amount of deferred CST liability on a net present value basis computed at an interest of 11% p.a., before the date of filing of return. In view of the said provisions, the Company has decided to settle the entire CST liability as at 31 March 2014, by 30 June 2014. Accordingly, the amount of CST liability as at 31 March 2014, as recorded in these consolidated financial statements, represents the estimated amount required on 30 June 2014 to settle the same. Consequentially, an amount of ₹ 806.2 Crores has been credited to the Statement of Profit and Loss, being the difference between the gross amount of CST liability as at the year end and the estimated amount required for its settlement on 30 June 2014.

(ii) HPCL-Mittal Energy Limited ('HMEL') has entered into a fifteen year product off take agreement, starting from November 2012, with Hindustan Petroleum Corporation Limited (HPCL) according to which HPCL is required to purchase most of the goods produced by the Company. In view of the said contract, the management believes, to the extent HPCL is required to purchase goods from the HMEL, there exists virtual certainty that it will generate sufficient taxable profits to set-off the unabsorbed depreciation and carry forward losses and other timing differences and has hence recognised deferred tax assets on the same. Additionally, there are some more timing differences on account of carry forward losses on which HMEL would have had deferred tax assets of ₹ 29.4 Crores (Previous year ₹ 264.9 Crores) which have not been recognised as HMEL is only reasonably certain towards its realisation. Deferred Tax Recognised by HMEL is ₹ 1348 Crores.

(iii) HPCL-Mittal Pipelines Limited ('HMPL') has set up a Single Point Mooring (SPM) and a crude receipt and storage facility at Mundra port, Gujarat, besides a 1,017 kilometers cross country pipeline for transportation of crude oil from Mundra to Bathinda, Punjab. HMPL believes that with respect to the operations carried out at Mundra, a Special Economic Zone, it shall be eligible for a tax holiday for a period of ten consecutive years in a block of fifteen years commencing from

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

the financial year 2011-12, in accordance with the provisions of section 80-IA (2) of the Income Tax Act, 1961. HMPL intends to claim the said tax holiday benefit from financial year beginning on 1st April 2016 onwards. Accordingly, HMPL based on its current business plans, has estimated the timing differences, relating to the port business, which are likely to reverse during the tax holiday period and has not created any deferred tax assets or liabilities on such timing differences.

(b) PPCL

The company through its Singapore based subsidiary company is in the process of acquiring a producing field and a discovered field in Australia (‘Australian assets‘) valuing AUD 85 million. The effective date of the Australian assets under acquisition is 1st July, 2013, however, pending of deal completion, the financial impact of the said assets has not been considered in the unaudited financial statements of the Singapore based subsidiary company, hence not included in consolidated Financial Statements as on 31st March, 2014. The subsidiary company has made initial deposit payment of 14.80 million US dollar (₹ 88,67,66,067) towards acquisition of said assets as per Sale Purchase Agreement.

(c) HBL

Penalty Recovered & Kept as Retention Money: An amount of ₹ 15.14 Crores was recovered through encashment of Bank Guarantees from one of the EPCC contractors. Out of this ₹ 11.97 Crores istowards penalty for shortfall in performance and ₹ 3.17 is towards additional retention against defective supplies. The contractor had invoked the Arbitration Clause and the Arbitrator has since been appointed. Hence this amount has been accounted as retention money in Other Current Liabilities. Arbitration proceedings are in progress and depending upon the outcome of the arbitration proceedings, necessary accounting would be done.

44. 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

The Corporation has, as at the Balance Sheet date, entered into foreign exchange hedging contracts amounting to USD 138.85 crores (2012-13 : USD 246.90 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 106.27 crores (2012-13: USD 103.70 crores) towards purchase of Crude & Products and USD 305.15 crores (2012-13: USD 242.60 crores) in respect of loans taken. As at Balance Sheet date, Corporation has interest rate swap contracts for a value of USD 20 Crores (2012-13: USD 16 crores) to cover its floating interest rate exposure to fixed interest rate. Forward contract of USD 95.30 crores are outstanding as at the year end to hedge the RBI swap transactions referred in note # 34.

b. MRPL

Exposures not hedged by Derivative instruments or otherwise (net):

₹ in million

Particulars	As on 31st March, 2014		As on 31st March, 2013	
	Foreign Currency	Equivalent Rupees	Foreign Currency	Equivalent Rupees
Imports USD	**3,325.34**	**1,99,254.37**	1,764.62	95,836.51
Creditors Euro	**Nil**	**Nil**	Nil	Nil
Creditors JPY	**Nil**	**Nil**	Nil	Nil
Creditors USD	**Nil**	**Nil**	0.01	0.54
Exports USD	**341.33**	**20,452.49**	312.30	16,957.89
Loans USD	**650.00**	**38,948.00**	520.00	28,241.20

Notes to the Consolidated Financial Statements for the year ended 31st March, 2014

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, 2014	31st March, 2013
JPY buy / USD sell	USD	17 million	22 million
USD buy / INR sell	USD	444 million	-

The Group has taken INR buy / USD sell principal only swap contract and to convert its INR loan liability of ₹ Nil (previous year ₹ 4,509 million) to USD Nil (previous year USD 80 million).

The Group has taken USD buy / INR sell option to hedge its foreign currency outflow exposure. The total amount of option outstanding on 31st March 2014 is USD 60 million (previous year Nil).

Particulars of unhedged foreign currency exposures as at the balance sheet date.

₹ / Crores

Particulars	31st March 2014	31st March 2013
Short term foreign currency loan from banks	64,327	36,782
Long Term Loan from banks*	80,232	76,479
Trade payables, other liabilities and provisions	26,887	44,975
Trade receivable	1,603	-
Capital advances	176	-

* Includes loans taken in JPY equivalent to ₹ 1,019 million (previous year: ₹ 1,195 million) which has been hedged into USD.

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

Financial Details of Subsidiaries

₹ / Crores

Particulars	CREDA-HPCL Biofuels Ltd.		HPCL Biofuels Ltd.		Prize Petroleum Company Ltd.		HPCL Rajasthan Refinery Ltd.	
	2013-14	2012-13	**2013-14**	2012-13	**2013-14**	2012-13	**2013-14**	2012-13
a. Share Capital	**21.76**	10.58	**625.17**	205.52	**120.00**	72.50	**0.05**	-
b. Reserves & Surplus	**(5.77)**	(4.90)	**(316.57)**	(200.50)	**(56.11)**	(35.16)	**(2.01)**	-
c. Total Assets	**18.69**	15.60	**843.26**	819.17	**159.49**	28.82	**20.34**	-
d. Total Liabilities	**2.70**	9.92	**534.66**	814.15	**95.60**	(8.52)	**22.30**	-
e. Details of Investments (except in case of investment in the subsidiaries)	**-**	-	**-**	-	**-**	-	**-**	-
f. Turnover	**0.02**	-	**139.40**	95.48	**1.19**	1.00	**-**	-
g. Profit / (Loss) before Taxation	**(0.87)**	(3.10)	**(115.88)**	(147.03)	**(11.61)**	(1.14)	**(2.01)**	-
h. Provision for Taxation	**0.00**	0.00	**-**	-	**9.24**	0.12	**-**	-
i. Profit / (Loss) after Taxation	**(0.87)**	(3.10)	**(115.88)**	(147.03)	**(20.89)**	(1.26)	**(2.01)**	-
j. Proposed Dividend	**-**	-	**-**	-	**-**	-	**-**	-

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	1775	1271	3509	4303	10858
Management	1590	932	1383	1385	5290
Non- Management	185	339	2126	2918	5568
Average Age	26	35	47	55	

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 2014 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 @ 9.36%

₹ / Crores

VALUE OF HUMAN RESOURCES	2013-14	2012-13
Management Employees	14,130	16,791
Non-Management Employees	6,716	8,496
	20,846	25,287
Human Assets vis-à-vis Total Assets		
Value of Human Assets	20,846	25,287
Net Fixed Assets	25,912	22,549
Investments	10,860	10,627
Net Current Assets	15,861	16,118
	73,299	74,581
Employee Cost	2,030	2,526
Net Profit Before Tax (PBT)	2,674	1,361
Ratios (in %)		
Employee Cost to Human Resource	9.74	9.99
Human Resource to Total Resource	28.44	33.91
PBT to Human Resource	12.83	5.38

Joint Ventures

Sr. No.	Name of the Joint Venture	Date of Incorportion	Shareholding as on 31st March, 2014		Nature of Operations
1.	HPCL-Mittal Energy Ltd.	13.12.2000	HPCL Mittal Investments S.A.R.L. Indian Financial Institutions	48.94% 48.94% 2.12%	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	25.00% 25.00% 50.00%	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	25.00% 25.00% 50.00%	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	11.00% 52.00% 26.00% 11.00%	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	11.00% 52.00% 26.00% 11.00%	To design, construct, develop, operate and maintain inter-state cross country Natural Gas Pipelines from Mallavarm (Andhra Pradesh) to Bhilwara (Rajasthan).
11.	HPCL Shapoorji Energy Limited	15.10.2013	HPCL SP Port Private Limited	50.00% 50.00%	To set up and operate a LNG Regasification terminal at the greenfield port, Chhara, Gujarat.

Corporate 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 matters 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 the 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 :-

1. BOARD OF DIRECTORS:

1.1 Composition of Board of Directors

Executive Directors including Chairman (Whole-Time)	04
Non-Executive Government Directors (Ex-Officio)	02
Non-Executive Independent Directors (Non-Official)-Independent Directors	05

1.2 Board Meetings:

Ten Board Meetings were held during the Financial Year 2013-14 on the following dates:

24.04.2013	28.05.2013	18.07.2013	12.08.2013
30.10.2013	12.11.2013	07.01.2014	11.02.2014
24.02.2014	26.03.2014		

Corporate Governance

1.3 Particulars of Directors including their attendance at the Board / Shareholder's Meeting

Name of the Director	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 Agreement
FUNCTIONAL DIRECTORS						
Smt. Nishi Vasudeva *	B.A. PGDBM (IIM Kolkata)	10	10	Yes	1. Hindustan Colas Limited. 2. HPCL Rajasthan Refinery Limited 3. HPCL Shapoorji Energy Limited 4. Prize Petroleum Co. Limited 5. HPCL Mittal Energy Limited 6. SA LPG Co. Pvt. Limited	1. Member, Audit Committee- Hindustan Colas Limited
Shri Pushp Kumar Joshi	B.A., LLB, PG (PM&IR) XLRI, Jamshedpur	10	10	Yes	1. Prize Petroleum Co. Limited 2. CREDA HPCL Bio Fuel Limited 3. HPCL Biofuels Limited 4. HPCL Rajasthan Refinery Limited 5. Bhagyanagar Gas Limited 6. Aavantika Gas Limited 7. HPCL Shapoorji Energy Limited 8. Hindustan Colas Limited 9. SA LPG Co. Pvt. Limited.	1. Member, Audit Committee – Prize Petroleum Co. Limited, HPCL Biofuel Limited 2. Member – Remuneration Committee – Prize Petroleum Co. Limited.
Shri K.V. Rao **	FCA	08	08	Yes	1. Prize Petroleum Co. Limited 2. HPCL Mittal Energy Limited 3. HPCL Mittal Pipelines Limited 4. HPCL Biofuels Limited 5. Hindustan Colas Limited 6. CREDA HPCL Bio Fuel Limited 7. HPCL Rajasthan Refinery Limited 8. HPCL Shapoorji Energy Limited 9. SA LPG Co. Pvt. Limited	1. Chairman, Audit Committee – SA LPG Co. Pvt. Limited, HPCL Shapoorji Energy Limited, Hindustan Colas Limited. 2. Member, Audit Committee – Hindustan Petroleum Corpn. Limited, CREDA – HPCL Bio Fuels Limited, HPCL Biofuel Limited, HPCL Mittal Energy Limited, Prize Petroleum Co.Limited, HPCL Mittal Pipelines Limited. 3. Member, Investors' Grievances Committee- Hindustan Petroleum Corpn. Limited 4. Member, Remuneration Committee – Hindustan Colas Limited

Corporate Governance

Shri B.K. Namdeo **	B.E. (Mech), M.Tech (IIT, Powai)	08	08	Yes	1. Mangalore Refinery and Petrochemicals Limited 2. Prize Petroleum Co. Limited 3. HPCL Mittal Energy Limited 4. CREDA HPCL Bio Fuel Limited 5. HPCL Rajasthan Refinery Limited 6. HPCL Biofuels Limited	1. Member, Audit Committee –CREDA HPCL Bio Fuels Limited, Mangalore Refinery and Petrochemicals Limited, Prize Petroleum Co. Limited.
Shri S.Roy Choudhury ***	B.E. (Mech)	09	09	Yes	1. Hindustan Colas Limited 2. HPCL Mittal Energy Limited 3. Prize Petroleum Co. Limited 4. SA LPG Co. Pvt. Limited 5. HPCL Rajasthan Refinery Limited 6. HPCL Shapoorji Energy Limited	1. Member, HR Remuneration Committee – HPCL Mittal Energy Limited.
Shri B. Mukherjee ****	B.Sc. F.C.A.	02	02	N.A.	1. HPCL Mittal Energy Limited 2. Petronet India Limited 3. Hindustan Colas Limited 4. CREDA HPCL Bio Fuel Limited 5. HPCL Biofuels Limited 6. Prize Petroleum Co. Limited 7. HPCL Mittal Pipelines Limited 8. SA LPG Co. Pvt. Limited	1. Chairman,Audit Committee – HPCL Biofuels Limited, Prize Petroleum Co. Limited, South Asia LPG Co.Pvt.Limited 2. Member, Remuneration Committee – Prize Petroleum Co. Limited 3. Member, Audit Committee- HPCL Mittal Energy Limited, Hindustan Colas Limited, HPCL Mittal Pipelines Limited, CREDA HPCL Biofuels Limited
Shri K. Murali ****	B.Tech. (Chemical Engg.)	02	01	N.A.	1. HPCL Miital Energy Limited 2. Mangalore Refinery and Petrochemicals Limited 3. CREDA HPCL Bio Fuel Limited 4. HPCL Biofuel Limited 5. Prize Petroleum Co. Limited.	1. Member, Audit Committee – CREDA HPCL Bio Fuel Limited, Prize Petroleum Co. Limited, HPCL Biofuels Limited, HPCL Mittal Energy Limited 2. Member, Remuneration Committee – Prize Petroleum Co. Limited.
NON-EXECUTIVE DIRECTORS						
(a) PART –TIME (EX-OFFICIO) DIRECTORS						
Dr. S.C. Khuntia	IAS, Post Graduate in Physics, Computer Science Economics, Sociology & Ph.D. in Economics	10	07	No	1. Indian Oil Corporation Limited 2. Indian Strategic Petroleum Reserves Limited 3. Oil and Natural Gas Corporation Limited	

Corporate Governance

Shri R.K. Singh *****	IAS, B.A. (Economics)	08	06	No	1. Indian Strategic Petroleum Reserves Limited	
Shri L.N. Gupta ******	IAS, M.A. (Eco), MBA (Birmingham University)	02	01	N.A.		
(b) PART-TIME DIRECTORS (NON-OFFICIO)						
Shri G.K. Pillai	IAS, M.Sc.	10	08	No	1. Zuari Agro Chemicals Limited 2. Adani Ports and Special Economic Zone Limited 3. Data Security Council of India	1. Chairman, HR Policies / Remuneration Committee- Hindustan Petroleum Corpn. Limited
Shri A.C. Mahajan	M.Sc. (Hons)	10	09	No	1. Himavat Power Limited 2. IDBI MF Trustee Co. Limited 3. Lanco Babandh Power Limited 4. Religare Enterprises Limited	1. Chairman, Audit Committee – Hindustan Petroleum Corp. Limited, Himavat Power Co.Limited 2. Chairman, Investors' Grievance Committee – Hindustan Petroleum Corpn. Limited. 3. Member, Audit Committee – IDBI Mutual Fund Trustee Co.Limited
Dr. G. Raghuram	B. Tech. PGDM, Ph.D.	10	07	No	1. Take Solutions Pvt. Limited 2. Alcock Ashdown Gujarat Ltd. 3. Arshiya Limited 4. DARC Logistics Limited 5. Vidya Vardhini Education Foundation 6. Adani Ports and Special Economic Zone Limited 7. Indian Register of Shipping 8. NABARD Consultancy Services Private Limited.	1. Member, Audit Committee – Adani Ports and Special Economic Zone Limited, Hindustan Petroleum Corpn. Limited, Indian Reister of Shipping. 2. Member, Remuneration Committee – Arshiya International Limited, DARCL Logistic Limited 3. Member, Shareholders' Grievances Committee – Adani Ports and Special Economic Zones Limited, Hindustan Petroleum Corpn. Limited
Dr. Gitesh K. Shah	D.Sc. (Organic Chemistry), USA, Ph.D (Organic Chemistry), Gujarat University, M.Sc. (Organic University), Gujarat University	10	10	Yes	1. Harita Projects Pvt. Limited	

Corporate Governance

Rohit Khanna *******	B.Com, FCA	06	06	No	1. Esteem Consultants Pvt. Limited	1. Member, Audit Committee – Hindustan Petroleum Corpn. Limited.
Shri Anil Razdan********	IAS (Retd), LLB, B.Sc. (Hons)	07	05	Yes	1. Power Trading Corpn. of India Limited 2. MMTC Limited 3. Green Valley Energy Venture (P) Limited	1. Chairman, Audit Committee- Hindustan Petroleum Corpn. Limited, MMTC Limited 2. Member, HR Policies & Remuneration Committee – Hindustan Petroleum Corpn. Limited.
Shri S.K. Roongta********	B.E. (Hons), Post-Graduation in Business Management – International Trade	07	03	No	1. Neyveli Lignite Corporation Limited 2. Shipping Corpn. of India Limited 3. Jubilant Industries Limited, 4. ACC Limited 5. Talwandi Sabo Power Limited 6. Bharat Aluminum Co. Limited 7. Sterlite Engery Limited	1. Chairman, Shareholders' Grievances Committee – Jubilant Industries Limited. 2. Chairman, HR Polices/ Remuneration Committee – Hindustan Petroleum Corpn. Limited 3. Member, Audit Committee – Hindustan Petroleum Corpn. Limited, Talwandi Sabo Power Limited, Sterlite Energy Limited, Neyveli Lignite Corporation Limited.

* Ms. Nishi Vasudeva, earlier Director (Marketing) of HPCL was appointed as Chairman & Managing Director of HPCL effective 01.03.2014.

** 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.

*** Shri S. Roy Choudhury, ceased to be Chairman and Managing Director of HPCL, on attaining the age of superannuation effective 28.02.2014

**** 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.

******* Shri Rohit Khanna is appointed as Part-Time Non Official Director on the Board of HPCL effective 27.09.2013.

********* S/Shri Anil Razdan & S.K. Roongta ceased to be Directors of HPCL on completion of their tenures effective 09.01.2014.

Corporate Governance

1.4 PROFILES OF DIRECTORS:

Smt. Nishi Vasudeva :

Smt. Nishi Vasudeva has been appointed as the Chairman and Managing Director of Hindustan Petroleum Corporation Ltd effective March 01, 2014. Prior to this, she was Director (Marketing) of HPCL. 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, and 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.

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.

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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 Secretary 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 (26.06.2013)

Mr. Rajesh Kumar Singh has been appointed as a Part Time (Ex-Officio) 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 G.K. Pillai

Shri G. K. Pillai is 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.

Shri A.C. Mahajan

Mr. Avinash Chander Mahajan, has done M.Sc., (Honours School in Chemistry) in 1972, and thereafter joined Bank of India

Corporate Governance

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 branch. 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 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

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. Earlier during December 2009 to December 2012, he was on the Board of HPCL.

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 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 Rohit Khanna

Shri Rohit Khanna joined the HPCL Board as an Independent Director effective September 27, 2013.

He is a Commerce graduate from Delhi University, besides being a Fellow Member of the The Institute of Chartered Accountants of India.

Mr. Khanna is the Managing Partner of Khanna Gulati & Associates, Chartered Accountants, New Delhi. In addition, he is on the Board of Esteem Consultants Pvt. Limited. He had earlier served on the Boards of Dena Bank and various other companies.

Mr. Khanna brings with him front line organizational experience and broad functional knowledge and innovative skills. He has 27 years of experience in diverse sectors of industry including Corporate Affairs, finance, law, banking, resource development, infrastructure and services. His specialisation as an advisor on strategy, business structuring, financial fundamentals, corporate governance, risk assessment, budgeting, appraisal and monitoring mechanism has endowed him with experience and knowledge of key business processes.

Shri S. Roy Choudhury (Till 28.02.2014)

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.

Shri Anil Razdan (Till 09.01.2014)

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.

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 (Till 09.01.2014)

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

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.

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- 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.

None of the Non-Executive Directors, of HPCL are holding any HPCL shares.

3. BOARD SUB-COMMITTEES:

A. Audit Committee:

The Audit Committee presently comprises of Executive and Non-Executive Directors as follows.

Shri A.C. Mahajan is the Chairman of the Committee.

1.	Shri A.C. Mahajan *	Non-Executive Independent Director
2.	Dr. G. Raghuram **	Non-Executive Independent Director
3.	Shri Rohit Khanna ***	Non-Executive Independent Director
4.	Shri K.V. Rao ****	Whole Time Director
5.	Shri Anil Razdan *****	Non-Executive Independent Director
6.	Shri S.K. Roongta *****	Non-Executive Independent Director
7.	Shri B. Mukherjee ******	Whole Time Director

* Shri A.C. Mahajan, was nominated as Chairman of Audit Committee effective 09.01.2014.

** Dr. G. Raghuram, was inducted as Member of Audit Committee effective 09.01.2014.

*** Shri Rohit Khanna was inducted as Member of Audit Committee effective 09.01.2014.

**** Shri K.V. Rao, was inducted as a Member of Audit Committee effective June 01, 2013.

***** Shri Anil Razdan, Chairman of Audit Committee, ceased to be Director of HPCL and consequently as Chairman of Audit Committee effective 09.01.2014 on completing his tenure of three years.

***** Shri S.K. Roongta, Member of Audit Committee, ceased to be Director of HPCL and consequently as Member of Audit Committee effective 09.01.2014 on completing his tenure of three years.

****** Shri B. Mukherjee, ceased to be Director of HPCL, on attaining the age of superannuation effective 31.05.2013 and consequently ceased to be Member of Audit Committee effective 31.05.2013.

The terms of reference of the Audit Committee are as provided under the Companies Act, 2013 and other applicable regulations.

The scope of the Audit Committee as given in Section 177 of the Companies Act, 2013 includes the following:

✓ The recommendation for appointment, remuneration and terms of appointment of auditors of the company.

✓ Review and monitor the auditor's independence and performance and effectiveness of audit process.

✓ Examination of the financial statement and the auditor's report thereon.

✓ Approval or any subsequent modification of transactions of the company with related parties.

✓ Scrutiny of inter-corporate loans and investments.

✓ Valuation of undertaking or assets of the company, wherever it is necessary.

✓ Evaluation of internal financial controls and risk management systems.

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✓ Monitoring the end use of funds raised through public offers and related parties.

The Committee, at the Meeting held on May 28, 2014 reviewed the Accounts for the Financial Year 2013-14, before the Accounts were adopted by the Board.

Dates of Audit Committee Meetings held during 2013-14

21.05.2013	28.05.2013	17.07.2013	12.08.2013
12.09.2013	11.11.2013	11.02.2014	

Attendance at the Audit Committee Meetings during 2013-14 :-

Name of the Members	No. of Meetings held	No. of Meetings attended	% of attendance
Shri A.C. Mahajan	07	07	100%
Dr. G. Raghuram	01	01	100%
Shri Rohit Khanna	01	01	100%
Shri K.V. Rao	05	05	100%
Shri Anil Razdan	06	06	100%
Shri S.K. Roongta	06	03	50%
Shri B. Mukherjee	02	02	100%

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. The Committee presently comprises of:

1.	Shri G.K. Pillai	Non-Executive Independent Director
2.	Dr. G. Raghuram	Non-Executive Independent Director
3.	Shri S.K. Roongta *	Non-Executive Independent Director
4.	Shri Anil Razdan **	Non-Executive Independent Director

* Shri S.K. Roongta, Chairman of HR Policies/Remuneration Committee, ceased to be Director of HPCL and consequently as Chairman of HR Policies/Remuneration Committee effective 09.01.2014 on completing his tenure of three years.

** Shri Anil Razdan, Member of HR Policies/Remuneration Committee, ceased to be Director of HPCL and consequently as Member of HR Policies/Remuneration Committee effective 09.01.2014 on completing his tenure of three years.

A Meeting of the HR-Polices / Remuneration Committee was held on 07.01.2014

Attendance at the HR Policies / Remuneration Committee Meeting during 2013-14 :-

Name of the Members	No. of Meetings held	No. of Meetings attended	% of attendance
Shri G.K. Pillai	01	01	100%
Dr. G. Raghuram	01	01	100%
Shri S.K. Roongta	01	01	100%
Shri Anil Razdan	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 2 (45) of the Companies Act, 2013.

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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 2013-14 is given below:

(Figures in ₹)

Name of the Directors	Salaries & Allowances	Contribution to Provident Fund	Contribution to Gratuity	Other Benefits	Total
Nishi Vasudeva (Chairman & Managing Director)	3153001	221361	83145	1949545	5407052
Pushp Kumar Joshi (Director –HR)	2862255	213363	80360	1726953	4882931
K.V. Rao (Director – Finance)	2263480	181871	69288	2894625	5409264
B.K. Namdeo (Director – Refineries)	2466405	159783	60542	1108294	3795024
S. Roy Choudhury (Chairman & Managing Director) (Till 28.02.2014)	3687854	225575	1000000	2962471	7875900
B. Mukherjee (Director Finance) (Till 31.05.2013)	1429098	36502	1000000	2535711	5001311
K. Murali (Director Refineries) (Till 30.06.2013)	1531950	53154	1000000	2518765	5103869

C. Investors Grievance Committee:

The Board has constituted an Investors Grievance Committee comprising of Non-Executive & Whole Time 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

* Shri K.V. Rao, was inducted as a Member of the Committee effective 01.06.2013

** Shri B. Mukherjee, ceased to be Director of HPCL, on attaining the age of superannuation effective 31.05.2013 and consequently ceased to be Member of Investors' Grievance Committee effective 31.05.2013

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

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Dates of Investors Grievance Committee Meetings held during 2013-14 :-

24.04.2013	11.11.2013

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	02	02	100%
Dr. G. Raghuram	02	01	50%
Shri K.V. Rao	01	01	100%
Shri B. Mukherjee	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.

1.	Shri G.K.Pillai *	Non-Executive Independent Director
2.	Dr. Gitesh K.Shah	Non-Executive Independent Director
3.	Shri K.V.Rao	Whole Time Director
4.	Shri Anil Razdan **	Non-Executive Independent Director

* Shri G.K.Pillai, chaired meeting of Investment Committee held on 10.02.2014.

** Shri Anil Razdan, Chairman of Investment Committee, ceased to be Director of HPCL and consequently as Chairman of Investment Committee effective 09.01.2014 on completing his tenure of three years.

Dates of Investment Committee Meetings held during 2013-14

22.10.2013	10.02.2014

E. Corporate Social Responsibility (CSR) & Sustainability Development Committee

The Corporation has constituted “CSR & Sustainability Development Committee” for periodic review, discussion and guidance on various CSR initiatives and Sustainability Development Initiatives and measures. This Committee presently comprises of four Non-Executive Independent Directors and Three Whole Time Directors (as permanent invitees) as Members.

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 A.C. Mahajan	Non-Executive Independent Director
3.	Dr. G. Raghuram	Non-Executive Independent Director
4.	Dr. Gitesh K. Shah	Non-Executive Independent Director
Three Whole Time Directors namely, Director HR, Director Refineries and Director Marketing are “Permanent Invitees”.		

Dates of CSR & SD Committee Meetings held during 2013-14

12.08.2013	11.11.2013	26.03.2014

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4. SITTING FEES FOR THE YEAR 2013-2014:

The details of Sitting Fees paid to Part-time Independent Directors for the year 2013-14 for attending the Board / Sub-Committee Meetings are given below:

(Figures in ₹)

Details of Meeting	Shri G.K. Pillai	Shri A.C. Mahajan	Dr. G. Raghuram	Dr. Gitesh K. Shah	Shri Rohit Khanna	Shri Anil Razdan	Shri S.K. Roongta
Board	160000	180000	140000	200000	120000	100000	60000
Audit Committee	0	105000	15000	0	15000	90000	45000
HR / Remuneration Committee	15000	0	15000	0	0	0	15000
Investor Grievance Committee	0	30000	15000	0	0	0	0
Investment Committee	15000	0	0	30000	0	15000	0
CSR & SD Committee	45000	45000	30000	45000	0	0	0
Total Sitting Fees Paid	235000	360000	215000	275000	135000	205000	120000

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.

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:

The Shares Department of HPCL is first among the shares department of other oil companies accredited ISO 9001:2008 certification in March 2009 from International Certification Services agency accredited by joint accredition system of Australia and New Zealand. The Certificate of Compliance was issued for 3 years to assure quality services to HPCL shareholders. The agency after review and satisfaction of the quality of services provided to Shareholders renewed the Certificate for a further period of three years from March 2012 to March 2015. In the Survellience Audit conducted in 2013-14, the Agency have reported "Nil" Non-Conformity in the Compliances and Quality of services and certified for continuance of the ISO 9001:2008 Standard of services to shareholders.

Shares Department monitors the activities of R&T Agents M/s. Link Intime India Pvt. Ltd., and looks into the issues of shareholders like; Share Transfers, Demat, Remat, Duplicate, Transmission and other important matters which are approved by the Share Transfer Committee. The Share Department carries various activities in-house like; Transmission, Dividend Reconciliation, Statutory Compliances, Shareholders grievances etc.

Presently, HPCL has around 97,426 shareholders. The Corporation regularly interacts with the shareholders through e-mails, letters, press releases and also during AGM, Investors' Meets, plant visits wherein the activities of the Corporation, its performance are shared with the Shareholders.

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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 2013-14, 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 Annual General Meetings held:

Year	Location	Date	Time
2012-13	Y. B. Chavan Auditorium, Mumbai	05.09.2013	11.00 a.m.
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.

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? Yes. For Passing Special Resolution for exercising borrowing powers of the Board of Directors of the Company and to create charge/provide security on the monies so borrowed as contemplated under Section 180 (1) (c) and 180 (1) (a) of the Companies Act, 2013 read with Rule 22 of Companies (Management and Administration) Rules, 2014.

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. and were also sent to the Shareholders through E-Mails who have registered their e-mails for e-communication

ii. Website

The Company's Corporate Website www.hindustanpetroleum.com provides separate sections for investors where relevant information for shareholders is available. It also provides comprehensive information on HPCL's Portfolio of businesses, including sustainability initiatives comprising CSR activities, HSE performance etc.

iii. News releases

Official News Releases are hosted on Company's website : www.hindustanpetroleum.com.

iv. Annual Report

Annual Report for F.Y. 2013-14 is circulated to shareholders who are entitled to receive the same. The Management Discussion & Analysis Report is part of the said Annual Report.

Corporate Governance

v. Green Initiative of MCA:

In order to ensure timely and quick receipt of information and the benefits associated with electronic receipt of Corporate Benefits and in line with Green Initiative measures introduced by the Ministry of Corporate Affairs in 2011 & also in line with the provisions contained in the New Companies Act, 2013 & the rules made thereunder, HPCL has been sending thru e-mail all the shareholders related documents or Corporate benefits including dividend in electronic mode. However, an option is also given to the shareholders to receive documents in physical form. Shareholders, who have not presently registered their E-mail addresses but wish to receive documents in Electronic Mode, were advised to register their E-mail addresses either with the Depository Participants or with HPCL's R&T Agents depending upon their type of holding.

vi. General Shareholders Information :

General Shareholder Information has been incorporated below and form a part of the Annual Report.

12. GENERAL SHAREHOLDER INFORMATION:

12.1 62nd Annual General Meeting

Date and Time : September 05, 2014 at 11.00 A.M.

Venue : Y. B. Chavan Auditorium, Yashwantrao Chavan Pratishthan
Gen. Jagannathrao Bhonsle Marg, Mumbai – 400 021.

12.2 Financial Calendar

Event	Proposed Date
Financial reporting for Quarter ending 30/06/14	End July / Mid August 2014
Financial reporting for Quarter ending 30/09/14	End October / Mid November 2014
Financial reporting for Quarter ending 31/12/14	End January / Mid February 2015
Financial reporting for Quarter ending 31/03/15	End May 2015
Annual General Meeting for year ending 31/03/2015	August / September 2015

12.3 Dates of Book Closure : August 14, 2014 to September 05, 2014 (both days inclusive)

12.4 Dividend payment date : September 08, 2014 (tentative)

12.5 (a) Listing on Stock Exchanges as of 31.03.2014 :

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

12.6 (b) Listing fees : Listing fees for financial year 2014-15 have been paid to the Stock Exchanges in April, 2014

12.7 Stock Codes :

BSE : 500104

NSE : HINDPETRO

ISIN (for trading in Demat form) : INE094A01015

Corporate Governance

12.8 Stock Market Data :

HPCL SHARE PRICE

(In ₹)

	BSE		NSE	
YEAR	HIGH	LOW	HIGH	LOW
2013-14	324.80	158.45	325.00	158.00
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	242.65

PERFORMANCE IN COMPARISON TO BROAD BASED INDICES			
AS ON	HPCL SHARE ₹	BSE SENSEX	NSE NIFTY
31.03.2014	309.75	22386.27	6704.20
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

HPCL SHARE PRICE MONTHLY DATA:

BOMBAY STOCK EXCHANGE					NATIONAL STOCK EXCHANGE				
Month	High (₹)	Low (₹)	Close (₹)	Volume (No.)	Month	High (₹)	Low (₹)	Close (₹)	Volume (No.)
Apr-13	321.25	279.00	307.15	1948459	Apr-13	322.10	279.00	307.00	14199579
May-13	324.80	280.50	281.30	2208761	May-13	325.00	280.80	281.70	16261722
Jun-13	287.50	240.00	253.80	1561196	Jun-13	286.40	239.90	253.10	11970673
Jul-13	261.75	190.80	211.65	2814442	Jul-13	261.80	190.65	211.65	22371962
Aug-13	215.00	158.45	167.55	5082334	Aug-13	215.00	158.00	167.75	24953595
Sep-13	210.80	161.00	191.65	5591748	Sep-13	210.55	161.50	192.15	37580653
Oct-13	203.20	183.45	201.45	3627277	Oct-13	203.00	183.55	201.35	21188953
Nov-13	230.70	199.00	215.35	3355181	Nov-13	231.00	198.60	214.95	25957628
Dec-13	245.05	209.00	237.20	2196768	Dec-13	245.20	208.60	237.30	20133164
Jan-14	245.30	214.45	244.45	2184414	Jan-14	245.65	214.50	244.25	20832172
Feb-14	266.00	232.10	264.45	1238315	Feb-14	265.90	232.00	264.75	15345519
Mar-14	315.40	260.90	309.75	3492713	Mar-14	315.75	260.60	309.80	40095967

Corporate Governance

PER SHARE AND RELATED DATA:

		2013-14	2012-13	2011-12	2010-11	2009-10
Per Share Data	**Unit**					
EPS	₹	51.20	26.72	26.92	45.45	38.43
CEPS	₹	119.30	96.86	77.70	98.54	78.86
Dividend	₹	15.50	8.50	8.50	14.00	12.00
Book Value	₹	443.32	405.35	387.52	370.49	341.32
Share Related Data	**Unit**					
Dividend Payout	%	35.42	37.22	36.70	35.80	36.41
Price to Earning *	Multiple	6.05	10.67	11.27	7.85	8.27
Price to Cash Earning*	Multiple	2.60	2.94	3.90	3.62	4.04
Price to Book Value	Multiple	0.70	0.70	0.78	0.96	0.93
* Based on March 31,2014 closing price (BSE)		309.75	285.10	303.20	356.95	318.45

12.9 Registrars and Transfer Agents:

M/s. Link Intime India Pvt.Ltd.
Unit HPCL
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. 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 Physical shares transferred during the last two years:

2013-14 : 18375 Shares

2012-13 : 17650 Shares

12.11 Status of Investor Services:

Sr. No.	NATURE OF CORRESPONDENCE	Nos.
1	Share Transfers & related issues / Demat / Warrant Conversion	34
2	Transmission of shares / Nomination of Shares	34
3	Issue of Duplicate Share Certificates / Bonus / Rectification of shares	452
4	Dividend related issues / ECS / Bank Mandates	1326
5	Request for Change of Address	98
6	Call Money Payment Correspondence / Reminders / Forfeiture Shares	2
7	References through Statutory / Regulatory bodies like ROC / SEBI / NSE / BSE / NSDL / CDSL	10
8	Others	67
TOTAL		**2023**

Corporate Governance

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

12.12 Dematerialisation of shares and liquidity:

The total number of shares dematerialised as on 31.03.2014 is 33,67,40,889 representing 99.44% 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 GDRs/ADRs/Warrants to be converted into Equity shares.

12.14 Plant Locations:

The Corporation has 2 Refineries located at Mumbai and Visakh. It has 100 Regional offices, 35 Terminals/ Tap off Points, 90 Depots 46 LPG Bottling Plants, 12869 Retail outlets, 35 ASFs, 1638 SKO / LDO Dealers and 3506 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 31.03.2014 :

No. of Shares	Physical Holding		Dematerialised Holding		Total Shareholding		Percentage	
	No. of Shareholder	No. of Shares	No. of Shareholder	No. of Shares	No. of Shareholder	No. of Shares	Shareholders	Holding
1-500	8772	1549305	81881	8252800	90653	9802105	93.05	2.89
501-1000	384	279825	3612	2754864	3996	3034689	4.10	0.90
1001-5000	31	50931	2076	4120954	2107	4171885	2.16	1.23
5001-10000	1	6300	202	1539108	203	1545408	0.21	0.46
10001 & above	0	0	467	320073163	467	320073163	0.48	94.52
TOTAL	**9188**	**1886361**	**88238**	**336740889**	**97426**	**338627250**	**100**	**100**

Corporate Governance

12.17 Shareholding Pattern :

CATEGORY	As on 31.03.2014			As on 31.03.2013		
	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	41597801	12.28	39	41227783	12.17
FII/OCBs	134	36061551	10.65	143	33007049	9.75
BANKS	19	987126	0.29	20	1054667	0.31
MUTUAL FUNDS	117	32293017	9.54	126	39194301	11.57
NRIs	2877	952205	0.29	2995	1126106	0.34
EMPLOYEES (Physical)	595	253595	0.07	624	267195	0.08
OTHERS	93644	53405205	15.77	97077	49673399	14.67
TOTAL	**97426**	**338627250**	**100.00**	**101025**	**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, 2014.

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.

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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, 2014.

Nishi Vasudeva
Chairman & Managing Director

Corporate Governance

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 for the year ended on March 31, 2014 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 B. K. Khare & Co.

Chartered Accountants

Firm No.: 105102w

Naresh Kumar Kataria

Partner

Membership No. 037825

For CVK Associates

Chartered Accountants

Firm No.: 101745w

A. K. Pradhan

Partner

Membership No. 032156

Place : Mumbai

Date : August 04, 2014

Notes

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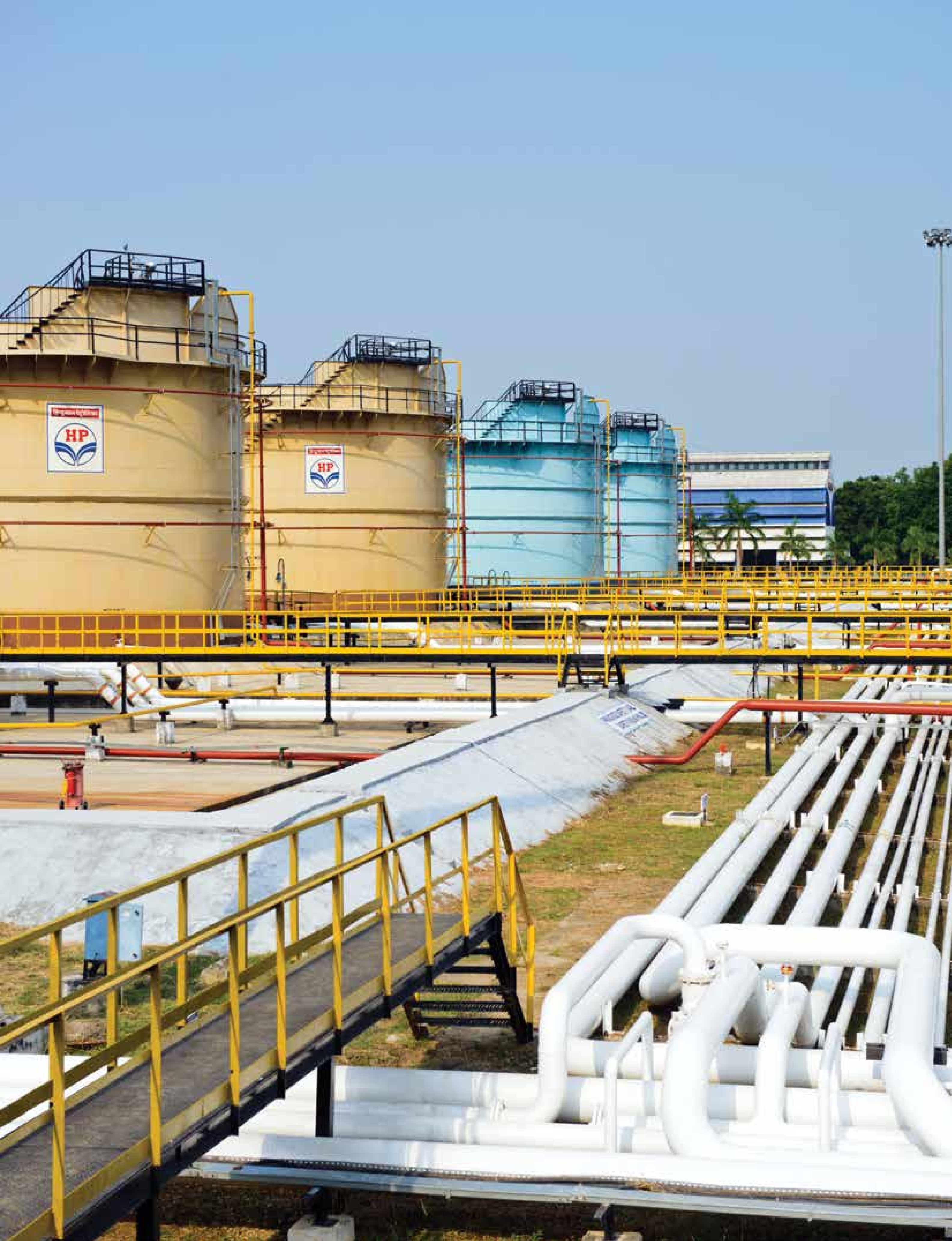
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Hindustan Petroleum Corporation Limited

(A Government of India Enterprise)

Petroleum House, 17, Jamshedji Tata Road,
Churchgate, Mumbai- 400020

हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
(भारत सरकार उपक्रम) रजिस्टर्ड ऑफिस : 17, जमशेदजी टाटा रोड, मुंबई - 400 020.
HINDUSTAN PETROLEUM CORPORATION LIMITED
(A GOVERNMENT OF INDIA ENTERPRISE) REGISTERED OFFICE : 17, JAMSHEDJI TATA ROAD, MUMBAI - 400 020.

17, जमशेदजी टाटा रोड, पोस्ट बॉक्स नं. - 11041, मुंबई - 400 020. दूरभाष - 2286 3900 • फॅक्स - 2287 2992 • तार : हिन्दपेटकॉर, • टेलेक्स - 82414, 85096
17, Jamshedji Tata Road, P.O. Box No. - 11041, Mumbai - 400 020. Tel. : 2286 3900 • Fax : 2287 2992 • Telegram : Hindpetcor • Telex : 82414, 85096
e-mail : corphqo@hpcl.co.in / CIN No.: L23201MH1952GOI008858

FORM A

ANNUAL AUDIT REPORT

1.	Name of the Company	Hindustan Petroleum Corporation Limited
2.	Annual Financial Statements for the year ended	31st March, 2014
3.	Type of Audit Observation	**Matter of Emphasis:(As observed by Statutory Auditors in Auditor's Report on Standalone financial statement for year 2013-14)** **Quote** 1) Note No. 39(b) of Financial Statements regarding recognition of Minimum Alternate Tax (MAT) credit wherein, we have relied on the management judgment / assessment that the MAT credit of ₹ 568.44 Crore will be availed during the period specified in Section 115JAA of the Income Tax Act, 1961. 2) Note No. 35 of Financial Statements regarding recognition of unrealized marked to market loss of ₹ 168.33 Crores on forward contract taken to hedge the commitment to return USD to Reserve Bank of India. However, the marked to market gain on the said underlying commitment of ₹ 192.73 Crores is not recognized for reasons stated in the said note. **Unquote**
4.	Frequency of Observation	For Point No. 1.) - Since F.Y. 2011-12 For Point No. 2.) - Since F.Y. 2013-14
5.	To be signed by – • CFO • CEO/Managing Director • Audit Committee Chairman • Auditors of the Company	Director Finance Chairman & Managing Director B.K. Khare & Co. CVK & Associates

Date: August 07, 2014

हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
(भारत सरकार उपक्रम) रजिस्टर्ड ऑफिस : 17, जमशेदजी टाटा रोड, मुंबई - 400 020.
HINDUSTAN PETROLEUM CORPORATION LIMITED
(A GOVERNMENT OF INDIA ENTERPRISE) REGISTERED OFFICE : 17, JAMSHEDJI TATA ROAD, MUMBAI - 400 020.
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FORM A

ANNUAL AUDIT REPORT

1.	Name of the Company	**Hindustan Petroleum Corporation Limited**
2.	**Annual Financial Statements for the year ended**	31st March, 2014
3.	Type of Audit Observation	**Matter of Emphasis:(As observed by Statutory Auditors in Auditor's Report on Consolidated financial statement for year 2013-14)** **Quote** 1) Note No. 31(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 ₹ 568.44 crore will be availed during the period specified in section 115JAA of the Income Tax Act, 1961. 2) Note No. 34 of Financial Statements regarding recognition of unrealized marked to market loss of ₹ 168.33 crores on forward contract taken to hedge the commitment to return USD to Reserve Bank of India. However the marked to market gain on the said underlying commitment of ₹ 192.73 crores is not recognized for reasons stated in the said note. 3) Attention is invited to Note No. 43(a) (i) relating to recognition of gain by HPCL – Mittal Energy Limited (a Joint Venture Entity) of ₹ 394.55 crore (Group share), being difference between the gross amount of CST liability as at the year end and the estimated amount required for its settlement on 30th June 2014 for reasons stated in the said note. 4) Note No 43(a)(ii) regarding recognition of deferred tax assets of ₹ 659.72 crore (Group share) by HPCL – Mittal Energy Limited (a Joint Venture Entity) Group share being based on its management assessment of realisation within the available period for reasons stated in the said note. **Unquote**

हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
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e-mail : corphqo@hpcl.co.in / CIN No.: L23201MH1952GOI008858

4.	**Frequency of Observation**	For Point No. 1.) Since F.Y. 2011-12 For Point No. 2.) to 4.) Since F.Y. 2013-14
5.	**To be signed by –** • CFO • CEO/Managing Director • Audit Committee Chairman • Auditors of the Company	Director Finance Chairman & Managing Director B.K. Khare & Co. CVK & Associates

Date: August 07, 2014