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If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the relevant Issuer in such jurisdiction.

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HINDUSTAN PETROLEUM CORPORATION LIMITED

(incorporated with limited liability in the Republic of India)

U.S.$500,000,000 4.00 per cent. Notes due 2027

Issue price: 99.910 per cent.

The U.S.$500,000,000 4.00 per cent. Notes due 2027 (the **Notes**) are issued by Hindustan Petroleum Corporation Limited (the **Company**; **Issuer** or **HPCL**).

The Notes will bear interest at the rate of 4.00 per cent. per annum from and including 12 July 2017 to but excluding 12 July 2027 and interest will be payable semi-annually in arrear on 12 January and 12 July of each year, commencing on 12 January 2018. The Notes will mature on 12 July 2027.

The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described under "*Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons*". In addition, If a Change of Control (as defined in Condition 7.3 of the Notes) occurs with respect to the Issuer, each Noteholder shall have the right to require the Issuer to redeem, in whole but not in part, the Notes held by such Noteholder at their nominal amount outstanding together with interest (including additional amounts pursuant to Condition 8 of the Notes, if any) accrued to (but excluding) the date of redemption, as described under "*Conditions of the Notes – Redemption and Purchase – Redemption upon Change of Control*".

An in-principle approval has been obtained for the listing of the Notes on the Singapore Exchange Securities Trading Limited (the **SGX-ST**). The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Notes to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Issuer or the Notes.

The Notes are expected to be rated Baa3 by Moody's Investors Service, Inc. (**Moody's**) and BBB- by Fitch Ratings (**Fitch**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), and may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Notes and the distribution of this Offering Circular, see "*Subscription and Sale*".

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with the Registrar of Companies in India in accordance with the Companies Act, 1956, as amended and replaced from time to time, the Companies Act, 2013, as amended, and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular and the Notes are not and should not be construed as an advertisement, invitation, offer or sale of any securities to the public or any person resident in India. The Notes have not been and will not be offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

The Notes will initially be represented by a global certificate in registered form (the **Global Certificate**) which will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**). It is expected that delivery of the Global Certificate will be made on 12 July 2017 or such later date as may be agreed (the **Closing Date**) by the Issuer and the Joint Lead Managers (as defined under "*Subscription and Sale*").

The Notes will be issued in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "*Risk Factors*" on page 12.

Joint Lead Managers and Joint Bookrunners

Citigroup **DBS Bank Ltd.** **MUFG** **SBICAP** **Standard Chartered Bank**

The date of this Offering Circular is 5 July 2017.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section below.

The Issuer, having made all reasonable enquiries, confirms that this Offering Circular contains all material information with respect to the Issuer and the Notes (including all information which, according to the particular nature of the Issuer and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the Notes), that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. The Issuer accepts responsibility accordingly.

Neither the Joint Lead Managers nor Citicorp International Limited (the **Trustee**) has independently verified the information contained or incorporated herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Notes. Neither the Joint Lead Managers nor the Trustee accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Lead Managers, any of the Agents or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Offering of the Notes is correct as at any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Italy, the Netherlands, Japan, India, Hong Kong and Singapore; see "*Subscription and Sale*".

IN CONNECTION WITH THE ISSUE OF THE NOTES, MUFG SECURITIES EMEA PLC AS STABILISING MANAGER (THE STABILISING MANAGER) (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in "*Subscription and Sale*".

None of the Issuer, the Joint Lead Managers, the Trustee or any of the Agents makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

This Offering Circular has been prepared on a basis that any offer of Notes in any Member State (each **Relevant Member State**) of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (as amended including by Directive 2010/73/EU, including any relevant implementing measure in such relevant Member State) (**Prospectus Directive**) will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular constitute forward-looking statements. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate", "believe", "estimate", "expect", "intend", "project", "should", "view" and similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Among the important factors that could cause the Issuer's actual results, performance or achievements to differ materially from those in the forward-looking statements are included, among others, the condition of, and changes in, India's political and economic status and the Indian oil refining, pipeline and petroleum production industries. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*", "*Business*" and elsewhere in this Offering Circular. Undue reliance should not be placed on these forward-looking statements which reflect the Issuer's view only as of the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based.

ENFORCEMENT OF FOREIGN JUDGMENTS IN INDIA

HPCL is a public limited listed company incorporated under the laws of India. All of its directors and substantially all of its key management personnel reside in India and all or a substantial portion of the assets of HPCL and such persons are located in India. As a result, it may not be possible for investors to effect service of process outside India upon HPCL or any of HPCL's subsidiaries or any of HPCL's directors and senior executive officers in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908, as amended (the **Civil Code**), and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards, even if such awards are enforceable as a decree or judgment.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code. A judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgment and not by proceedings in execution and such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India.

Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy. It may also be noted that a decree, whether from reciprocating or non-reciprocating territory, that follows a judgment that is not on merits cannot be enforced in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award and any such amount may be subject to income tax in accordance with applicable laws. Enforcement of foreign judgments in India is, thus, subject to applicable laws of India as amended from time to time and principles of private international law. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of payment. HPCL cannot predict whether a suit brought in an Indian court would be disposed of in a timely manner or be subject to considerable delay.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

HPCL has historically prepared its annual and interim financial statements in Rupees under Indian GAAP. However, moving forward, companies in India are required to prepare annual and interim financial statements under Ind-AS in accordance with the roadmap announced on 2 January 2015 by the Government's Ministry of Corporate Affairs (the **MCA**), in consultation with various stakeholders and regulators for the convergence of Ind-AS with IFRS. On 16 February 2015, the MCA notified the public of the Companies (Indian Accounting Standards) Rules, 2015, which came into effect from 1 April 2015. As such, HPCL began the process of adoption of Ind-AS from 1 April 2016 (with a transitional date of 1 April 2015).

As of the date of this Offering Circular, HPCL has published its financial statements for the year ended 31 March 2017 under Ind-AS, with comparative figures restated in line with the provisions of Ind-AS, for the previous year ended 31 March 2016.

For a discussion of the principal differences between Indian GAAP, IFRS and Ind-AS as they relate to HPCL, see "*Summary of Significant Differences between Indian GAAP, IFRS and Ind-AS*" and Risk Factor – "*The adoption of Ind-AS, which began for HPCL from 1 April 2016, could have a material adverse effect on the presentation of HPCL's financial statements and HPCL's financial statements prepared under Ind-AS may not be directly comparable to financial statements prepared under Indian GAAP*". Unless otherwise stated, all financial data contained herein is that of HPCL, its subsidiaries and joint venture companies on a consolidated basis. Potential investors should consult their own professional advisers for an understanding of the differences between Indian GAAP, Ind-AS and IFRS and how these differences might affect their understanding of the financial information contained herein.

Certain financial information in this Offering Circular has been rounded for convenience and, as a result, the sum of the data presented in this Offering Circular may vary slightly from the actual arithmetic sum of such information.

Unless otherwise indicated, the financial information in this Offering Circular relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial years ended 31 March 2015, 2016 and 2017.

As of the date of this Offering Circular, the Issuer's audited consolidated and non-consolidated financial statements for the year ended 31 March 2017 are subject to review by the Comptroller and Auditor General of India and thereafter the approval by the shareholders at the annual general meeting.

CERTAIN DEFINITIONS

In this Offering Circular, references to **India** are to the Republic of India, references to the **Government** are to the Government of India and references to the **RBI** are to the Reserve Bank of India. References to specific data applicable to particular subsidiaries or other consolidated entities are made by reference to the name of that particular entity. References to **fiscal** or **fiscal year** are to the year ending on 31 March.

Unless the context otherwise indicates, all references to **HPCL** are to Hindustan Petroleum Corporation Limited and its subsidiaries and joint venture companies on a consolidated basis.

Industry and market share data in this Offering Circular are derived from various government and private publications or obtained in communications with government ministries in India. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although HPCL believes that the industry data used in this Offering Circular is reliable and takes responsibility for the accurate extraction of such data from publicly available sources, it has not been independently verified by any of the Issuer, the Joint Managers and Joint Bookrunners or the Trustee. All references in this document to **U.S. dollars**, **U.S.$** and **$** refer to United States dollars, and to **Rupee**, **Rupees**, **INR**, **Rs.** and **₹** refer to Indian Rupees. In addition, references to **Sterling**, **GBP** and **£** refer to pounds sterling and **euro**, **EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Community, as amended.

References to **crores** and **lakhs** in HPCL's financial statements are to the following:

One lakh	100,000 (one hundred thousand)
One crore	10,000,000 (ten million)
Ten crores	100,000,000 (one hundred million)
One hundred crores	1,000,000,000 (one thousand million or one billion)

In this Offering Circular, where information has been presented in millions or billions of units, amounts may have been rounded, in the case of information presented in millions, to the nearest ten thousand or one hundred thousand units or, in the case of information presented in billions, one, ten or one hundred million units. Accordingly, the totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

GLOSSARY OF TERMS USED IN THIS OFFERING CIRCULAR

Below are certain terms relating to the oil and gas sector used in this Offering Circular.

Unless otherwise indicated in the context, references to:

ATF refers to aviation turbine fuel.

BSE refers to BSE Limited (formerly known as the Bombay Stock Exchange).

CBFS refers to carbon black feedstock.

CDU refers to Crude Distillation Unit.

EBITDA refers to earnings before interest, taxes, depreciation and amortisation.

FEMA refers to Foreign Exchange Management Act, 1999, as amended from time to time.

FO refers to fuel oil.

GAAP refers to generally accepted accounting principles.

GRM refers to gross refining margin.

HSDO refers to high speed diesel oil.

IMF refers to International Monetary Fund.

Ind-AS refers to Indian accounting standards.

LABFS refers to linear alkyl benzene feedstock.

LDO refers to light diesel oil.

LNG refers to liquefied natural gas.

LPG refers to liquefied petroleum gas.

LSHS refers to low sulphur heavy stock.

MMSCMD refers to million metric standard cubic metres per day.

MMT refers to million metric tonnes.

MMTPA refers to million metric tonnes per annum.

MS refers to motor spirit.

MTO refers to mineral turpentine oil.

GGS Refinery refers to Guru Gobind Singh Refinery.

RLNG refers to regassified liquid natural gas.

SKO refers to superior kerosene oil.

TMT refers to thousand metric tonnes.

TMTPA refers to thousand metric tonnes per annum.

CONTENTS

In connection with the issue of the Notes, the Joint Lead Manager named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the relevant Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

EXCHANGE RATES

Although certain Rupee amounts in this Offering Circular have been translated into U.S. dollars for convenience, this does not mean that the Rupee amounts referred to could have been, or could be, converted into U.S. dollars at any particular rate, at the rates stated below, or at all. Except as otherwise stated in this Offering Circular, all translations from Indian Rupees to U.S. dollars as of 31 March 2017 are based on the reference exchange rate published by the RBI, which is a widely followed benchmark of foreign exchange rates in India.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian Rupees and U.S. dollars. The exchange rates reflect the rates as reported by the RBI.

Exchange Rate – Rs. per U.S.$

Period	End(1)	Average(2)	High	Low
Fiscal Year ended 31 March 2013	54.39	54.45	57.22	50.56
Fiscal Year ended 31 March 2014	60.10	60.50	68.36	53.74
Fiscal Year ended 31 March 2015	62.59	61.15	63.75	58.43
Fiscal Year ended 31 March 2016	66.33	65.46	68.78	62.16
Fiscal Year ended 31 March 2017	64.84	67.09	68.72	64.84

Source: RBI

Notes:

(1) The exchange rate at each reporting period end and the average rate for each period differ from the exchange rates used in the preparation of the Issuer's financial statements and financial information.

(2) The average rate for each fiscal year represents the average of the daily exchange rates for the respective fiscal year.

SUMMARY

HPCL is a Government enterprise with Navratna status and a Fortune 500 company. HPCL primarily operates in the downstream petroleum industry and is engaged in the refining, distribution and marketing of petroleum products. HPCL's principal products include petroleum products such as MS (gasoline), diesel (gas oil), jet fuel (ATF), superior kerosene oil, LPG, lubricants, fuel oil, naphtha and bitumen.

HPCL owns and operates two major refineries, one in Mumbai (west coast) with a capacity of 7.5 MMTPA (the **Mumbai Refinery**) and the other in Visakhapatnam (east coast) with a capacity of 8.3 MMTPA (the **Visakh Refinery**). Both refineries have a complex configuration and are capable of producing a wide variety of petroleum products such as fuels and speciality products. In addition, the Mumbai refinery is also capable of producing lubricants. HPCL also owns and operates the largest lube refinery in India producing lube base oils of international standards, with a capacity of 428 TMTPA. HPCL believes that the lube base oil produced at its lube refinery accounts for over 40 per cent. of India's total lube base oil production. HPCL holds a 48.99 per cent. equity stake in HPCL-Mittal Energy Ltd (**HMEL**) which operates a refinery with a 9-MMTPA capacity (the **GGS Refinery**) at Bathinda, in the state of Punjab. It also holds a 16.96 per cent. equity stake in the 15-MMTPA Mangalore Refinery and Petrochemicals Limited (the **Mangalore Refinery**) located at Mangalore in the state of Karnataka.

HPCL operates the second largest network of product pipelines in India and has developed a strategic 3,370-kilometre cross country pipeline network across India (excluding joint venture company pipelines). HPCL has a vast marketing network consisting of 13 zonal offices in major cities and 119 regional offices facilitated by an integrated supply and distribution infrastructure comprising terminals, pipeline networks, aviation (jet fuel) service stations, LPG bottling plants, inland relay depots and retail outlets, lube and LPG distributorships.

While refining and marketing of petroleum products continue to be the core business activities of HPCL, the Company intends to explore opportunities to access new growth and revenue streams and augment downstream businesses. Accordingly, HPCL has formed subsidiaries and joint venture companies engaged in refining, bitumen emulsion, operation of pipelines, city gas distribution, LPG cavern storage, natural gas transportation pipelines, LNG regasification terminals, biofuels and aviation fuel farms. HPCL expanded its business operations by investing in the upstream business of exploration and production (**E&P**) through its wholly owned subsidiary, PPCL. As of the date of this Offering Circular, HPCL has two wholly owned subsidiaries namely HPCL Biofuels Ltd. and PPCL, 12 joint venture companies namely HMEL, South Asia LPG Company Pvt Ltd., Hindustan Colas Private Ltd., Petronet MHB Ltd., Bhagyanagar Gas Ltd., Aavantika Gas Ltd., HPCL Shapoorji Energy Pvt Ltd. (**HSEL**), Mumbai Aviation Fuel Farm Facility Ltd., Godavari Gas Pvt. Ltd., Petronet India Ltd. (**PIL**), CREDA-HPCL Biofuels Ltd. and HPCL Rajasthan Refinery Ltd., and three associate companies, namely Mangalore Refinery and Petrochemicals Ltd, GSPL India Gasnet Ltd. and GSPL India Transco Ltd.

In the fiscal year ended 31 March 2017, HPCL's consolidated gross sales turnover was Rs.2,139.04 billion (U.S.$32.99 billion) and its consolidated net profit after tax was Rs.82.36 billion (U.S.$1.27 billion). As of 31 March 2017, HPCL's consolidated total assets were Rs.803.19 billion (U.S.$12.39 billion). HPCL's aggregate refinery (Mumbai Refinery and Visakh Refinery) throughput and total products sold in fiscal year 2017 were 17.8 MMT and 35.2 MMT, respectively.

HPCL is under the administrative control of the Ministry of Petroleum and Natural Gas (the **MoPNG**) under Government. As of the date of this Offering Circular, the Government owns 51.11 per cent. of HPCL's issued share capital. HPCL's shares have been listed on the BSE Limited since 1992 and the National Stock Exchange of India since 1998.

Competitive Strengths

HPCL believes that it benefits from a combination of the following competitive strengths:

Strategic location of refineries with access to key markets

HPCL's refineries are strategically located in high consumption markets in the east and west coasts of India, each with well-connected import facilities. The majority of HPCL's products are transported through cross country pipelines, providing flexibility in operations to the refineries. HPCL has a crude cavern storage at the Visakh Refinery on the east coast and is able to receive very large crude carriers (**VLCCs**) thus reducing logistics costs.

HPCL has marketing rights to the products produced by the GGS Refinery. This refinery is strategically located in the northern part of India and HPCL has leveraged this strength by constructing cross country pipelines for transport of the products to meet the demand in the north, north central and eastern parts of India.

Widespread marketing infrastructure and distribution network with strong operating and marketing performance

HPCL has built a large infrastructure network over the last six decades. As of 31 March 2017, it has a vast marketing network consisting of 119 regional offices, 42 terminals, installation and tap off points, 62 depots, 47 LPG bottling plants, 37 aviation service facilities, 14,412 retail outlets, 1,638 SKO and LDO dealers and 4,532 LPG distributers. HPCL also has the second largest network of product pipelines in India. It has developed a strategic cross country pipeline network across India and currently operates a 3,370-kilometre product pipeline network (excluding joint venture company pipelines) for transportation of petroleum products. More than 80 per cent. of HPCL's refinery production is transported through the pipeline network. HPCL believes that the majority of its infrastructure has been upgraded with state of the art facilities and complies with safety standards.

HPCL believes that its dedicated and integrated infrastructure is a competitive advantage as such infrastructure enables it to manage operations efficiently, lower the distribution costs and reduce dependence on third party service providers as well as provides flexibility to optimise cost value across the production and marketing value chain. The network of channel partners enables HPCL to meet market demand while catering to the diverse needs of customer segments across all geographies in India. HPCL intends to further expand its supply chain to enhance its marketing reach and ensure uninterrupted supply of products and services to customers across India.

Strong balance sheet and financial performance

HPCL observes robust financial policies and has a strong balance sheet driven by growing EBITDA and cash flows which enable it to complete projects in time, capitalise on new business opportunities and invest capital for business growth. HPCL believes that its strong financials and net worth balance the inherent risk of cyclical refining margins and help in undertaking major investments for augmentation and expansion of its refining and marketing infrastructure.

Status of Navratna company and strong links with the Government

HPCL is a Government enterprise with a Navratna status and a Fortune 500 company. HPCL was awarded the "Navratna" status by the Government in 1998, which allows HPCL to have greater autonomy to compete in the global market.

As a Navratna company, HPCL is empowered to make investment decisions without having to first seek the approval of the Government, except for making equity investments or establishing joint ventures or wholly owned subsidiaries and for undertaking any mergers and acquisitions in India in amounts exceeding Rs.10 billion or 15 per cent. of the net worth, whichever is lower, on a single project. In addition, the overall limit of investments that HPCL is permitted to make in all such projects without requiring Government approval is 30 per cent. of its net worth. Pursuant to the directives issued by the Government, central public sector enterprises (**CPSE**) have the power to undertake mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the CPSE, (ii) conditions or limits would be as in the case of establishing joint ventures or subsidiaries and (iii) the Cabinet Committee on Economic Affairs should be informed in case of investments abroad.

HPCL believes that the support it receives from the Government, as a government-owned entity, together with the relative strategic decision-making autonomy derived from being a Navratna company, provides it with the benefits of a national oil company while having the ability to undertake independent strategic investments.

Dedicated research and development centre

HPCL's research and development (**R&D**) centre (**HPGRDC**) is recognised by the Department of Scientific and Industrial Research and dedicated to the nation by the Ministry of Science and the MoPNG on 14 October 2016. HPGRDC is engaged in the development of new products, development of new technologies and enhancement of existing technologies.

In fiscal year 2017, HPGRDC filed 13 Indian patents and 13 international patents. In the same period, HPGRDC developed a hydrogen pressure swing adsorbent for purification of hydrogen generation unit reformer gases as well as SprayMax FCC feed nozzles which were installed and commissioned at both HPCL refineries.

HPCL has won several awards for its R&D activities including the 2015 "Best Innovation in Research and Development" award from the MoPNG for the HP Hi-Gas technology, the 2015 "Innovator of the Year" from the Petroleum Federation of India for the catalyst visbreaking technology, the 2016 "Golden Star" award from World Quality Congress for lube oil up gradation and catalyst visbreaking technology and the 2016 "Golden Star" award from World Quality Congress for the online heater cleaning chemical, HP-FurnOKare.

HPCL, through HPGRDC, intends to pursue research projects in the areas of, among others, octane, speciality solvents, light naphtha aromatisation, slurry hydrocracking technology and catalyst additives for competitive advantage.

Consistent focus on "Net Corporate Realisation"

HPCL has institutionalised the Integrated Margin Management (**IMM**) as its operating model. The IMM allows the Company to maximise overall margins by integrating the key processes across the crude-to-customer value chain. To gain competitive advantage, HPCL formed an IMM group. The IMM group is empowered to make decisions based on an integrated view of the drivers of margin in the downstream value chain including sourcing, refining, supplies, operations, distribution and inventory management and to undertake actions to address the imbalances and maximise the "net corporate realisation" between procured crude price and realised product price.

Experienced and competent management team

HPCL is led by a highly experienced executive and senior management team, led by Mr. Mukesh Kumar Surana, the chairman and managing director. Most of the Company's senior management team have more than 30 years of experience in the oil and gas industry. The Company's management team has successfully managed the Company's growth in recent years, executing its strategies. In addition, HPCL has a proven track record of attracting and retaining talent focused on growth of its business with the ability to manage rapidly changing business environments. Through extensive on-the-ground experience and rigorous training systems, the Issuer's executives have developed a common vision and understanding of its values and goals. The experienced and effective management team is an important competitive advantage in expanding the business and achieving growth.

Strategies

HPCL's strategy is to maintain its strong position in the Indian oil and gas sector in terms of market share by leveraging on the growth in the Indian economy. To achieve its business plan, HPCL plans to maximise customer value, achieve exponential growth, and accelerate profits by emphasising safety and integrity supported by robust internal processes, competent and capable employees, and a strong work culture.

To become an integrated energy company, deliver top quartile performance, achieve growth in new business areas and provide differentiated customer experiences, HPCL has adopted the following key strategies:

Sustained and improved market position through selective investment and differentiation

A core HPCL strategy is to consistently focus on key directional choices that would best place HPCL ahead of competitors in the future. The key to this strategy is to strengthen HPCL's refining and marketing functions, build significant presence in natural gas, and diversify into petrochemicals and renewables.

The short-term objective is to improve the operational performance and reliability at the refineries and focus on a customer centric strategy by strengthening and augmenting the infrastructure in the core businesses of refining and marketing to meet the future market demand. HPCL lays emphasis on leveraging technology and providing a differentiated customer experience across all the businesses in the downstream value chain.

The long-term objective is to selectively invest future businesses to achieve growth and profitability. HPCL plans to selectively invest in producing wells, participate in the growth of the natural gas business, and horizontally integrate into the petrochemicals and renewable business segments to achieve profitable growth.

Expansion of refining and distribution capacity

HPCL continuously strives to meet customer demands across the country by supplying petroleum products through its robust supply and distribution infrastructure. In refining, focus is on improving profitability and reliability and enhancing the operational performance of existing refineries to maximise product sufficiency to cater to the growing demand. Staying ahead in the petroleum market also requires robust supply chain management, the ability to cater to the product needs of customers without interruptions, and leveraging innovative solutions to stay ahead of competition.

To bridge the demand-supply gap of petroleum products in northern India, HPCL has set up a 9-MMTPA joint venture refinery in the state of Punjab with MEI, each holding approximately 48.99 per cent. equity stakes. Capacity expansion of the GGS Refinery from 9 MMTPA to 11.3 MMTPA is underway and is expected to be completed by June 2017. HPCL has also undertaken the Mumbai Refinery Expansion Plan and the Visakh Refinery Modernisation Project to increase the installed capacity of the Mumbai Refinery from 7.5 to 9.5 MMTPA, and the Visakh Refinery from 8.33 MMTPA to 15 MMTPA. Environmental clearances for both the projects have been received and pre-project activities are in progress. Both the projects are expected to be completed by 2021.

Additionally, HPCL has carried out detailed planning to meet future market demands and has developed a timely infrastructure development plan. The new capacity additions along with infrastructure strengthening at existing locations are expected to reduce secondary distribution cost substantially. The LPG bottling and storage capacities are being augmented by commissioning a number of LPG plants. HPCL has set up state of the art LPG carousel projects and owns some of the largest carousels in the industry – a 72 headed flex speed carousel at Yediyur (Bangalore) with production capacity of 4,200 cylinders per hour and a 66 headed flex speed carousel at Charlapally (Hyderabad) with production capacity of 3,600 cylinders per hour.

Focus on pipeline transportation of petroleum products

HPCL is transporting the majority of its finished products through a supply chain network comprising eight cross country product pipelines, 42 terminals and 62 inland relay depots, to help meet demand in various parts of India and reduce the need to make purchases from other oil companies, including private companies and importers. HPCL aims to ensure incident free and safe operations of its supply chain network with assured in-time product availability.

Since its commissioning in 2015, HPCL's cross country 443-kilometre Rewari Kanpur Pipeline (**RKPL**) from Rewari to Kanpur has helped facilitate the swift transportation of petroleum products in north central India and strengthen HPCL's position in north central zone and east zone markets. RKPL is unique in nature, being connected to an inland HMEL refinery and the Western Mundra Port, through the Mundra-Delhi Pipeline (**MDPL**) and the Ramanmandi Bahadurgarh Pipeline (**RBPL**).

Furthermore, to economise transportation of MS, SKO and HSD from Mumbai and Visakh refineries, HPCL has completed the 508-kilometre Mumbai Pune Solapur Pipeline and the 572-kilometre Visakh Vijayawada Secunderabad Pipeline (**VVSPL**). To cater to growing LPG demand in southern India, HPCL has recently commissioned the 356-kilometre Mangalore Hassan Mysore Yediyur LPG Pipeline.

To further reduce logistics cost and optimise its supply chain network, HPCL has undertaken capacity expansion projects for the MDPL, the VVSPL and the RBPL. It is also constructing the 164-kilometre Uran Chakan Shikrapur LPG Pipeline jointly with BPCL, which is expected to be completed in March 2018.

Capitalise on strong domestic market growth opportunities in existing and new business areas

Domestic demand for many of HPCL's products such as MS, HSDO and LPG has increased in the past several years. HPCL expects the trend of long-term demand growth in India to continue given current low per capita consumption as well as domestic economic growth. In particular, significant growth is expected in the domestic demand for petroleum products, as a result of governmental policy reforms, focus on manufacturing, and increase in population and income levels.

Strengthen presence in natural gas

Emerging market trends, particularly the increased demand for natural gas and thrust by the Government for 'clean' fuels, have accelerated entrance into natural gas business as an attractive strategy for HPCL. The focus is to develop dedicated infrastructure to ensure access to capacity and greater operational flexibility. HPCL is undertaking investments in regasification and transport infrastructure through its joint venture company HSEL. To drive growth, HPCL is looking to leverage the marketing capabilities and pan India marketing reach to cater to the natural gas requirements of industrial customers. Recognising that integration along the value chain is essential for profitable operations, HPCL is undertaking initiatives to be present in the entire value chain of sourcing, transportation, marketing and sales.

Limited play in non-conventional and renewable energy resources

HPCL has started to focus on non-conventional and renewable energy resources, including wind power projects and solar power projects. HPCL has installed renewable energy projects of 101 MW capacity wind farms as part of its strategy to develop non-conventional and renewable energy resources.

Foray into petrochemicals business

Petrochemical offers HPCL a strategic opportunity for growth and value creation. HPCL currently produces naphtha which can be used as feedstock and there is synergy for entering into petrochemical business as HPCL will be able to expand its footprint both in refining and marketing areas. HPCL plans to build petrochemical complexes through the joint venture route, creating additional infrastructure, and building its capabilities in petrochemical marketing.

SUMMARY OF THE OFFERING

The following is a summary of some of the terms of the Notes. For a more complete description of the terms of the Notes, see "Terms and Conditions of the Notes". Terms defined in "Terms and Conditions of the Notes" shall have the same meanings in this summary.

Unless stated otherwise, references to the "Conditions" or the "Terms and Conditions of the Notes" shall be to the Terms and Conditions of the Notes. Words and expressions defined in "Conditions of the Notes" shall have the same meanings in this summary.

Issuer:	Hindustan Petroleum Corporation Limited.
The Notes:	U.S.$500,000,000 aggregate principal amount of 4.00 per cent. Senior Unsecured Notes due 2027 (the **Notes**).
Trustee:	Citicorp International Limited.
Principal Paying Agent and Transfer Agent:	Citibank, N.A., London Branch.
Registrar:	Citibank, N.A., London Branch.
Joint Lead Managers:	Citigroup Global Markets Singapore Pte. Ltd. DBS Bank Ltd. MUFG Securities EMEA plc SBICAP (Singapore) Limited. Standard Chartered Bank.
Issue Price:	99.910 per cent.
Maturity Date:	12 July 2027.
Interest:	The Notes will bear interest from and including 12 July 2017 at the rate of 4.00 per cent. per annum payable semi-annually in arrear on 12 January and 12 July of each year, commencing 12 January 2018 as further described in Condition 5 of the Conditions of the Notes.
Denomination:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Status of the Notes:	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.

Negative Pledge:	The Conditions of the Notes contain a negative pledge provision with certain limitations on the ability of the Issuer and its Principal Subsidiaries (as defined in the Conditions of the Notes) to create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest on its undertaking, assets or revenues to secure certain types of indebtedness, as set out in Condition 4 of the Conditions of the Notes.
Redemption for Taxation Reasons:	The Issuer may redeem all (but not some only) of the Notes in the event of certain changes in Indian tax law. See Condition 7.2 of the Conditions of the Notes.
Redemption upon a Change of Control:	If a Change of Control (as defined in Condition 7.3 of the Conditions of Notes) occurs with respect to the Issuer, each Noteholder shall have the right to require the Issuer to redeem, in whole but not in part, the Notes held by such Noteholder at their nominal amount outstanding together with interest (including additional amounts pursuant to Condition 8 of the Conditions of Notes, if any) accrued to (but excluding) the date of redemption.
Events of Default:	Events of Default under the Notes include, among others, non-payment of principal for three days, non-payment of interest for seven days, breach of other obligations under the Notes or the Trust Deed (which breach is not remedied within 30 days), cross default of any Indebtedness for Borrowed Money (as defined in the Condition of the Notes), certain events related to insolvency or winding-up of the Issuer or any Principal Subsidiary and other events, each as described in Condition 10 of the Condition of the Notes.
Meetings of Noteholders:	The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
Modification, Waiver Authorisation and Determination:	The Trustee may, without the consent of Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Trust Deed, or (ii) determine, without any such consent as aforesaid, that any Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest or proven error or to comply with mandatory provisions of law.

	The right of any Noteholder to require the Issuer to redeem any Note upon a Change of Control is not conditional upon a Change of Control notice having been given by the Issuer, but will, if such notice is given by the Issuer, be exercised by such Noteholder within 45 days of the giving of such notice.
Withholding Tax and Additional Amounts:	All payments in respect of the Notes will be made without deduction or withholding for or on account of Taxes (as defined in Condition 8 of the Conditions of the Notes) imposed or levied by or on behalf of any Relevant Jurisdiction (as defined in Condition 8 of the Conditions of the Notes) unless required by law. In such event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by each Noteholder in respect of the Notes, after such withholding or deduction, will equal the respective amounts which would otherwise have been receivable in the absence of any such withholding or deduction, subject to customary exceptions, as described in Condition 8 of the Conditions of the Notes.
Listing and Admission to Trading:	Approval-in-principle has been received for the listing of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of U.S.$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST.
Clearing System:	The Notes will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a common depositary for Clearstream and Euroclear, and deposited on or about the Closing Date. Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear or Clearstream.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.
Form of the Notes:	The Notes will be in registered form and will be initially represented by a Global Certificate which on the Issue Date will be deposited with, and registered in the name of a nominee of a common depositary for, Euroclear and Clearstream.
Credit Ratings:	The Notes are expected to be assigned on issue a rating of Baa3 by Moody's and BBB- by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restriction:	The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions (including the United Kingdom, the European Economic Area, the United Kingdom, Italy, the Netherlands, India, Hong Kong, Singapore and Japan) only in compliance with applicable laws and regulations. See "*Subscription and Sale*".
Use of Proceeds:	The net proceeds of the issue of the Notes will be applied by the Issuer to fund capital expenditures for its ongoing and future domestic projects in accordance with the ECB Guidelines of India.
Security Codes:	ISIN: XS1637846616 Common Code: 163784661

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Additional risks not presently known to the Issuer or that it currently deems immaterial may also impair the Issuer's business operations. The Issuer's businesses, financial condition and/or results of operations could be materially adversely affected by any of these risks, which may, as a result, affect the Issuer's ability to repay the amount of principal of, or interest on, the Notes.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Risks Relating to HPCL's Business

Cyclical downturns in the refining industry may adversely affect HPCL's margins and HPCL's operating results.

A significant portion of HPCL's revenue is attributable to sales of petroleum products in India, the prices of which are affected by worldwide prices of feedstock and end products and, in some cases, Government regulation. Historically, the prices of feedstock and end products have been cyclical and sensitive to relative changes in supply and demand, the availability of feedstock and general economic conditions. From time to time, the markets for HPCL's petroleum products have experienced periods of increased imports or capacity additions, which have resulted in oversupply, and HPCL has therefore been forced to look to the export of products like naphtha and fuel oil. Exports typically result in lower margins as export prices are lower than domestic prices. This is due to domestic prices having historically been linked to import parity prices.

Any downturn resulting from the existing or future excess industry capacity or otherwise would have a material adverse effect on HPCL's business, financial condition and results of operations. These conditions may be sustained or further aggravated by anticipated or unanticipated capacity additions or other events.

HPCL's operations are affected by the volatility of prices for, and availability of, crude oil.

HPCL's operations largely depend on the supply of crude oil, one of HPCL's principal raw materials. HPCL typically stocks approximately 24 days of crude oil in its storage tanks, pipelines and in transit. HPCL obtains approximately 77 per cent. of its crude oil requirements from abroad, including, among others, Saudi Arabia, Iraq, United Arab Emirates, Malaysia, Kuwait, Nigeria, Malaysia, Brunei, Russia and Iran. Events such as hostilities, strikes, natural disasters, political developments in petroleum-producing regions, domestic and foreign government regulations and other events could interrupt the supply of crude oil which could have a material adverse effect on HPCL's business, financial condition and results of operations. In addition, these events or other events, such as changes in the regulatory environment in India or elsewhere, may adversely affect prices of crude oil generally or the price at which HPCL is able to obtain a supply of crude oil. Under the term contracts that HPCL has entered into for the purchase of crude oil, purchase prices are determined by prevailing market prices. A significant increase in the price of crude oil would have an adverse effect on HPCL's business, financial condition and results of operations if HPCL is unable to pass on any such higher costs to its customers. HPCL's refineries and other infrastructure such as depots, installations and pipelines are subject to operational risks that may cause significant interruption to HPCL's business.

HPCL's operations are subject to certain risks generally associated with oil and petroleum businesses, and the related receipt, distribution, storage and transportation of feedstocks, products and waste. These risks are particularly significant for HPCL, as most of HPCL's operations are integrated and inter-dependent. As such, the occurrence of any of these hazards in one area of HPCL's business may have a direct and adverse effect on the performance of other areas of HPCL's business. These hazards include, but are not limited to, explosions, fires, earthquakes and other natural disasters, mechanical failures, accidents, acts of terrorism, operational problems including refinery closure for scheduled and unscheduled maintenance and repairs, transportation interruptions, chemical or oil spills, discharges of toxic or hazardous substances or gases, and other environmental risks. These hazards can cause personal injury and loss of life, environmental damage and severe damage to or destruction of property and equipment, and may result in the limitation or interruption of HPCL's business operations and the imposition of civil or criminal liabilities.

In addition, HPCL's ability to continue to use the ports and related facilities in the western and eastern coastal areas of India, through which HPCL receives crude oil, is critical to HPCL's business. HPCL is also dependent on its pipeline network as well as rail and road links for the transportation of its products. Any damage to, or blockage at, these facilities could interrupt the supply of crude oil and the transportation of HPCL's petroleum products. Such damage or blockage could result from a variety of factors, including natural disasters, ship accidents and deliberate attacks on pipelines or operating problems. If one or more of such events were to occur, it could have a material adverse effect on HPCL's business, financial condition and results of operations, including the temporary or permanent cessation of certain of HPCL's facilities or operations.

A change in the Government's policy on tariffs, direct and indirect taxation and fiscal or other incentives and payment for petroleum goods could adversely affect HPCL's business.

HPCL's profitability is significantly affected by the difference between import tariffs currently imposed by the Government on crude oil, which is HPCL's most significant raw material, and tariffs currently imposed on certain refined petroleum products. Increases in import tariffs on crude oil or decreases in import tariffs on certain refined petroleum products could have a material adverse effect on HPCL's business, financial condition and results of operations. There can be no assurance that there will not be a significant change in Government policy which could adversely affect HPCL's financial condition and results of operations in this way. HPCL's profitability is also significantly dependent on the policies of the central and state governments relating to various direct and indirect taxes (including sales tax and income tax), duties (including excise duties and import duties) and fiscal or other incentives. Any change in Government policies relating to such taxes or duties or incentives could adversely affect HPCL's profitability.

Furthermore, there can be no assurance that the Government will not intervene with regard to the timing of payments by purchasers of certain petroleum products in the interest of public policy. In recent years, payments by a few domestic airline companies in respect of ATF to their suppliers, including HPCL, were deferred. In select cases of payment deferment, the Government facilitated discussions between the concerned airline companies and suppliers. Any prolonged or additional significant changes in Government policy with respect to payment for any of HPCL's products could adversely affect HPCL's business, financial condition and results of operations.

Government intervention in the pricing decisions of HPCL may adversely affect its business.

The Government has historically sought to control inflation and achieve other social and economic objectives through intervention in prices of HPCL's petroleum and gas products such as MS (until June 2010), diesel (until October 2014), LPG for domestic use and kerosene sold under the public distribution system (**PDS**) (collectively, **Controlled Products**). The Government has the ultimate discretion to regulate the prices at which HPCL may sell its Controlled Products. Government intervention in HPCL's petroleum product pricing has, from time to time, resulted in HPCL incurring gross losses on the sale of Controlled Products. Historically, the Government has sought to compensate for such gross losses incurred by public sector oil marketing companies (**OMCs**), including HPCL, through the issue of oil bonds, cash subsidies and discounts from upstream companies. Any change in the Government's policy to provide these subsidies without making corresponding changes to the pricing policy of these Controlled Products will materially affect HPCL's business, financial condition and results of operations.

Furthermore, there can be no assurance that the Government will not intervene with regard to the pricing of certain petroleum products in the interest of public policy. In recent years, the Government decided to continue with the subsidised price of diesel for retail consumers and fishermen, while the industrial customers were required to pay a non-subsidised price. Thus, there was a wide gap between the prices offered to industrial and retail customers. As a result, many of the industrial customers of diesel shifted their purchases to retail outlets. However, Government control on pricing of diesel sold through retail outlets ended with the deregulation of diesel prices in October 2014.

The adoption of Ind-AS, which is mandatory as per the Companies Act 2013, by HPCL from 1 April 2016 will impact the presentation of HPCL's financial statements. HPCL's financial statements prepared under Ind-AS for the fiscal year ended 31 March 2017 may not be directly comparable to the reported financial statements prepared under Indian GAAP in earlier years.

HPCL has historically prepared its annual and interim financial statements under Indian GAAP pursuant to the Companies Act. However, moving forward, companies in India are required to prepare annual and interim financial statements under Ind-AS in accordance with the roadmap announced on 2 January 2015 by the Ministry of Corporate Affairs (the **MCA**), in consultation with various stakeholders and regulators for the implementation of Indian Accounting Standards converged with the IFRS. On 16 February 2015, the MCA notified the public about The Companies (Indian Accounting Standards) Rules, 2015, which came into effect on 1 April 2015. HPCL adopted Ind-AS from 1 April 2016 (with transition date of 1 April 2015) and announced its financial results under Ind-AS for the first time for the three months ended 30 June 2016 and subsequently for the six months ended 30 September 2016 and quarter ended 31 December 2016. HPCL also published its financial statements for the fiscal year ended 31 March 2017 with comparative figures recasted in line with Ind-AS for the fiscal year ended 31 March 2016 along with the recasted opening balance sheet as of 1 April 2015. HPCL was not required to prepare, and did not prepare, financial statements under Indian GAAP for the fiscal year ended 31 March 2017. During this ongoing transition to Ind-AS reporting, HPCL encountered issues in the interpretation and, in turn, the implementation of certain provisions applicable to the industry where it operates. Therefore, there can be no assurance that HPCL's adoption of Ind-AS has not or will not adversely affect HPCL's reported results of operations or financial condition.

Prior to the first quarter ended 30 June 2016, HPCL had prepared its annual and interim financial statements under Indian GAAP. HPCL's financial statements prepared under Ind-AS may not be directly comparable to financial statements prepared under Indian GAAP. For a qualitative description of the differences in accounting standards, see "*Summary of Significant Differences between Indian GAAP, IFRS and Ind-AS*". As a result of the foregoing, HPCL's Ind-AS financial statements and its Indian GAAP financial statements may not be directly comparable. However, a reconciliation of Indian GAAP and Ind-AS is required to be annexed to the recasted financial statements for the fiscal year ended 31 March 2016, which highlights the extent of identified gaps.

Therefore, there can be no assurance that HPCL's adoption of Ind-AS has not or will not adversely affect HPCL's reported results of operations or financial condition.

HPCL is subject to many environmental and safety regulations.

The operation of a refinery, the distribution of petroleum products and the related production of by-products and waste entail environmental risks. HPCL is subject to extensive central, state, local and foreign laws, regulations, rules and ordinances relating to pollution, the protection of the environment and the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. In the ordinary course of business, HPCL is continually subject to environmental inspections and monitoring by government enforcement authorities. HPCL may incur substantial costs, including fines, damages and criminal or civil sanctions, and experience interruptions in HPCL's operations for actual or alleged violations arising under applicable environmental laws or implementing preventive measures. In addition, HPCL's refining and storage facilities require operating permits that are subject to renewal, modification and, in some circumstances, revocation. Violations of operating permit requirements or environmental laws can also result in restrictions to, or prohibitions on, plant operations, substantial fines and civil or criminal sanctions.

HPCL's operations involve the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials. Changes in regulations regarding HPCL's operations involving hazardous substances and waste materials could inhibit or interrupt HPCL's operations and have a material adverse effect on HPCL's business. Potentially significant expenditures could be necessary in order to comply with future environmental laws. Such capital expenditures and operating expenses relating to environmental matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards which impose requirements on HPCL's operations.

HPCL faces competition from other petroleum companies.

To the extent that HPCL seeks to export its products to, or source raw materials (such as crude oil) from, the international markets, it faces competition from petroleum companies elsewhere in the world. In addition, the continued deregulation and liberalisation of industries in India, when combined with any reductions in customs duties and import tariffs, could lead to increased competition from other international or domestic private companies in HPCL's domestic market. In addition, HPCL also faces competition from other OMCs in HPCL's domestic market. This may, in turn, have a material adverse effect on HPCL's business, financial condition and results of operations.

HPCL faces competition due to alternative sources of energy.

HPCL is primarily engaged in the refining and distribution of petroleum products, although it does have a growing portfolio of alternative energy sources. HPCL faces growing competition from companies engaged in the marketing of alternative sources of energy. Increases in the sale of alternative energy sources may have an adverse effect on the sale of HPCL's petroleum products and hence may affect HPCL's business, financial condition and results of operations.

HPCL may be unable to fully execute its business strategy.

HPCL's business strategy contemplates growth through expansion and acquisition in its principal businesses such as refining and upstream and downstream integration of its business. See "*Business – Strategy*". This strategy includes constructing and installing new technologies at its refineries, widening its pipeline distribution network and acquiring new exploration and production (**E&P**) projects, among others. This strategy will require substantial new financing which may not be available to HPCL. In addition, if HPCL's cost of capital is high, HPCL may not be able to finance its planned projects necessary to implement its business strategy. If HPCL cannot raise sufficient funds on terms and at a price reasonably acceptable to HPCL, it may be unable to execute its strategy, which may have a material adverse effect on its business, financial condition and results of operations.

HPCL's expansion plans are subject to a number of risks and uncertainties.

HPCL's expansion plans are subject to a number of factors, including changes in laws and regulations, governmental action, delays in obtaining permits or approvals, movements of global prices of crude oil and products, accidents, natural calamities, and other factors beyond HPCL's control. Oil and gas projects generally have long gestation periods due to the process involved in the commissioning phase. Construction contracts and other activities relating to the projects are awarded at different times during the course of the projects. In addition, HPCL's projects are dependent on external contractors for construction, installation, delivery and commissioning, as well as for supply and testing of key plants and equipment. HPCL may only have a limited control over the timing or quality of services, equipment or supplies provided by these contractors. HPCL is highly dependent on some of the external contractors who supply specialised services and sophisticated and complex machinery. There can be no assurance that the performance of the external contractors will meet HPCL's specifications or performance parameters or that they will remain financially sound. The failure of the external contractors to perform or a delay in performance could result in incremental cost and time overruns, or the termination of a project. There can be no assurance that HPCL would be able to complete its expansion plans in the time expected, or at all, or that their gestation period will not be affected by any or all of these factors.

Further, HPCL's ability to acquire sites for its expansion plans depends on many factors, including whether the land involved is private or state-owned, whether such land is classified in a manner that allows it to be used as planned by HPCL and the willingness of the owners of such land to sell or lease their land, as in most situations a suitable site is owned by numerous small landowners. Acquisition of private land in India can involve many difficulties, including litigation relating to ownership, liens on the land, inaccurate title records, lengthy negotiations with many land owners and obtaining all Government approvals. Acquisition of Government land may also involve providing rehabilitation and resettlement to displaced individuals. There is no assurance that HPCL or the concerned agency will be able to obtain all the necessary approvals or clearances with respect to HPCL's expansion plans. Any of these factors could have a material adverse effect on HPCL's business, financial condition and results of operations.

HPCL may be unable to attract and retain the requisite skilled personnel to successfully implement its business strategy.

HPCL requires personnel with specialised skills to implement and operate many aspects of its business strategy. Competition for such individuals is intense due to the relatively small number of qualified people and the many industrial projects being undertaken locally, regionally and globally. HPCL's success in building a fully capable and multifunctional workforce depends principally on its ability to continue to attract, retain and motivate sufficiently qualified personnel. Failure to successfully manage its growth and personnel needs could have a material adverse effect on its business, financial condition and results of operations.

Currency exchange rate fluctuations could have an adverse effect on HPCL's financial results.

In the fiscal years 2015, 2016 and 2017, HPCL generated substantially all of its total income in Rupees while incurring a significant portion of its expenses in currencies other than Rupees (comprising mainly costs-related to the purchase of crude oil from overseas sources and paid for in foreign currencies). To the extent that it is unable to match income received in Rupees with costs paid in foreign currencies or is unable to completely hedge against its currency exchange risk, exchange rate fluctuations in any such currency could have an adverse effect on HPCL's revenues and financial results. Furthermore, hedging transactions are intended to limit the negative effect of further price decline, but it may also prevent HPCL from realising the benefits of price increases above the levels reflected in any hedging transactions entered into by HPCL.

HPCL's exploration and production activities may be subject to unforeseen risks.

HPCL, through participating interests (**PI**) in exploration blocks held by its wholly owned subsidiary, Prize Petroleum Company Limited (**PPCL**), presently has investments in oil and gas assets in Australia and India. These operations and potential future expansions are subject to special risks which can materially affect HPCL's business, financial condition and results of operations.

These risks include:

- unsettled political conditions, war, civil unrest and hostilities in some gas or petroleum producing countries;
- undeveloped legal systems;
- underdeveloped infrastructure facilities;
- economic instability in the markets in which PPCL operates;
- the impact of inflation;
- fluctuations and changes in currency exchange rates;
- governmental action such as expropriation of assets, general legislative and regulatory environment, exchange controls and changes in global trade policies; and
- increased reliance on oil and gas revenues and potential exposure to increased price volatility.

To date, HPCL believes that instability in the political and economic environments in which it or PPCL operates has not had a material adverse effect on HPCL's business, financial condition or results of operations. HPCL cannot predict, however, the effect that the current conditions affecting various economies or future changes in economic or political conditions in the countries in which it or PPCL operates or will operate in in the future could have on the economics of conducting E&P activities in such countries. Any of the foregoing factors may have a material adverse effect on HPCL's or PPCL's operations and, therefore, on HPCL's business, financial condition and results of operations.

Crude oil and natural gas reserve estimates involve some degree of uncertainty and may prove to be incorrect over time or may not accurately reflect actual growth levels, or even if accurate, technical limitations may prevent the retrieval of such reserves. In addition, the actual size of deposits may differ materially from such estimates.

HPCL, through PPCL, is engaged in E&P activities. Crude oil and natural gas E&P activities are subject to various uncertainties, including those relating to the physical characteristics of crude oil and natural gas fields. These physical characteristics, including the proportion of reserves that can ultimately be produced, the rate of production and the costs of developing the fields, are difficult to estimate and, as a result, actual production may be materially different from current estimates of reserves. Factors affecting the reserve estimates include, but are not limited to, the following: new production or drilling activities; assumptions regarding future performance of wells and surface facilities; field reviews; the addition of new reserves from discoveries or extensions of existing fields; the application of improved recovery techniques; and changed economic conditions.

The reliability of reserve estimates depends on the quality and quantity of technical and economic data, the production performance of the fields, and consistency in oil and gas policies of the Government, as well as the governments of other countries where PPCL has operations. In addition, changes in the price of crude oil and natural gas may also materially adversely affect the estimates of PPCL's proved plus probable reserves because the reserves are evaluated based on prices and costs as of the appraisal date. The quantities of crude oil and natural gas which are ultimately recovered could be materially different from the reserve estimates, and downward revisions of such estimates could affect PPCL's and therefore HPCL's results of operations and business plan.

HPCL cannot give any assurance that the reserves estimates upon which PPCL has made investment decisions accurately reflect actual reserve levels or, even if accurate, that technical limitations will not prevent them from retrieving these reserves.

Hydrocarbon exploration is risky, capital intensive and may involve cost overruns that may adversely impact HPCL's business, financial condition and results of operations.

Finding oil and gas is an uncertainty in any exploration venture. Generally, only a few of the properties that are explored are ultimately developed into hydrocarbon producing fields. There is no certainty of finding commercial hydrocarbon deposits below the surface of the earth. Commercial deposits of hydrocarbon lie deep in the bowels of the earth of which the exact location and depth below the surface is the ultimate objective of exploration work. Unfortunately, no instrument or methodology has yet been invented that would directly point to the existence of a commercially viable deposit. Present methods used in exploration are indirect probes of which the data is subject to interpretation or "best judgement".

In addition, the business of hydrocarbon exploration involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to prevent. These risks include, but are not limited to, encountering unusual or unexpected geological formations or pressures, seismic shifts, unexpected reservoir behaviours, unexpected or different fluids or fluid properties, premature decline of a reservoir, uncontrollable flow of oil, natural gas or well fluids, equipment failures, extended interruptions due to, among other things, inclement or adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, mechanical and technical failures, explosions, pollution, oil seepage, industrial action and shortages of manpower necessary to implement HPCL's development plans. These risks and hazards could also result in damage to, or in the destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liabilities as well as delays in other construction, fabrication, installation or commissioning activities.

Hydrocarbon exploration is also capital intensive. Exploration and development of the existing assets and acquisition of new assets may be dependent upon HPCL's ability to obtain suitable financing or ability to generate sufficient cash from operations. There can be no assurance that such funding will be available and, if such funding is made available, that it will be offered on economic terms suitable to HPCL. Any of the foregoing may have an adverse effect on HPCL's business, financial condition and results of operations.

HPCL and PPCL have limited experience in developing oil and gas reserves which may affect their ability to successfully develop their reserves.

HPCL, through PPCL, is engaged in E&P activity. PPCL's management team has relatively limited experience in developing oil and gas reserves. If PPCL is unable to develop its reserves economically or in a timely manner, or at all, PPCL's, and therefore HPCL's, business, financial condition and results of operations may be adversely affected to the extent of their joint stake in the reserves.

Changes to, or termination of, PPCL's arrangements with its exploration partners could have an adverse impact on HPCL's business operations.

To reduce exploration risks, PPCL participates in joint operating or consortium agreements for exploration projects. The agreements include sharing of revenues, costs and technical expertise for the projects. Changes to, or termination of, such arrangements may impede the success of the projects.

In order to mitigate the risk, PPCL attempts to ensure that its partners for any of its business ventures are credible and reliable. PPCL also ascertains that every agreement it enters into contains remedy provisions that the defaulting or terminating party shall remain liable for its proportionate share in accordance with its PI at the time of default of all costs, expenses and all liabilities. If PPCL were to experience difficulties with the agreements with its exploration partners, it could have a material adverse effect on PPCL and, consequently, on HPCL's business, financial condition and results of operations.

HPCL has certain oil purchase agreements and other business dealings with countries that are or could be subject to U.S. and international trade restrictions, economic embargoes and sanctions.

HPCL conducts business activities with Iran, which is subject to sanctions and export controls administered or enforced by the United States, including the U.S. Department of Treasury's Office of Foreign Assets Control (**OFAC**), the U.S. Department of State, and the U.S. Department of Commerce; the United Nations Security Council; the European Union (the **EU**) and Her Majesty's Treasury of the United Kingdom.

In the past, HPCL had oil purchase agreements with the National Iranian Oil Company (**NIOC**) and has had previous business dealings with certain other Iranian entities for tanker services and the purchase of crude oil. NIOC is no longer identified on the Specially Designated Nationals and Blocked Persons List (the **SDN List**), but its property and its interests in property that are within U.S. jurisdiction continue to be blocked. Transactions involving NIOC also continue to remain subject to U.S. comprehensive primary sanctions with respect to Iran. Iran is a country which is currently subject to U.S. and international trade restrictions, economic embargoes and sanctions. There have been no purchases from NIOC during fiscal years 2015 and 2016. However, in fiscal year 2017, HPCL started procuring crude oil from NIOC after the relaxation of sanctions by the United States. Although HPCL's crude imports from NIOC in fiscal year 2017 was less than 8.00 per cent. of its total crude oil procurement, there can be no assurance that further sanctions will not adversely affect its operations in Iran or other countries or regions and that investors in the Notes will not incur reputational or other risk as a result of its dealings with sanctioned persons, entities or countries.

Existing sanctions against Iran, Russia and Iraq present challenges in conducting normal business operations, including international financial transfers. If these sanctions were to expand further, either in severity or in terms of the range of countries applying them, it could have a material adverse impact on HPCL's ability to conduct business in or with any of these countries. In addition, the United States maintains comprehensive primary sanctions with respect to the following countries: Cuba, Iran, North Korea, Sudan and Syria, as well as the region of Crimea (collectively, **Sanctioned Countries**). As an entity organised in India, HPCL is generally not directly subject to these primary sanctions, except to the extent that it engages in activities that occur from, through or within the United States or otherwise involve U.S. persons. However, the United States also maintains a secondary sanctions regime applicable to persons worldwide, who knowingly engage directly or indirectly in certain activities in Iran or who are involved with certain Iranian counterparties or with certain other designated persons or entities, as well as a secondary sanctions regime applicable to persons worldwide who engage in certain activities in North Korea or in support of the government of North Korea or the Workers' Party of Korea.

OFAC administers a number of sanctions programmes and maintains a list of persons and entities which are subject to trade restrictions and economic embargoes that prohibit U.S. incorporated entities, U.S. citizens and permanent residents, and persons in the U.S. as well as, in certain circumstances, persons owned or controlled by U.S. persons, from engaging in, either directly or indirectly, commercial, financial or trade transactions with such entities, unless authorised by OFAC or exempt by statute. HPCL intends to set up a segregated account so that funds raised from persons investing in this Offering are not commingled with funds for the purchase of oil from any country subject to OFAC or other U.S. or international sanctions, including Iran. Nevertheless, investors in the Notes may incur reputational or other risks as a result of HPCL's dealings with sanctioned persons or countries.

HPCL engages in transactions for the procurement of crude oil, with various entities in multiple countries, including Saudi Arabia, Iraq, United Arab Emirates, Malaysia, Kuwait, Nigeria, Malaysia, Brunei, Russia and Iran. There can be no assurance that other persons and entities with whom HPCL now or in the future may engage in transactions and employ will not be subject to U.S. and international sanctions. There can be no assurance that the countries in which HPCL currently operates will not be subject to further and more restrictive sanctions in the future. There can be no assurance that OFAC or other U.S. and international government agencies will not impose sanctions on other countries or entities in or with which HPCL currently operates or may in the future operate. There can be no assurance that HPCL will not make future investments in countries subject to OFAC or other U.S. and international sanctions, or itself become subject to such sanctions.

HPCL may be involved in litigation which, if determined adversely, could subject HPCL to significant liabilities.

HPCL is currently, and may in the future be, implicated in lawsuits in the ordinary course of its business, including lawsuits involving allegations of improper delivery of goods or services, product liability, product defects, quality problems and intellectual property infringements. Litigation could result in substantial costs to, and a diversion of effort by, HPCL or subject HPCL to significant liabilities to third parties. There can be no assurance that the results of such legal proceedings will not materially harm HPCL's business, reputation or standing in the marketplace or that HPCL will be able to recover any losses incurred from third parties, regardless of whether HPCL is at fault. HPCL maintains insurance to cover fire, property damage, business interruption and third party liability, among others. However, there can be no assurance that (i) losses relating to litigation will not be incurred beyond the limits, or outside the coverage, of such insurance or that any such losses would not have a material adverse effect on the results of HPCL's operations or financial condition or (ii) provisions made for litigation-related losses will be sufficient to cover HPCL's ultimate loss or expenditure.

HPCL's insurance may not be adequate to protect it against all potential losses to which it may be subject.

HPCL intends to maintain comprehensive insurance coverage for a significant range of onshore and offshore risks, including business interruption, fire, and accidents at HPCL's premises, which it believes are in accordance with relevant regulations and customary industry practices in India. However, the amount of HPCL's insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses that HPCL may suffer, should a risk materialise. Also, HPCL's transportation of crude oil and other feedstock and refined petroleum products will be exposed to potential vessel accidents and spills. As per customary industry practices, HPCL takes an insurance policy for the marine transit of crude oil and petroleum products but this may not be sufficient to cover all financial losses that HPCL may suffer.

Furthermore, there are many events that would expose HPCL to losses or third party liabilities, including war and nuclear events that could cause significant damages to its operations, for which it is not insured or not fully insured. If HPCL were to incur a significant liability for which it were not fully insured, there could be a material adverse effect on its business, results of operations and financial condition.

In addition, HPCL's policy of covering third party risks through contractual limitations of liability, indemnities and insurance may not always be effective. HPCL's third party contractors may not have adequate financial resources to meet their indemnity obligations to HPCL. Losses may derive from risks not addressed in HPCL's indemnity agreements or insurance policies. It may not be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover itself against engineering and design risks for any of these reasons could expose HPCL to substantial costs and potentially lead to material losses.

HPCL's ongoing projects have significant capital expenditure requirements and HPCL's capital expenditure plans are subject to various risks.

HPCL requires significant capital expenditure relating to development of HPCL's business and the implementation of HPCL's business strategy, including investments in HPCL's subsidiaries and joint ventures. HPCL's ability to maintain and increase HPCL's sales turnover, net income and cash flows may depend upon continued capital spending. HPCL's capital expenditure plans are subject to a number of risks, contingencies and other factors, some of which are beyond HPCL's control, including:

- HPCL's ability to generate sufficient cash flows from operations and financings to fund its capital expenditure, investments and other requirements or to provide debt or equity contributions to its subsidiaries;
- the availability and terms of external financing;
- the Government's policies relating to foreign currency borrowings;
- the amount of capital other Indian entities and foreign oil and gas companies may seek to raise in the international capital markets;
- the cost of financing and the condition of financial markets; and
- cost overruns or delays in the commencement of commercial production from a new project.

Therefore, HPCL's actual future capital expenditures and investments may be different from HPCL's current planned amounts and such differences may be significant.

HPCL may encounter problems relating to the operations of its joint ventures.

As of the date of this Offering Circular, HPCL has formed 12 joint venture companies with various third parties for undertaking specific business activities. HPCL may encounter problems with its joint venture partners such as the joint venture partners (a) being unable or unwilling to fulfil either its financial or other obligations, (b) having economic or business interests or goals that are inconsistent with HPCL's interests and goals, (c) taking actions contrary to HPCL's instructions, policies and objectives, (d) taking actions that are not acceptable to regulatory authorities, (e) becoming involved in litigation and (f) having financial difficulties or disputes with HPCL.

Any of the foregoing may have an adverse effect on the business, prospects, financial condition and results of operations of HPCL.

HPCL has incurred significant indebtedness, and HPCL must service this debt and comply with its covenants to avoid default risk.

HPCL has incurred significant indebtedness in connection with its operations and investments. As of 31 March 2017, HPCL's non-consolidated long-term indebtedness was Rs.103.57 billion (including current maturity of long-term borrowings) (U.S.$1.60 billion) and its debt-to-equity ratio was approximately 0.51:1. In addition, HPCL may incur additional indebtedness in the future, including indebtedness incurred to fund capital contributions to its subsidiaries and joint ventures, subject to certain limitations imposed by HPCL's existing financing arrangements. Although HPCL believes that its current levels of cash flows from operations and working capital borrowings are sufficient to service its existing debt, there can be no assurance that its level of cash flows will not decrease or will remain sufficient to service its debt.

HPCL's failure to comply with any of the covenants contained in its financing arrangements could result in a default which would permit the acceleration of the maturity of the indebtedness under such agreements and, if HPCL is unable to refinance such indebtedness in a timely fashion or on acceptable terms, would have a material adverse effect on HPCL's business, financial condition and results of operations.

HPCL may not be able to collect all of its receivables.

HPCL carries collection risk when it does not demand up-front cash payment for delivered products. HPCL must be able to collect promptly from its customers to be able to pay its obligations and finance its operations.

In order to manage its collection risk, HPCL assesses the financial health of its customers and whether to extend credit accordingly. In certain cases, a credit line may also be backed by a bank guarantee. To ensure prompt payment, HPCL grants a discount if the customer pays within a specified period. Obligations not paid to HPCL on the due date shall bear interest computed from the first day after it becomes due and payable, equivalent to the prevailing interest rate or the specified rate in the agreement. Overdue accounts are charged with interest.

HPCL believes that its customers have good credit standing. In case a customer encounters financial difficulty, however, HPCL may reduce its product supply, invoke the bank guarantee, cut off credit entirely or demand payment in advance to reduce exposure to collection risk and subsequent payment defaults. Any failure on the part of HPCL to effectively manage its collection risk could have an adverse impact on its business, financial condition and results of operations.

Inability to obtain adequate financing to meet HPCL's liquidity and capital resource requirements may have an adverse effect on its results of operations.

HPCL has had, and expects to continue to have, substantial liquidity and capital resource requirements for meeting its working capital requirements as well as capital expenditures. HPCL will be required to supplement its cash flow from operations with external sources of financing to meet these requirements. The inability of HPCL to obtain such financing on commercially reasonable terms or at all may impair its business, results of operations, financial condition or prospects. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary or at competitive rates to meet HPCL's requirements.

Environmental, health and safety risks

Many of HPCL's activities have potential for significant environmental impact and are regulated by relevant national authorities under various pollution prevention and control frameworks and under other national legislations.

In addition, safety hazards may arise for employees, contractors and the public from activities of HPCL and its subsidiaries (together the **Group**). In common with other industries in similar business, the Group uses and generates hazardous and potentially hazardous products and by-products in the course of its operations.

The Group commits significant resources towards ensuring compliance with applicable planning, environmental, health and safety laws and regulations. Nevertheless, a major safety or environmental impact incident could cause injury, loss of life, financial loss, a security of supply issue, property damage and/or reputational damage to the Group.

In addition, breaches of applicable environmental or health and safety laws or regulations could expose the Group to significant penalties, claims for financial compensation and/or adverse regulatory consequences. Furthermore, there can be no assurance that costs of compliance with applicable environmental standards and regulations will not increase and any such increased costs could adversely affect the Group's financial performance.

Risks Relating to India

A significant change in the Government's economic liberalisation and deregulation policies could adversely affect general business and economic conditions in India and HPCL's business.

All of HPCL's refining facilities are located in India and approximately 98 per cent. of its sales turnover for fiscal year 2017 were in the Indian domestic market. As a result, HPCL is heavily influenced by the prevailing economic conditions in India.

The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the Indian economy. India has a mixed economy with a large public sector and an extensively regulated private sector. The role of the Government and the state governments in the Indian economy and the effect on producers, consumers, service providers and regulators has remained significant over the years. The governments have in the past, among other things, imposed controls on the prices of a broad range of goods and services, restricted the ability of businesses to expand existing capacity and reduce the number of their employees, and determined the allocation to businesses of raw materials and foreign exchange. Since 1991, successive governments have pursued policies of economic liberalisation, including significantly relaxing restrictions in the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers, service providers and regulators has remained significant, which can directly or indirectly affect HPCL's operations. For example, the Government places price caps on sales of selected fuels by Government-owned entities, including HPCL, which directly impacts the sales turnover of HPCL given the volatility of commodity prices experienced in recent years.

Although the current Government has continued India's economic liberalisation and deregulation programmes, there can be no assurances that these liberalisation policies will continue in the future. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India in general as well as HPCL's business and HPCL's future financial performance.

Economic developments and volatility in securities markets in other countries may negatively affect the Indian economy.

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States, led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the effect of the global financial turmoil, which is evident from the sharp decline in indices of stock exchanges. Furthermore, on 23 June 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave (**Brexit**). There is significant uncertainty at this stage as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and global credit and financial markets. A lack of clarity over the process for managing Brexit and uncertainties surrounding the economic impact could lead to a further slowdown and instability in financial markets. This and any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on HPCL's business, financial condition and results of operations.

In the event that the difficult conditions in the global financial markets continue or if there are any significant financial disruptions, this could have an adverse effect on HPCL's cost of funding, loan portfolio, business, future financial performance and the trading price of the Notes. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt in other emerging market countries, may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

A slowdown in economic growth or increased volatility of commodity prices in India could have an adverse effect on HPCL's business.

The growth of the Indian oil industry and HPCL's performance are dependent on the health of the overall Indian economy. The Indian economy has shown sustained growth over recent years with real gross domestic product (**GDP**) (that is, GDP adjusted for inflation) growing at 7.2 per cent. in the year 2017, 7.6 per cent. in the year 2016, 7.3 per cent. in the year 2015 and 6.2 per cent. in the year 2014. However, the growth in industrial production in India has been variable. Any slowdown in the Indian economy or future volatility of global commodity prices could adversely affect HPCL's business, including its expansion plans, its financial performance and the trading price of the Notes.

Currently, inflation has been contained considerably; any increase in inflation in the future, because of increases in prices of commodities such as crude oil or otherwise, may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact HPCL's business, financial condition and results of operations.

Business disruptions could adversely affect HPCL's future revenue and financial condition and increase its costs and expenses.

HPCL's operations could be disrupted due to war, expropriation, terrorism, earthquakes, power shortages, telecommunications failures, water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics, and other natural or manmade disasters or business interruptions. The occurrence of any of these business disruptions could adversely affect HPCL's revenue and financial condition and increase its costs and expenses. The ultimate impact on HPCL, its significant suppliers and its general infrastructure as a result of such natural or manmade disasters or business interruptions is unknown, but HPCL's revenue, profitability and financial condition could suffer in the event of any such natural or manmade disasters or business interruptions.

Natural calamities could have an adverse impact on the Indian economy which could adversely affect HPCL's business, financial condition, results of operations and the trading price of the Notes.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact HPCL's financial condition.

According to a weekly statistical supplement released by the RBI, India's foreign exchange reserves totalled over U.S.$381.2 billion as of 2 June 2017 (*Source: Weekly Statistical Supplement Foreign Exchange Reserves, 9 June 2017, RBI website*). Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. Further declines in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee which could result in reduced liquidity and higher interest rates that could adversely affect HPCL's future financial performance.

Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect the Issuer's tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The statutory corporate income tax in India for fiscal years 2016 and 2017 in relation to a domestic company is 30 per cent. However, for assessment year 2017-2018, the tax rate will be 29 per cent. if the turnover or gross receipt of the company does not exceed Rs.50 million. Additionally, a company is subject to a surcharge on tax and an education cess on tax and surcharge. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect HPCL's business and results of operations.

HPCL's ability to raise foreign capital may be constrained by Indian law.

As an Indian company, HPCL is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit HPCL's financing sources and hence could constrain HPCL's ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, HPCL cannot assure that the required approvals will be granted to us without onerous conditions, or at all. The limitations on foreign debt may have an adverse effect on HPCL's business growth, financial condition and results of operations.

An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could have an adverse effect on HPCL's business and results of operations.

The outbreak of an infectious disease in Asia or elsewhere or any other serious public health concerns could have a negative effect on the economies, financial markets and business activities in the countries from where HPCL's raw materials are sourced or in which HPCL's end markets are located, which could have an adverse effect on HPCL's business. Since 2012, an outbreak of the Middle East Respiratory Syndrome corona virus has affected several countries, primarily in the Middle East. Although HPCL has not been adversely affected by such outbreaks yet, HPCL can give no assurance that a future outbreak of an infectious disease among humans or animals or any other serious public health concerns will not have an adverse effect on HPCL's business.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on HPCL's business and the trading price of the Notes.

As of the date of this Offering Circular, India was rated Baa3 with positive outlook by Moody's, and BBB- with stable outlook by Fitch. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect HPCL's ratings and the terms on which HPCL is able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on HPCL's capital expenditure plans, business, cash flows and financial performance, and the trading price of the Notes.

Investors may have difficulty enforcing foreign judgments in India against HPCL or its management.

HPCL is a listed public limited company incorporated under the laws of India. All of its directors and substantially all of its key management personnel reside in India and all or a substantial portion of the assets of HPCL and such persons are located in India. As a result, it may not be possible to effect service of process upon HPCL or any of HPCL's subsidiaries or any of HPCL's directors and senior executive officers in jurisdictions outside India or to enforce judgments obtained in courts outside India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908, as amended (the **Civil Code**), and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of similar nature or in respect of a fine or other penalties and does not apply to arbitration awards, even if such award is enforceable as a decree or judgment.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code. A judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. It may also be noted that a decree, whether from reciprocating or non-reciprocating territory, that follows a judgment that is not on merits cannot be enforced in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award and any such amount may be subject to income tax in accordance with applicable laws. Enforcement of foreign judgments in India is, thus, subject to applicable laws of India as amended from time to time and principles of private international law. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of payment. HPCL cannot predict whether a suit brought in an Indian court would be disposed of in a timely manner or be subject to considerable delay.

Depreciation of the Rupee against foreign currencies may have an adverse effect on HPCL's business, financial condition and results of operations.

As of 31 March 2017, HPCL's non-consolidated borrowings in foreign currency were approximately Rs.90.99 billion (U.S.$1.40 billion), while substantially all of HPCL's revenues are denominated in Rupees. Accordingly, depreciation of the Rupee against these currencies will increase the Rupee cost to HPCL of servicing and repaying its foreign currency borrowings. A depreciation of the Rupee would also increase the costs of imports by HPCL and may have an adverse impact on its business, financial condition and results of operations.

Terrorist attacks, civil disturbances and regional conflicts in South Asia and elsewhere may have a material adverse effect on HPCL's business and on the market for securities in India.

India has from time to time experienced instances of social, religious and civil unrest and hostilities between neighbouring countries. Present relations between India and Pakistan continue to be fragile on the issue of terrorism. In November 2008, co-ordinated shooting and bombing attacks occurred across Mumbai, India's financial capital, which resulted in loss of life, property and business. Further, India has also experienced social unrest in some parts of the country. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult and such political tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including the Notes.

There may be less company information available in Indian securities markets than in securities markets in other more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities market and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. The Securities and Exchange Board of India (**SEBI**) is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, investors may have access to less information about the business, results of operations and financial condition, and those of the competitors that are listed on the BSE Limited and the National Stock Exchange of India and other stock exchanges in India on an ongoing basis than you may find in the case of companies subject to reporting requirements of other more developed countries.

There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants than in certain Organisation for Economic Co-operation and Development (**OECD**) countries. The SEBI received statutory powers in 1992 to assist it in carrying out its responsibilities for improving disclosure and other regulatory standards for the Indian securities market. Subsequently, the SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets. However, there may still be less publicly available information about Indian companies than is regularly made available by public companies in certain OECD countries.

HPCL's business and activities are regulated by the Competition Act, 2002, as amended. Any application or interpretation of the Competition Act, 2002, as amended may be unfavourable, and may have an adverse effect on its business and results of operations.

India has enacted the Competition Act, 2002, as amended (the **Competition Act**), under the auspices of the Competition Commission of India (the **CCI**) to prevent business practices from having an adverse effect on competition. Under the Competition Act, any arrangement, understanding or action in concert, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and results in substantial monetary penalties. Any agreement among competitors engaged in similar trade or business, which directly or indirectly determines purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area of type of goods or services, market or number of customers in the market or any other similar way, directly or indirectly results in bid rigging or collusive bidding, is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. The CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. It is unclear as to how the Competition Act and the orders, directives, rules, regulations issued by the Competition Commission of India may affect industries in India. HPCL cannot predict the impact of the provisions of the Competition Act on the agreements it has entered into with third parties. HPCL is not currently party to any outstanding proceedings, nor has HPCL received any notice in relation to non-compliance with the Competition Act or the agreements it has entered into with third parties. However, if HPCL is affected, directly or indirectly, by the application or interpretation of any provision of the

Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, or if any prohibition or substantial penalties are levied under the Competition Act, it could materially adversely affect its business, prospects, financial condition and results of operations.

The proposed new taxation system could adversely affect HPCL's business and the trading price of the Notes.

The Government has proposed two major reforms in Indian tax laws, namely the goods and services tax (**GST**) and provisions relating to general anti-avoidance rules (**GAAR**).

As regards the implementation of the goods and service tax (**GST**), the Government has announced 1 July 2017 as the date of implementation of GST. As pertaining to the Model GST Law, major products handled by HPCL like MS, HSDO, ATF, natural gas and crude oil are not covered by GST and will continue to be governed by the existing taxes, for example excise duty and VAT etc. The date from which GST will be levied on these products will be recommended by the Goods and Services Tax Council. The Model GST Law in its current form has an adverse effect on oil refining entities.

GAAR is being implemented from 1 April 2017. As per the new proposal, GAAR will not apply to income accruing, arising or received by any person from transfer of investments made before 1 April 2017.

As per the notification dated 23 September 2013 issued by the Central Board of Direct Taxes, provisions relating to GAAR have been introduced by the Finance Act, 2012, which is scheduled to come into effect from 1 April 2017. The GAAR provisions are intended to catch arrangements declared as "impermissible avoidance arrangements", which is defined in the Finance Act, 2012 as any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961, as amended; (iii) lacks commercial substance or is deemed to lack commercial substance under Section 97 of the Finance Act, 2012, as amended, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transition is an "impermissible avoidance agreement" is on the tax authorities. If GAAR provisions are invoked, then the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty. As the taxation system is likely to undergo a significant overhaul in the near future in view of the recent amendments to the taxation system, *inter alia*, by way of provisions pertaining to GAAR and GST, the consequential effects on HPCL cannot be determined as of the date of this Offering Circular and there can be no assurance that such effects would not adversely affect HPCL's business, future financial performance or the trading price of the Notes.

Inflation in India may adversely affect HPCL's business.

India has experienced high rates of inflation in the past. HPCL can provide no assurance that the rate of inflation will not further increase in the future, which could have an effect on the demand for petroleum products and HPCL's ability to sell those products. In addition, from time to time, the Government has taken measures to control inflation, which have included tightening monetary policy by raising interest rates, restricting the availability of credit and inhibiting economic growth.

Inflation, measures to combat inflation and public speculation about possible governmental actions to combat inflation have also contributed significantly to economic uncertainty in India and heightened volatility in the Indian capital markets. Periods of higher inflation may also slow the growth rate of the Indian economy which could also lead to a reduction in demand for petroleum products and a decrease in HPCL's sales thereof. Moreover, the reporting currency of HPCL's financial statements is the Rupee, and fluctuations in the value of the Rupee that result from inflation could affect HPCL's results of operations and financial condition. To the extent demand for HPCL's products decreases or costs and expenses increase and HPCL is not able to pass those increases in costs and expenses on to its customers, its operating margins and operating income may be adversely affected, which could have a material adverse effect on HPCL's business, financial condition and results of operations.

Risks Relating to the Notes

There is no public market for the Notes.

The Notes will be a new issue of securities with no existing trading market. HPCL, through its listing agent has obtained an in-principle approval for the listing of the Notes on the official list of the SGX-ST. However, HPCL cannot make any assurances that the Notes will qualify for listing on the exchange or that a liquid trading market will develop for the Notes. Though the Notes may be listed on an exchange, HPCL cannot make any assurances that an active market will develop for the Notes or as to the liquidity of, or the trading market for, the Notes. If an active market does develop, future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates; HPCL's results of operations and financial condition, performance and prospects; political and economic developments in India; the market for securities similar to the Notes; and the financial condition and stability of the oil and gas sector. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The price of the Notes following the Offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in HPCL's revenues, earnings and cash flows and proposals of new investments, strategic alliances or acquisitions, interest rates, fluctuations in prices for comparable companies and the Government's policy with respect to subsidy or compensation to OMCs could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are not guaranteed by the Republic of India.

The Notes are not the obligations of, or guaranteed by, the Republic of India. Although the Government owned 51.11 per cent. of HPCL's issued and paid up share capital as of the date of this Offering Circular, the Government is not providing a guarantee in respect of the Notes. In addition, the Government is under no obligation to maintain the solvency of HPCL. Therefore, investors should not rely on the Government to ensure that HPCL fulfils its obligations under the Notes.

Notes where denominations involve integral multiples: definitive Notes.

In relation to these Notes which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that these Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a specified denomination.

Noteholders are required to rely on the procedures of the relevant clearing system and its participants while the Notes are cleared through the relevant clearing system.

The Notes will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, HPCL will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. HPCL has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note. Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Conditions of the Notes are subject to the risk of change of law.

The Conditions of the Notes are based on English law in effect as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Decisions may be made on behalf of all Noteholders that may be adverse to the interests of individual Noteholders.

The "*Terms and Conditions of the Notes*" contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, and without regard to the interests of particular Noteholders, Coupon holders or Receiptholders agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default shall not be treated as such, in the circumstances described in the "*Terms and Conditions of the Notes*".

Noteholders' right to receive payments is junior to certain tax and other liabilities preferred by law.

The Notes are unsecured obligations of HPCL and will rank subordinated to certain liabilities preferred by law such as to claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of HPCL's business. In particular, in the event of bankruptcy, liquidation or winding-up, HPCL's assets will be available to pay obligations on the Notes only after all of the above liabilities that rank senior to these Notes have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

The Notes are subject to restrictions on resales and transfers.

The Notes have not been registered under the Securities Act or any U.S. state securities laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Notes may be sold or transferred unless such sale or transfer is exempt from the registration requirements of the Securities Act (for example, in reliance on the safe harbour provided by Regulation S under the Securities Act) and applicable state securities laws. For certain restrictions on resales and transfers, see "*Subscription and Sale – Selling Restrictions*". We cannot assure that any further offers and sales of the Notes within the United States and other countries comply with all applicable securities laws.

Risks Relating to the Market Generally

Payments of principal and interest are subject to exchange rate risks and exchange controls.

HPCL will pay principal and interest on the Notes in the relevant currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in currency or currency unit (the **Investor's Currency**) other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Investment in the Notes is subject to interest rate risks.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Credit ratings may not reflect all risks.

Moody's and Fitch have assigned credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to completion and modification and except for the paragraphs in italics) will be endorsed on the Certificate issued in respect of the Notes:

The U.S.$500,000,000 4.00 per cent. Notes due 2027 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) of Hindustan Petroleum Corporation Limited (the **Issuer**) are constituted by a Trust Deed dated 12 July 2017 (the **Trust Deed**) made between the Issuer and Citicorp International Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**).

The statements in these Conditions include summaries of, and are subject to, the detailed provision of and definitions in the Trust Deed and the Agency Agreement dated 12 July 2017 (the **Agency Agreement**) made between the Issuer, Citibank, N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent and together with the other paying agents named therein, the Paying Agents, which expression shall include any additional or successor paying agents), and transfer agent (the **Transfer Agent**, which expression shall include any substitute or any additional transfer agents appointed in accordance with the Agent Agreement) and as registrar (the **Registrar**, which expression shall include any successor registrar, and together with the Paying Agents and the Transfer Agent, the **Agents**) and the Trustee. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours by the Noteholders at the principal office for the time being of the Principal Paying Agent, being at the date of issue of the Notes at Citibank, N.A., 39/F Champion Tower, Three Garden Road, Central, Hong Kong and at the specified office of each of the other Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and the Agency Agreement applicable to them.

*The owners shown in the records of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream**) of book-entry interests in Notes are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed and the Agency Agreement applicable to them.*

*Any redemption under the Conditions of the Notes may, under the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, as amended, and the guidelines and circulars issued thereunder by the Reserve Bank of India (the **RBI**) including without limitation, the Master Direction on External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers dated January 1, 2016 issued by the RBI, as amended, modified, revised and updated from time to time, and such other circulars, rules, regulations, notifications, press notes, directions and/or orders issued by the RBI or any other Governmental Agency in India varying, amending or replacing the same from time to time (the **ECB Guidelines**) of India, require the Issuer to obtain the prior approval of the RBI or designated authorised dealer category I bank appointed in accordance with the ECB Guidelines of India, as the case may be, before providing notice for or effecting a redemption and such approval may not be forthcoming.*

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (referred to as the **principal amount** of a Note). A note certificate (each a **Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

The Notes are not issuable in bearer form.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book-entry interests in the Notes, see "Clearing and Settlement Arrangements".

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATE

2.1 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

For a description of certain restrictions on transfers of interests in the Notes, see "Subscription and Sale".

2.2 Delivery of New Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, business day shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see "The Global Certificate – Registration of Title"), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities Free of Charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. STATUS

The Notes are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. NEGATIVE PLEDGE

4.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will ensure that no Relevant Indebtedness of the Issuer or any of its Principal Subsidiaries (as defined below) will be secured by any Security Interest (as defined below) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer or any of its Principal Subsidiaries unless the Issuer, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes and the Trust Deed are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

4.2 Interpretation

For the purposes of these Conditions:

(a) **Approved Investor** means (i) a person which has been duly registered with the Securities Exchange Board of India as a Foreign Institutional Investor in terms of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended or a Qualified Institutional Investor in terms of the Foreign Exchange Management (Transfer or Issue of Security) Regulations, 2000, as amended or a Foreign Portfolio Investor in terms of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2013, as amended.

(b) **Principal Subsidiary** means at any time a Subsidiary of the Issuer:

(i) whose total revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated total revenues, or, as the case may be, consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that, in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b)(ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (b)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate total revenues equal to) not less than 10 per cent. of the consolidated total revenues, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (b)(i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate total revenues equal to) not less than 10 per cent. of the consolidated total revenues, or its assets represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a)(i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b)(iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (b)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed;

(c) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (together, **Securities**) which (a) by their terms are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside of India (provided that, for these purposes, Securities sold to an Approved Investor will not be regarded as being distributed outside of India) by or with the authorisation of the Issuer and (b) are for the time being, or capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity of any such indebtedness;

(d) **Security Interest** means any mortgage, charge, pledge, lien or other security interest; and

(e) **Subsidiary** means, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

5. INTEREST

All interest payable on the Notes shall be subject to applicable laws including but not limited to the ECB Guidelines of India.

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 12 July 2017 at the rate of 4.00 per cent. per annum, payable semi-annually in arrear on 12 January and 12 July of each year (each an **Interest Payment Date**).

The first payment (representing a full six months' interest) shall be made on 12 January 2018.

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue as provided in the Trust Deed.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

6. PAYMENTS

6.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Noteholder's **registered account** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date.

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, such payments will be made to the holder appearing in the register of holders of the Notes maintained by the Registrar at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) before the relevant due date.

6.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.

6.3 No Commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or, if the Noteholder is late in surrendering its Certificate (if required to do so).

In this Condition **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. Subject to the terms of the Agency Agreement, the Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the **SGX-ST**), if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST;

(c) there will at all times a Registrar; and

(d) there will at all time a Transfer Agent.

Notice of any termination or appointment and of any changes in specified offices given to the Noteholders promptly by the Issuer in accordance with Condition 13.

6.7 Agency Role

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Company and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

7. REDEMPTION AND PURCHASE

ECB Guidelines of India require the Issuer to obtain the prior approval of the RBI or Authorised Dealer Bank appointed in accordance with the ECB Guidelines of India (AD Bank), as the case may be, before providing notice for or effecting such a redemption prior to the maturity date and such approval may not be forthcoming.

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 12 July 2027 (the **Maturity Date**).

7.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

(a) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 5 July 2017, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (1) a certificate signed by the Authorised Officer (as defined in the Trust Deed) of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

7.3 Redemption upon Change of Control

Within 15 days following any Change of Control, the Issuer will give notice to the Noteholders, the Trustee and the Principal Paying Agent in accordance with Condition 13 stating that a Change of Control has occurred.

Following the occurrence of a Change of Control, each Noteholder will have the right to require the Issuer to redeem, in whole but not in part, the Notes held by such Noteholder at their nominal amount outstanding together with interest (including additional amounts pursuant to Condition 8 if any) accrued to (but excluding) the date of redemption.

To exercise the right to require redemption of any Notes, the holder of the Notes must deliver such Notes at the specified office of any Paying Agent or Transfer Agent or the Registrar on any business day (being, in relation to any place, a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in that place) at the place of such specified office falling within the notice period, accompanied by a duly signed and completed notice of exercise in the form (for the time being current and which may be any form acceptable to the clearing system delivered in a manner acceptable to the clearing system) obtainable from any specified office of any Paying Agent, Transfer Agent or the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this paragraph accompanied by such Notes or evidence satisfactory to the relevant Paying Agent, Transfer Agent or the Registrar, as the case may be, that such Notes will, following the delivery of the Put Notice, be held to its order or under its control.

Subject to the receipt of RBI approval, where required, the Issuer is obliged to redeem any such Notes on the first business day in the place where such Put Notice is deposited falling 30 days after such deposit.

A Put Notice given by a holder of any Note shall be irrevocable and no Note deposited with a Paying Agent, Transfer Agent or the Registrar pursuant to this Condition 7.3 may be withdrawn without the prior written consent of the Issuer.

The right of any Noteholder to require the Issuer to redeem any Note upon a Change of Control is not conditional upon a Change of Control notice having been given by the Issuer, but will, if such notice is given by the Issuer, be exercised by such Noteholder within 45 days of the giving of such notice.

For the purposes of this Condition 7.3:

Control means (a) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer or (b) the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a **Change of Control** occurs when:

(a) in the scenario where the Issuer is not merged into another Person or acquired by another Person, the Government of India ceases to own, directly or indirectly, more than 50 per cent. of the voting rights of the issued share capital of the Issuer;

(b) in the scenario where the Issuer is acquired by another Person, the Government of India ceases to own, directly or indirectly, more than 50 per cent. of the voting rights of the issued share capital of such Person; or such Person ceases to own, directly or indirectly, more than 50 per cent. of the voting rights of the issued share capital of the Issuer;

(c) any Person (other than the Person in whom the Government of India owns, directly or indirectly, more than 50 per cent. of the voting rights of its share capital) acquires Control of the Issuer; or

(d) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the Government of India losing Control over the Issuer or the successor entity;

Persons includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly owned direct or indirect subsidiaries.

voting securities means stock (or equivalent interests) having voting power for the election of directors, commissioners, managers or trustees of a company (or otherwise the power to control the management and policies of such corporation or other entity).

ECB Guidelines of India require the Issuer/the Company to obtain the prior approval of the RBI or the authorised dealer (AD Bank), as the case may be, before providing notice for or effecting such a redemption prior to the Maturity Date and such approval may not be forthcoming.

7.4 Purchases

The Issuer or any of its Subsidiaries may, if permitted under applicable laws, at any time purchase Notes in any manner and at any price in the open market or otherwise.

7.5 Cancellations

All Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries will be cancelled forthwith, and accordingly may not be reissued or resold.

7.6 Notices Final

Upon the expiry of any notice as is referred to in paragraphs 7.2 and 7.3, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8. TAXATION

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of any Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note:

(a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 6).

8.2 Interpretation

In these Conditions:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13; and

(b) **Relevant Jurisdiction** means India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer (or any principal debtor substituted in place of the Issuer pursuant to Condition 14 (Substitution)) becomes subject in respect of all payments made by it in respect of the Notes.

Any payments made by the Issuer are required to be within the all-in-cost ceilings prescribed under the extant ECB Guidelines of India.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed to include any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

9. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8.

10. EVENTS OF DEFAULT

10.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

(a) Non-payment: if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of three days in the case of principal or seven days in the case of interest; or

(b) Breach of other obligations: if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee, in its absolute discretion, considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(c) Cross default : if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Principal Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment; (iii) any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph 10.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least U.S.$25,000,000 (or its equivalent in any other currency); or

(d) Winding-up: if any order is made by any competent court or resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

(e) Cessation of business & Insolvency: if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(f) Liquidation or insolvency proceedings: if (i) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company is not discharged within 14 days; or

(g) Creditors' arrangement: if the Issuer or any of its Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(h) Nationalisation: if any government authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer or any of its Principal Subsidiaries without fair compensation; or

(i) Moratorium: a moratorium (which expression shall not include any deferral of principal originally contemplated and made in accordance with the terms of any loan or other financing related agreement) is agreed or declared by the Issuer in respect of any Indebtedness for Borrowed Money (including any obligations arising under guarantees) of the Issuer or any of its Subsidiaries; or

(j) Immunity: if the Issuer or any of its Principal Subsidiaries is or becomes entitled or subject to, or is declared by law or otherwise to be protected by, immunity (sovereign or otherwise) and Condition 18.4 is held to be invalid or unenforceable; or

(k) Unlawfulness: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed; or

(l) Analogous event: if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (h) inclusive, (j) and (k).

10.2 Interpretation

For the purposes of this Condition, **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

11. ENFORCEMENT

11.1 The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least 25 per cent. in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

11.2 No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES

13.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any notice shall be deemed to have been given on the fourth day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

So long as the Notes are represented by a global Note held on behalf of Euroclear or Clearstream, notices to Noteholders may be given by delivery of the relevant notice to Euroclear or Clearstream for communication by it to entitled account holders in substitution for notification as required by these Conditions.

14. SUBSTITUTION

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Trust Deed of any other company being a Subsidiary of the Issuer, subject to:

(a) the Notes being unconditionally and irrevocably guaranteed by the Issuer;

(b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and

(c) certain other conditions set out in the Trust Deed being complied with.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

15.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (as described in Schedule 3 to the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of

Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

15.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error.

15.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

15.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

16. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

16.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility towards the Issuer and the Noteholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

16.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Repatriation of proceeds outside India by the Issuer under an indemnity clause may require the prior approval of the RBI, in accordance with the applicable Indian extant laws and regulations.

17. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes or bonds (whether in bearer or registered form) either (i) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (ii) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing Law

The Trust Deed, the Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with these documents are governed by, and shall be construed in accordance with, English law.

18.2 Jurisdiction of English Courts

The Issuer has, in the Trust Deed, irrevocably agreed for the exclusive benefit of the Trustee and the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and/or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes) arising out of or in connection with the Trust Deed and/or the Notes may be brought in the English courts.

The Issuer has, in the Trust Deed, irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in the courts of England and any claim that any such Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes) have been brought in an inconvenient or inappropriate forum and has further irrevocably agreed in the Trust Deed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

18.3 Appointment of Process Agent

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at its specified office for the time being in London as its agent for service of process in England in respect of any Proceedings and have undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

18.4 Sovereign Immunity

The Issuer has in the Trust Deed irrevocably and unconditionally agreed that, should any Proceedings be taken anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The Issuer irrevocably agrees that it and its assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under this Trust Deed.

19. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to the Notes in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 8 below.

The Notes will initially be represented by a permanent Global Certificate in registered form. The Global Certificate will be registered in the name of a nominee for, and deposited with a common depositary for, Euroclear and Clearstream.

1. Accountholders

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression **Noteholders** and references to **holding of Notes** and to **holder of Notes** shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the nominee for the relevant clearing system (the **Relevant Nominee**) in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

2. Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer or any of its subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

3. Payments

Payments of principal and interest in respect of Notes represented by the Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Distributions of amounts with respect to book-entry interests in the Global Certificate will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

No person shall however be entitled to receive any payment on the Global Certificate (or such part of the Global Certificate which is required to be exchanged) falling due after any date of exchange into the Individual Definitive Notes in definitive form unless exchange of the

Global Certificate for such Individual Definitive Notes is improperly withheld or refused by or on behalf of the Company or the Company does not perform or comply with any one or more of what are expressed to be its obligations under any such Individual Definitive Notes.

4. Notices

So long as all the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by the Conditions. For so long as the Notes are listed on the SGX-ST (the **Exchange**), notices shall also be published in the manner required by the rules and regulations of the Exchange.

5. Meetings

For the purposes of any meeting of Noteholders, the holder of the Notes represented by the Global Certificate shall (unless the Global Certificate represents only one Note) be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and as being entitled to one vote in respect of each U.S.$1,000.

6. Registration of Title

This Global Certificate may be exchanged in whole but not in part (free of charge) for a definitive Note only upon the occurrence of an Exchange Event.

For these purposes, **Exchange Event** means that: (i) an Event of Default (as defined in Condition 10) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Certificate in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting an exchange. Any such exchange shall occur no later than ten days after the date of receipt of the relevant notice by the Registrar.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee who is a holder appearing on the register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream are open for business) preceding the due date for any payment of principal or interest in respect of the Notes.

7. Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and Clearstream and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream and their respective direct and indirect participants. Where the holding of Notes represented by the Global Certificate is only transferable in its entirety, the certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as, or as nominee for, a common depositary for Clearstream, Euroclear and/or an Alternative Clearing System.

8. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made within ten years (in the case of principal) and five years (in the case of interest) from the appropriate relevant due date.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, amounting to approximately U.S.$499,050,000, will be applied by HPCL to fund capital expenditures for its ongoing and future domestic projects in accordance with the ECB Guidelines of India.

CAPITALISATION

Set out below is HPCL's total debt, shareholders' equity and capitalisation as of 31 March 2017 as derived from its audited consolidated financial statements as of 31 March 2017 and as adjusted to reflect the issue of the proposed Notes. For additional information, see HPCL's financial statements and the notes thereto included elsewhere in this Offering Circular.

	As of 31 March 2017[(2)]			
	Actual		As Adjusted	
	Rs. billion	U.S.$ billion[(1)]	Rs. billion	U.S.$ billion[(1)]
Non-current Liabilities				
Long-term borrowings	71.18	1.10	71.18	1.10
The Notes	**–**	**–**	**32.42**	**0.50**
Total (i)	**71.18**	**1.10**	**103.60**	**1.60**
Current Liabilities				
Current maturities of long-term borrowings	40.98	0.63	40.98	0.63
Short-term borrowings	109.14	1.68	109.14	1.68
Total (ii)	**150.12**	**2.31**	**150.12**	**2.31**
TOTAL INDEBTEDNESS (a) = (i) + (ii)	**221.30**	**3.41**	**253.72**	**3.91**
EQUITY AND LIABILITIES				
Shareholders' Funds				
Equity Share Capital	10.16	0.16	10.16	0.16
Other Equity				
– Reserve and Surplus	200.18	3.09	200.18	3.09
– Other Reserve	0.37	0.01	0.37	0.01
TOTAL SHAREHOLDERS' EQUITY (b)	**210.71**	**3.26**	**210.71**	**3.26**
TOTAL INDEBTEDNESS AND SHAREHOLDERS' EQUITY (a + b)	**432.01**	**6.67**	**464.43**	**7.17**

Notes:

(1) For figures as of 31 March 2017, U.S. dollar translations have been made using the exchange rate reported by the Reserve Bank of India on 31 March 2017, which was Rs.64.84 = U.S.$1.00. See "*Exchange Rates*".

(2) Information presented in Rs. billion and U.S.$ billion has been rounded to the nearest decimal.

SELECTED FINANCIAL INFORMATION

This section sets out a summary of the audited consolidated financial information of HPCL as of and for the years ended 31 March 2015, 31 March 2016 and 31 March 2017, which are derived from HPCL's consolidated financial statements and notes thereto included elsewhere in this Offering Circular. This information should be read in conjunction with, and is qualified in its entirety by reference to, HPCL's audited financial statements and the related notes thereto included elsewhere in this Offering Circular. HPCL's financial statements as of and for the years ended 31 March 2015 and 31 March 2016 were prepared under Indian GAAP and audited by CVK & Associates, Chartered Accountants and G.M. Kapadia & Co., Chartered Accountants and their audit reports in relation thereto are included elsewhere in this Offering Circular. HPCL's financial statements as of and for the year ended 31 March 2017 were prepared under Ind-AS and audited by the same auditors and their audit reports in relation thereto are included elsewhere in this Offering Circular. HPCL's financial statements as of and for the year ended 31 March 2017 include comparative figures restated in line with the provisions of Ind-AS, for the previous year ended 31 March 2016. Also included below for references purposes only are consolidated balance sheet items as of 31 March 2015 which have been restated in line with the provisions of Ind-AS.

Consolidated Balance Sheet (Ind-AS)

	As of 1 April 2015[1]	2016[1]	As of 31 March 2017	2017
		Rs. billions		U.S.$ billions[2]
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	292.83	336.55	364.39	5.62
Capital Work-in-Progress	34.73	18.53	17.95	0.28
Goodwill on Consolidation	0.17	0.17	0.17	0.00
Other Intangible Assets	3.87	4.15	4.21	0.06
Intangible Assets under Development	0.88	0.62	0.73	0.01
Investment in Joint Ventures and Associates	25.98	37.74	60.70	0.94
Financial Assets				
Investments	6.12	4.19	5.95	0.09
Loans	3.92	4.81	4.07	0.06
Other Financial Assets	0.02	–	–	–
Other Non-Current Assets	11.78	10.87	14.38	0.22
Total Non-Current Assets (I)	380.30	417.63	472.55	**7.28**
Current Assets				
Inventories	135.15	133.55	186.29	2.87
Financial Assets				
Investments	53.76	49.91	51.09	0.79
Trade Receivables	32.18	37.76	40.92	0.63
Cash and Cash Equivalents	1.05	1.38	1.11	0.02
Bank Balances other than (iii) above	0.10	0.16	0.25	0.00
Loans	1.77	0.56	1.25	0.02
Other Financial Assets	47.91	48.68	43.17	0.67
Other Current Assets	5.74	5.86	6.53	0.10
	277.66	277.86	330.61	**5.10**
Assets Classified as Held for Sale/Disposal	0.02	0.05	0.04	0.00
Total Current Assets (II)	277.68	277.91	330.65	5.10
Total Assets (I+II)	**657.98**	**695.54**	**803.20**	**12.38**

	As of 1 April 2015[1]	2016[1]	As of 31 March 2017	2017
		Rs. billions		U.S.$ billions[2]
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	3.39	3.39	10.16	0.16
Other Equity	–	–	–	
Reserves and Surplus	136.71	164.68	200.18	3.08
Other Reserves	0.45	(1.43)	0.37	0.01
Total Equity	140.55	166.64	210.71	**3.25**
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	154.89	113.59	71.18	1.09
Other Financial Liabilities	82.54	93.98	109.97	1.70
Provisions	1.00	1.65	1.83	0.03
Deferred Tax Liabilities (Net)	42.40	50.34	61.49	0.95
Other Non-Current Liabilities	0.20	0.28	0.24	0.00
Total Non-Current Liabilities	281.03	259.84	244.71	**3.77**
Current Liabilities				
Financial Liabilities				
Borrowings	22.63	39.91	109.14	1.68
Trade Payables	115.83	94.65	127.00	1.96
Other Financial Liabilities	41.20	76.82	48.45	0.75
Other Current Liabilities	36.34	37.59	39.75	0.61
Provisions	16.79	16.47	22.71	0.35
Current Tax Liabilities (Net)	3.61	3.62	0.73	0.01
Total Current Liabilities	236.40	269.06	347.78	**5.36**
Total Equity and Liabilities	657.98	695.54	803.20	12.38

Notes:

(1) Restated under Ind-AS.

(2) Translations of 31 March 2017 Rupee amounts to U.S. dollars are provided solely for the convenience of the reader, and are not part of HPCL's financial statements. Translations were made at the exchange rate of Rs.64.84 per U.S.$1.00, being the exchange rate published by the Reserve Bank of India as of 31 March 2017. See "*Exchange Rates*".

Consolidated Statement of Profit and Loss (Ind-AS)

	For the year ended 31 March 2016	2017	2017
	Rs. billions		U.S.$ billions[1]
Revenue			
Revenue from Operations			
Gross Sale of Products	1,976.55	2,139.04	32.99
Other Operating Revenues	3.08	3.18	0.05
	1,979.63	2,142.22	**33.04**
Other Income	10.82	14.51	0.22
Total Income	1,990.45	2,156.73	**33.26**
Expenses			
Cost of Materials Consumed	409.19	452.73	6.98
Purchases of Stock-in-Trade	1,159.48	1,227.32	18.93
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	0.64	(43.63)	(0.67)
Excise Duty	200.54	267.96	4.13
Transportation Expenses	52.62	53.18	0.82
Exploration Cost	0.21	0.16	0.00
Employee Benefits Expense	23.39	29.69	0.46
Finance Costs	7.23	6.09	0.09
Depreciation and Amortisation Expense	28.46	27.76	0.43
Other Expenses	50.76	46.68	0.72
Total Expenses	1,932.52	2,067.94	**31.89**
Profit before Share in Profit of Joint Ventures and Associates and Tax	57.93	88.79	1.37
Share in Profit of Joint Ventures and Associates	9.42	23.18	0.36
Profit Before Tax	67.35	111.97	1.73
Tax Expense:			
Current Tax	14.34	22.36	0.34
Deferred Tax	7.47	7.78	0.12
Provision for Tax for Earlier Years Written Back (net)	(1.20)	(0.52)	(0.01)
Total Tax Expenses	20.61	29.62	**0.45**
Profit/(Loss) for the Period	46.74	82.36	**1.28**
Other Comprehensive Income:			
Items that will not be Reclassified to Profit or Loss:			
Remeasurements of the Defined Benefit Plans	(0.06)	(0.24)	(0.00)
Equity Instruments through Other Comprehensive Income	(1.88)	1.76	0.03
Share in Other Comprehensive Income of Joint Venture and Associates	0.00	(0.01)	(0.00)
Income Tax relating to Items that will not be Reclassified to Profit or Loss	0.02	0.08	0.00
	(1.92)	1.59	**0.03**
Items that will be Reclassified to Profit or Loss			
Foreign Currency Translation Reserve	(0.00)	0.04	0.00
	(0.00)	0.04	0.00
Other Comprehensive Income for the Period, Net of Tax	(1.92)	1.63	0.03
Total Comprehensive Income for the Period, Net of Tax	44.82	83.99	**1.31**
Earning per Share Basic and Diluted Earnings per Share (₹)	46.02	81.07	

Note:

(1) Translations of 31 March 2017 Rupee amounts to U.S. dollars are provided solely for the convenience of the reader, and are not part of HPCL's financial statements. Translations were made at the exchange rate of Rs.64.84 per U.S.$1.00, being the exchange rate published by the Reserve Bank of India as of 31 March 2017. See "*Exchange Rates*".

Consolidated Cash Flow Statement (Ind-AS)

	For the year ended 31 March		
	2016	2017	2017
	Rs. billions		U.S.$ billions[1]
A. Cash Flow from Operating Activities			
Net Profit/(Loss) before Tax and Extraordinary Items	67.35	111.97	1.73
Adjustments to Reconcile Profit before Tax to Net Cash used in Operating Activities			
Depreciation/Impairment of Property, Plant and Equipment	28.46	27.76	0.43
(Gain)/Loss on Sale of Property, Plant and Equipment	0.19	0.07	0.00
Remeasurement of Defined Benefit Plans Gain/(Loss)	(0.04)	(0.15)	0.00
Amortisation of Foreign Currency Monetary Item Translation Difference	2.49	3.54	0.05
Amortisation of Capital Grant	(0.01)	(0.01)	0.00
Amortisation of Lease Premium	0.02	0.02	0.00
Spares Written Off	0.00	0.12	0.00
Fair Value Gain on Current Investments carried at FVTPL	(0.16)	(2.22)	(0.03)
(Profit)/Loss on Sale of Current Investment	0.36	(0.32)	0.00
Finance Costs	6.78	5.67	0.09
Unrealised Exchange Rate Difference	2.42	(1.96)	(0.03)
Provision for Doubtful Debts and Receivables	0.16	0.02	0.00
Bad Debts Written Off	0.10	0.05	0.00
Interest Income	(3.83)	(3.75)	(0.06)
Share of Profit from Petroleum India International	(0.01)	(0.01)	0.00
Dividend Received	(0.37)	(0.28)	0.00
Share of Profit from Associates or Joint Ventures	(9.42)	(23.19)	(0.36)
Operating Profit before Changes in Assets and Liabilities	94.49	117.33	1.82
(Increase)/Decrease in Assets and Liabilities:			
Trade Receivables	(5.80)	(3.17)	(0.05)
Loans and Advances and Other Assets	(0.91)	3.76	0.06
Inventories	1.60	(52.86)	(0.82)
Liabilities and Other Payables	(10.70)	58.87	0.91
Sub Total	(15.81)	6.60	0.10
Cash Generated from Operations	78.68	123.93	1.91
Less: Direct Taxes/FBT Refund/(Paid) – Net	12.15	21.80	0.34
Net Cash from Operating Activities	66.53	102.13	1.57
B. Cash Flow from Investing Activities			
Purchase of Property, Plant and Equipment (including CWIP/excluding interest capitalised)	(48.40)	(59.07)	(0.91)
Sale of Property, Plant and Equipment	0.16	0.53	0.01
Purchase of Property, Plant and Equipment (including share application money pending allotment/Advance towards Equity)	(2.80)	(0.42)	(0.01)
Sale Proceeds of Oil Bonds	3.52	1.37	0.02

	For the year ended 31 March		
	2016	2017	2017
	Rs. billions		U.S.$ billions[1]
Capital Refunded from PII	0.05	–	–
Interest Received	3.88	3.75	0.06
Dividend Received from Association or Joint Venture Companies	0.50	0.53	0.01
Dividend Received – Others	0.37	0.28	0.00
Net Cash Flow Generated from/(used in) Investing Activities	(42.72)	(53.03)	(0.82)
C. Cash Flow from Financing Activities			–
Long Term Loans Raised	49.88	–	–
Long Term Loans Repaid	(66.10)	(70.54)	(1.09)
Short Term Loans Raised/(Repaid) during the Year	3.81	75.80	1.17
Capital Grant Received	0.13	0.02	0.00
Finance Cost Paid	(6.98)	(5.48)	(0.08)
Dividend Paid (including dividend distribution tax)	(17.49)	(41.77)	(0.64)
Net Cash Flow Generated from/(used in) Investing Activities	(36.75)	(41.97)	(0.64)
Net Increase/(Decrease) in Cash and Cash Equivalents	(12.94)	7.13	0.11
Cash and Cash Equivalents at the Beginning of the Year	(10.69)	(23.64)	(0.36)
Cash and Cash Equivalents at the End of the Year	(23.64)	(16.52)	(0.25)
Details of Cash and Cash Equivalents at the End of the Year			
Cash/Cheques on Hand	0.07	0.08	0.00
Balance with Scheduled Banks	–	–	–
On Current Accounts	0.15	0.06	0.00
Others	0.00	0.00	0.00
Balance with other Banks	1.16	0.98	0.02
Less: Cash Credit	(25.02)	(17.64)	(0.27)
Cash and Cash Equivalents at the End of the Year	(23.64)	(16.52)	(0.25)

Note:

(1) Translations of 31 March 2017 Rupee amounts to U.S. dollars are provided solely for the convenience of the reader, and are not part of HPCL's financial statements. Translations were made at the exchange rate of Rs.64.84 per US$1.00, being the exchange rate published by the Reserve Bank of India as of 31 March 2017. See "*Exchange Rates*".

Consolidated Balance Sheet (Indian GAAP)

	As of 31 March 2015	As of 31 March 2016
	Rs. billions	
EQUITY AND LIABILITIES		
Shareholders' Funds		
(a) Share Capital	3.39	3.39
(b) Reserves and Surplus	135.85	169.87
(c) Minority Interest	1.14	0.39
	140.38	**173.65**
Non-Current Liabilities		
(a) Long-Term Borrowings	285.36	217.47
(b) Deferred Tax Liabilities (Net)	28.04	36.87
(c) Other Long-Term Liabilities	85.45	97.17
(d) Long-Term Provisions	6.46	5.16
	405.31	**356.67**
Current Liabilities		
(a) Short-Term Borrowings	46.03	59.50
(b) Trade Payables		
(i) Total Outstanding Dues of Micro and Small Enterprises	0.00	0.00
(ii) Total Outstanding Dues of Creditor other than Micro and Small Enterprises	126.39	106.00
(c) Other Current Liabilities	114.44	162.63
(d) Short-Term Provisions	24.90	18.42
	311.76	**346.55**
TOTAL	**857.45**	**876.87**
ASSETS		
Non-Current Assets		
(a) Fixed Assets		
(i) Tangible Assets	446.38	493.55
(ii) Intangible Assets	6.68	2.72
(iii) Capital Work-in-Progress	38.63	22.73
(iv) Intangible Under Development	0.86	0.62
(b) Goodwill on Consolidation	1.19	1.21
(c) Non-Current Investments	5.78	5.73
(d) Long-Term Loans and Advances	16.34	17.30
(e) Other Non-Current Assets	2.01	1.86
	517.87	**545.72**
Current Assets		
(a) Current Investments	55.35	49.97
(b) Inventories	160.45	149.84
(c) Trade Receivables	40.71	45.34
(d) Cash and Bank Balances	22.36	27.99
(e) Short-Term Loans and Advances	53.73	54.73
(f) Other Current Assets	6.98	3.28
	339.58	**331.15**
TOTAL	**857.45**	**876.87**

Consolidated Statement of Profit and Loss (Indian GAAP)

	Notes	For the year ended 31 March 2015	For the year ended 31 March 2016
		Rs. billions	
Revenue from Operations			
a. Gross Sale of Products		2,301.68	2,126.64
Less: Excise Duty		138.31	259.84
b. Net Sale of Products		**2,163.37**	**1,866.80**
c. Sale of Services		0.58	0.80
d. Other Operating Revenues		2.53	3.18
e. Other Income		18.61	16.58
Total Revenue (b+c+d+e)		**2,185.09**	**1,887.36**
Expenses:			
Cost of Materials Consumed		789.83	576.41
Purchases of Stock-in-Trade		1,149.70	1,019.62
Packages Consumed		2.56	3.12
Excise Duty on Inventory Differential		10.77	16.57
Transportation Expenses		49.97	53.91
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade		50.79	6.09
Employee Benefits Expense		25.94	25.19
Exploration Expenses		0.28	0.34
Finance Costs		18.41	17.47
Depreciation and Amortisation Expense		24.97	35.88
Other Expenses		39.64	63.14
Total Expenses		**2,162.86**	**1,817.74**
Profit Before Prior Period, Exceptional and Extraordinary Items and Tax		**22.23**	**69.62**
Prior Period Expenses/(Incomes)		**(0.04)**	0.08
Profit Before Exceptional and Extraordinary Items and Tax		**22.27**	**69.54**
Exceptional Expenses/(Incomes)		(0.04)	–
Profit Before Extraordinary Items and Tax		22.31	**69.54**
Extraordinary Expenses/(Incomes)		0.04	–
Profit Before Tax		**22.27**	**69.54**
Tax Expense:			
Current Tax		10.57	15.44
MAT Credit Entitlements		(0.08)	(0.45)
Deferred Tax		(7.38)	7.41
Provision for Tax for Earlier Years Written Back (Net)		4.31	(1.33)
Total Tax Expenses		**7.42**	**21.07**
Profit/(Loss) after Tax but before Share of Results of Minority Interest		**14.85**	48.47
Share of Minority in Profit/(Loss)		(0.10)	(0.75)
Profit/(Loss) after Tax for the Group		**14.95**	**49.22**

Consolidated Cash Flow Statement (Indian GAAP)

		For the year ended 31 March 2015	2016
		Rs. billions	
A	**Cash Flow From Operating Activities**		
	Net Profit/(Loss) before Tax and Extraordinary Items	22.31	**69.54**
	Adjustments for:		
	Depreciation/Amortisation	24.89	35.96
	Profit/(Loss) on Sale/Write Off of Fixed Assets/CWIP (including prior period)	0.51	0.25
	Amortisation of Foreign Currency Monetary Item Translation Difference Account	0.36	2.52
	Utilised of Securities Premium towards Amortisation of Premium on Redemption on Debentures and Discount on Issue of Debentures	(0.25)	–
	Amortisation of Capital Grant	(0.01)	(0.02)
	Spares Written Off	0.01	0.00
	Provision for Diminution in Value of Current Investments	(6.05)	(0.17)
	(Profit)/Loss on Sale of Current Investment	0.29	0.36
	Finance Costs	18.41	17.47
	Exchange Rate Difference (unrealised)	4.73	4.38
	Gain on Settlement of Deferred Sales Tax Loan	(2.57)	(2.71)
	Provision for Doubtful Debts and Receivables	0.22	0.37
	Bad Debts Written Off	–	0.10
	Interest Income	(5.75)	(5.17)
	Share of Profit from PII	(0.01)	(0.01)
	Dividend Received	(0.39)	(0.58)
	Operating Profit before Changes in Assets and Liabilities {Sub Total – (i)}	**56.70**	**122.29**
	(Increase)/Decrease in Assets and Liabilities:		
	Trade Receivables	22.09	(5.10)
	Loans and Advances and Other Assets	36.80	7.70
	Inventories	88.50	10.60
	Liabilities and Other Payables	(1.85)	(4.74)
	Sub Total – (ii)	**145.54**	**8.46**
	Cash Generated from Operations (i) + (ii)	**202.24**	**130.75**
	Less: Direct Taxes/FBT Refund/(Paid) – Net	(8.11)	(13.14)
	Cash Flow before Operating Activities before Extraordinary Items	**194.13**	**117.61**
	Less: Extraordinary Items – (Gains)/Losses	0.04	–
	Net Cash from Operating Activities (A)	**194.09**	**117.61**
B.	**Cash Flow From Investing Activities**		
	Purchase of Fixed Assets (including CWIP/excluding interest capitalised)	(64.38)	(62.03)
	Sale of Fixed Assets	1.26	0.19
	Receipt of Capital Grant	–	0.13
	Purchase of Investment (including share application money pending allotment/advance towards equity)	(0.47)	(0.53)
	Proceeds from Sale of Investments	1.65	5.29
	Interest Received	4.88	5.91
	Dividend Received	0.39	0.58
	Net Cash Flow Generated from/(used in) Investing Activities (B)	**(56.67)**	**(50.46)**

	For the year ended 31 March 2015	2016
	Rs. billions	
C Cash Flow From Financing Activities		
Share Application Money Received/(Paid)	(0.01)	–
Advance towards Equity Received	–	–
Long-Term Loans Raised/(Repaid)	43.11	(33.83)
Short-Term Loans Raised/(Repaid)	(165.60)	13.47
Finance Cost Paid	(18.31)	(17.51)
Dividend Paid (including dividend distribution tax)	(6.17)	(17.60)
Net Cash Flow Generated from/(used in) Financing Activities (C)	**(146.98)**	**(55.47)**
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(9.56)	11.68
Opening Balance of Cash and Cash Equivalents		
Cash/Cheques on Hand	0.13	0.09
Balances with Scheduled Banks		
On Current Accounts	0.70	1.27
Others	17.82	7.73
	18.65	**9.09**
Closing Balance of Cash and Cash Equivalents		
Cash/Cheques on Hand	0.09	0.08
Balances with Scheduled Banks		
On Current Accounts	1.27	1.71
Others	7.73	18.98
–	9.09	20.77
Net Increase/(Decrease) in Cash and Cash Equivalents	**(9.56)**	**11.68**

BUSINESS

HPCL is a Government enterprise with Navratna status and a Fortune 500 company. HPCL primarily operates in the downstream petroleum industry and is engaged in the refining, distribution and marketing of petroleum products. HPCL's principal products include petroleum products such as MS (gasoline), diesel (gas oil), jet fuel (ATF), superior kerosene oil, LPG, lubricants, fuel oil, naphtha and bitumen.

HPCL owns and operates two major refineries, one in Mumbai (west coast) with a capacity of 7.5 MMTPA (the **Mumbai Refinery**) and the other in Visakhapatnam (east coast) with a capacity of 8.3 MMTPA (the **Visakh Refinery**). Both refineries have a complex configuration and are capable of producing a wide variety of petroleum products such as fuels and speciality products. In addition the Mumbai refinery is also capable of producing lubricants. HPCL also owns and operates the largest lube refinery in India producing lube base oils of international standards, with a capacity of 428 TMTPA. HPCL believes that the lube base oil produced at its lube refinery accounts for over 40 per cent. of India's total lube base oil production. HPCL holds a 48.99 per cent. equity stake in HPCL-Mittal Energy Ltd (**HMEL**) which operates a refinery with a 9-MMTPA capacity (the **GGS Refinery**) at Bathinda, in the state of Punjab. It also holds a 16.96 per cent. equity stake in the 15-MMTPA Mangalore Refinery and Petrochemicals Limited (the **Mangalore Refinery**) located at Mangalore in the state of Karnataka.

HPCL operates the second largest network of product pipelines in India and has developed a strategic 3,370-kilometre cross country pipeline network across India (excluding joint venture company pipelines). HPCL has a vast marketing network consisting of 13 zonal offices in major cities and 119 regional offices facilitated by an integrated supply and distribution infrastructure comprising terminals, pipeline networks, aviation (jet fuel) service stations, LPG bottling plants, inland relay depots and retail outlets, lube and LPG distributorships.

While refining and marketing of petroleum products continue to be the core business activities of HPCL, the Company intends to explore opportunities to access new growth and revenue streams and augment downstream businesses. Accordingly, HPCL has formed subsidiaries and joint venture companies engaged in refining, bitumen emulsion, operation of pipelines, city gas distribution, LPG cavern storage, natural gas transportation pipelines, LNG regasification terminals, biofuels and aviation fuel farms. HPCL expanded its business operations by investing in the upstream business of exploration and production (**E&P**) through its wholly owned subsidiary, PPCL. As of the date of this Offering Circular, HPCL has two wholly owned subsidiaries namely HPCL Biofuels Ltd. and PPCL, 12 joint venture companies namely HMEL, South Asia LPG Company Pvt Ltd., Hindustan Colas Private Ltd., Petronet MHB Ltd., Bhagyanagar Gas Ltd., Aavantika Gas Ltd., HPCL Shapoorji Energy Pvt Ltd. (**HSEL**), Mumbai Aviation Fuel Farm Facility Ltd., Godavari Gas Pvt. Ltd., Petronet India Ltd. (**PIL**), CREDA-HPCL Biofuels Ltd. and HPCL Rajasthan Refinery Ltd., and three associate companies, namely Mangalore Refinery and Petrochemicals Ltd, GSPL India Gasnet Ltd. and GSPL India Transco Ltd.

In the fiscal year ended 31 March 2017, HPCL's consolidated gross sales turnover was Rs.2,139.04 billion (U.S.$32.99 billion) and its consolidated net profit after tax was Rs.82.36 billion (U.S.$1.27 billion). As of 31 March 2017, HPCL's consolidated total assets were Rs.803.19 billion (U.S.$12.39 billion). HPCL's aggregate refinery (Mumbai Refinery and Visakh Refinery) throughput and total products sold in fiscal year 2017 were 17.8 MMT and 35.2 MMT, respectively.

HPCL is under the administrative control of the MoPNG under Government. As of the date of this Offering Circular, the Government owns 51.11 per cent. of HPCL's issued share capital. HPCL's shares have been listed on the BSE Limited since 1992 and the National Stock Exchange of India since 1998.

History

HPCL traces its roots to Standard Oil Company which began its operations in India by selling kerosene in the 1880s. In 1911, the Supreme Court of the United States of America ordered the dissolution of Standard Oil Company pursuant to the Sherman Antitrust Act resulting in its break up into three companies, namely the Standard Oil Company of New York (**SOCONY**), the Standard Oil Company of California and the Standard Oil Company of New Jersey.

In 1931, SOCONY merged with Vacuum Oil Company to form SOCONY-Vacuum. In 1933, Esso Standard Eastern (**ESSO**) and SOCONY-Vacuum merged their respective interests in the Asia Pacific region to form a 50-50 joint venture, Standard-Vacuum Oil Company (**Stan Vac**). In 1952, Stan Vac incorporated a company in India to set up India's first modern refinery at Trombay, which was commissioned in 1954. In 1955, Caltex Oil Refining (India) Ltd. (**Caltex India**) was incorporated in India and its refinery in Visakhapatnam was commissioned in 1957. These refineries provided the foundation for the development of India's refining industry by promoting modern technology and creating a pool of skilled manpower.

In 1962, the operations of Stan Vac became wholly owned by ESSO. In an effort to develop the Indian lubricant market, the Government incorporated Lube India Ltd. (**Lube India**), a 50-50 joint venture with ESSO. The manufacturing plant of Lube India was commissioned in 1969.

In 1974, HPCL was incorporated by Lube India and ESSO Standard Refining Company of India Limited pursuant to an amalgamation order by the Government. In 1976, the Government took over Caltex India and merged it with HPCL in 1978. The undertakings of Kosan Gas Company Ltd. were merged with that of HPCL in 1979.

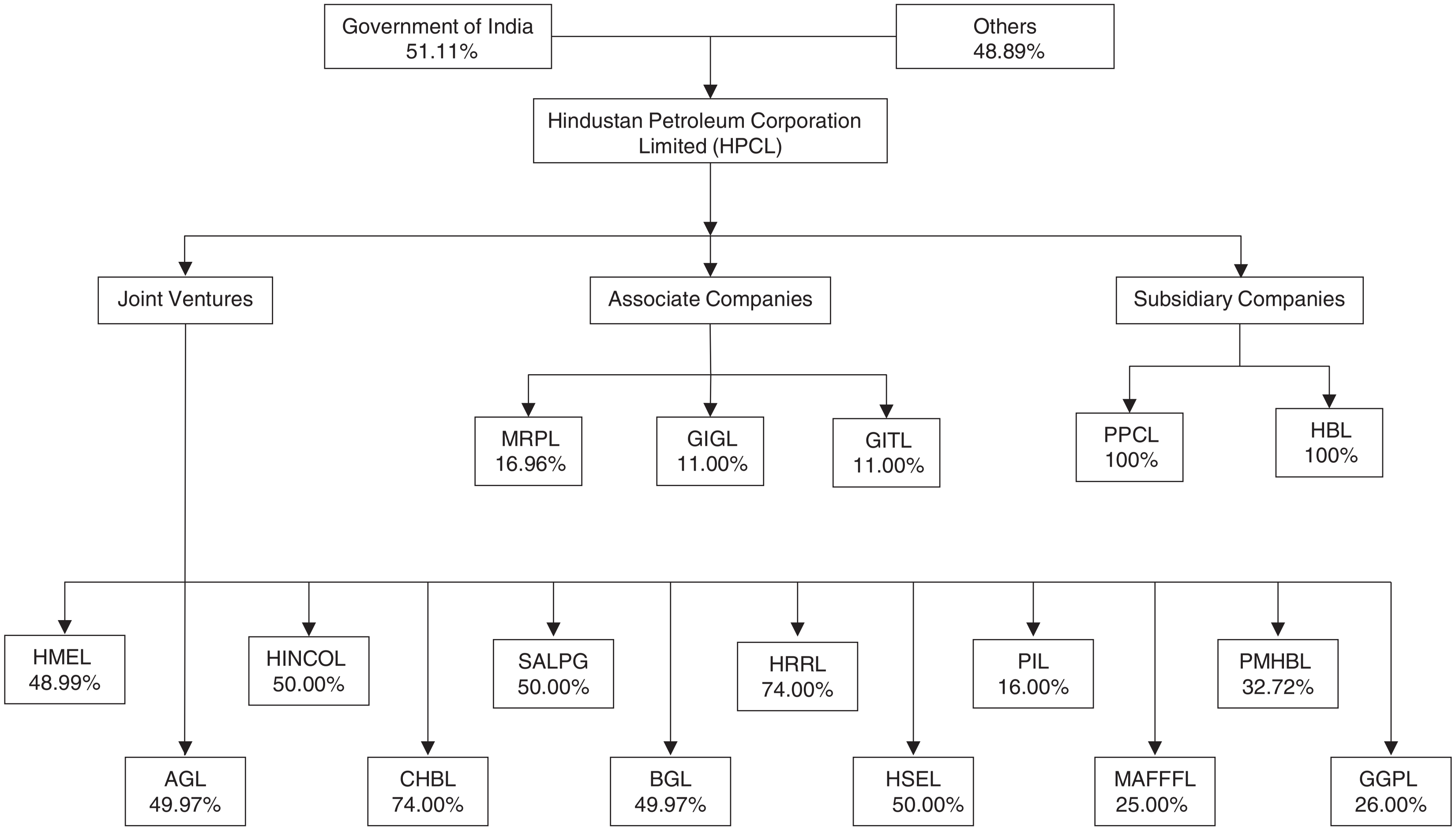
In the 1980s, as part of the Government policy to involve the private sector in infrastructure projects, a joint venture refinery at Mangalore was commissioned. The Mangalore Refinery and Petrochemicals Ltd. was the first Government (through HPCL) and private sector (Aditya Birla group of companies) partnership in the oil and gas sector in India.

In the early 1990s, as part of the reform process, the Government sold a portion of its shareholding in HPCL. In 1995, the shares of HPCL were offered to the public.

In the following years, HPCL underwent rapid expansion in terms of the capacity of its refineries and lube oil base stock plant, carried out augmentation and capacity expansion of its supply and distribution infrastructure which includes product pipelines, depots (for petroleum, oil and lubricants), LPG plants and lube blending plants and expanded the reach of its channel infrastructure.

Group Structure

The chart below sets out the group structure as of 31 March 2017.



Competitive Strengths

HPCL believes that it benefits from a combination of the following competitive strengths:

Strategic location of refineries with access to key markets

HPCL's refineries are strategically located in high consumption markets in the east and west coasts of India, each with well-connected import facilities. The majority of HPCL's products are transported through cross country pipelines, providing flexibility in operations to the refineries. HPCL has a crude cavern storage at the Visakh Refinery on the east coast and is able to receive very large crude carriers (**VLCCs**) thus reducing logistics costs.

HPCL has marketing rights to the products produced by the GGS Refinery. This refinery is strategically located in the northern part of India and HPCL has leveraged this strength by constructing cross country pipelines for transport of the products to meet the demand in the north, north central and eastern parts of India.

Widespread marketing infrastructure and distribution network with strong operating and marketing performance

HPCL has built a large infrastructure network over the last six decades. As of 31 March 2017, it has a vast marketing network consisting of 119 regional offices, 42 terminals, installation and tap off points, 62 depots, 47 LPG bottling plants, 37 aviation service facilities, 14,412 retail outlets, 1,638 SKO and LDO dealers and 4,532 LPG distributors. HPCL also has the second largest network of product pipelines in India. It has developed a strategic cross country pipeline network across India and currently operates a 3,370-kilometre product pipeline network (excluding joint venture company pipelines) for transportation of petroleum products. More than 80 per cent. of HPCL's refinery production is transported through the pipeline network. HPCL believes that the majority of its infrastructure has been upgraded with state of the art facilities and complies with safety standards.

HPCL believes that its dedicated and integrated infrastructure is a competitive advantage as such infrastructure enables it to manage operations efficiently, lower the distribution costs and reduce dependence on third party service providers as well as provides flexibility to optimise cost value across the production and marketing value chain. The network of channel partners enables HPCL to meet market demand while catering to the diverse needs of customer segments across all geographies in India. HPCL intends to further expand its supply chain to enhance its marketing reach and ensure uninterrupted supply of products and services to customers across India.

Strong balance sheet and financial performance

HPCL observes robust financial policies and has a strong balance sheet driven by growing EBITDA and cash flows which enable it to complete projects in time, capitalise on new business opportunities and invest capital for business growth. HPCL believes that its strong financials and net worth balance the inherent risk of cyclical refining margins and help in undertaking major investments for augmentation and expansion of its refining and marketing infrastructure.

Status of Navratna company and strong links with the Government

HPCL is a Government enterprise with a Navratna status and a Fortune 500 company. HPCL was awarded the "Navratna" status by the Government in 1998, which allows HPCL to have greater autonomy to compete in the global market.

As a Navratna company, HPCL is empowered to make investment decisions without having to first seek the approval of the Government, except for making equity investments or establishing joint ventures or wholly owned subsidiaries and for undertaking any mergers and acquisitions in India in amounts exceeding Rs.10 billion or 15 per cent. of the net worth, whichever is lower, on a single project. In addition, the overall limit of investments that HPCL is permitted to make in all such projects without requiring Government approval is 30 per cent. of its net worth. Pursuant to the directives issued by the Government, central public sector enterprises (**CPSE**) have the power to undertake mergers and acquisitions, subject to the conditions that (i) it should be as per the growth plan and in the core area of functioning of the CPSE, (ii) conditions or limits would be as in the case of establishing joint ventures or subsidiaries and (iii) the Cabinet Committee on Economic Affairs should be informed in case of investments abroad.

HPCL believes that the support it receives from the Government, as a government-owned entity, together with the relative strategic decision-making autonomy derived from being a Navratna company, provides it with the benefits of a national oil company while having the ability to undertake independent strategic investments.

Dedicated research and development centre

HPCL's research and development (**R&D**) centre (**HPGRDC**) is recognised by the Department of Scientific and Industrial Research and dedicated to the nation by the Ministry of Science and the MoPNG on 14 October 2016. HPGRDC is engaged in the development of new products, development of new technologies and enhancement of existing technologies.

In fiscal year 2017, HPGRDC filed 13 Indian patents and 13 international patents. In the same period, HPGRDC developed a hydrogen pressure swing adsorbent for purification of hydrogen generation unit reformer gases as well as SprayMax FCC feed nozzles which were installed and commissioned at both HPCL refineries.

HPCL has won several awards for its R&D activities including the 2015 "Best Innovation in Research and Development" award from the MoPNG for the HP Hi-Gas technology, the 2015 "Innovator of the Year" from the Petroleum Federation of India for the catalyst visbreaking technology, the 2016 "Golden Star" award from World Quality Congress for lube oil up gradation and catalyst visbreaking technology and the 2016 "Golden Star" award from World Quality Congress for the online heater cleaning chemical, HP-FurnOKare.

HPCL, through HPGRDC, intends to pursue research projects in the areas of, among others, octane, speciality solvents, light naphtha aromatisation, slurry hydrocracking technology and catalyst additives for competitive advantage.

Consistent focus on "Net Corporate Realisation"

HPCL has institutionalised the Integrated Margin Management (**IMM**) as its operating model. The IMM allows the Company to maximise overall margins by integrating the key processes across the crude-to-customer value chain. To gain competitive advantage, HPCL formed an IMM group. The IMM group is empowered to make decisions based on an integrated view of the drivers of margin in the downstream value chain including sourcing, refining, supplies, operations, distribution and inventory management and to undertake actions to address the imbalances and maximise the "net corporate realisation" between procured crude price and realised product price.

Experienced and Competent Management Team

HPCL is led by a highly experienced executive and senior management team, led by Mr. Mukesh Kumar Surana, the chairman and managing director. Most of the Company's senior management team have more than 30 years of experience in the oil and gas industry. The Company's management team has successfully managed the Company's growth in recent years, executing its strategies. In addition, HPCL has a proven track record of attracting and retaining talent focused on growth of its business with the ability to manage rapidly changing business environments. Through extensive on-the-ground experience and rigorous training systems, the Company's executives have developed a common vision and understanding of its values and goals. The experienced and effective management team is an important competitive advantage in expanding the business and achieving growth.

Strategies

HPCL's strategy is to maintain its strong position in the Indian oil and gas sector in terms of market share by leveraging on the growth in the Indian economy. To achieve its business plan, HPCL plans to maximise customer value, achieve exponential growth and accelerate profits by emphasising safety and integrity supported by robust internal processes, competent and capable employees, and a strong work culture.

To become an integrated energy company, deliver top quartile performance, achieve growth in new business areas and provide differentiated customer experiences, HPCL has adopted the following key strategies:

Sustain and improved market position through selective investment and differentiation

A core HPCL strategy is to consistently focus on key directional choices that would best place HPCL ahead of competitors in the future. The key to this strategy is to strengthen HPCL's refining and marketing functions, build significant presence in natural gas, and diversify into petrochemicals and renewables.

The short-term objective is to improve the operational performance and reliability at the refineries and focus on a customer centric strategy by strengthening and augmenting the infrastructure in the core businesses of refining and marketing to meet the future market demand. HPCL lays emphasis on leveraging technology and providing a differentiated customer experience across all the businesses in the downstream value chain.

The long-term objective is to selectively invest future businesses to achieve growth and profitability. HPCL plans to selectively invest in producing wells, participate in the growth of the natural gas business, and horizontally integrate into the petrochemicals and renewable business segments to achieve profitable growth.

Expansion of refining and distribution capacity

HPCL continuously strives to meet customer demands across the country by supplying petroleum products through its robust supply and distribution infrastructure. In refining, focus is on improving profitability and reliability and enhancing the operational performance of existing refineries to maximise product sufficiency to cater to the growing demand. Staying ahead in the petroleum market also requires robust supply chain management, the ability to cater to the product needs of customers without interruptions, and leveraging innovative solutions to stay ahead of competition.

To bridge the demand-supply gap of petroleum products in northern India, HPCL has set up a 9-MMTPA joint venture refinery in the state of Punjab with MEI, each holding approximately 48.99 per cent. equity stakes. Capacity expansion of the GGS Refinery from 9 MMTPA to 11.3 MMTPA is underway and is expected to be completed by June 2017. HPCL has also undertaken the Mumbai Refinery Expansion Plan and the Visakh Refinery Modernisation Project to increase the installed capacity of the Mumbai Refinery from 7.5 to 9.5 MMTPA, and the Visakh Refinery from 8.33 MMTPA to 15 MMTPA. Environmental clearances for both the projects have been received and pre-project activities are in progress. Both the projects are expected to be completed by 2021.

Additionally, HPCL has carried out detailed planning to meet future market demands and has developed a timely infrastructure development plan. The new capacity additions along with infrastructure strengthening at existing locations are expected to reduce secondary distribution cost substantially. The LPG bottling and storage capacities are being augmented by commissioning a number of LPG plants. HPCL has set up state of the art LPG carousel projects and owns some of the largest carousels in the industry – a 72 headed flex speed carousel at Yediyur (Bangalore) with production capacity of 4,200 cylinders per hour and a 66 headed flex speed carousel at Charlapally (Hyderabad) with production capacity of 3,600 cylinders per hour.

Focus on pipeline transportation of petroleum products

HPCL is transporting the majority of its finished products through a supply chain network comprising eight cross country product pipelines, 42 terminals and 62 inland relay depots, to help meet demand in various parts of India and reduce the need to make purchases from other oil companies, including private companies and importers. HPCL aims to ensure incident free and safe operations of its supply chain network with assured in-time product availability.

Since its commissioning in 2015, HPCL's cross country 443-kilometre Rewari Kanpur Pipeline (**RKPL**) from Rewari to Kanpur has helped facilitate the swift transportation of petroleum products in north central India and strengthen HPCL's position in north central zone and east zone markets. RKPL is unique in nature, being connected to an inland HMEL refinery and the Western Mundra Port, through the Mundra-Delhi Pipeline (**MDPL**) and the Ramanmandi Bahadurgarh Pipeline (**RBPL**).

Furthermore, to economise transportation of MS, SKO and HSD from Mumbai and Visakh refineries, HPCL has completed the 508-kilometre Mumbai Pune Solapur Pipeline and the 572-kilometre Visakh Vijayawada Secunderabad Pipeline (**VVSPL**). To cater to growing LPG demand in southern India, HPCL has recently commissioned the 356-kilometre Mangalore Hassan Mysore Yediyur LPG Pipeline.

To further reduce logistics cost and optimise its supply chain network, HPCL has undertaken capacity expansion projects for the MDPL, the VVSPL and the RBPL. It is also constructing the 164-kilometre Uran Chakan Shikrapur LPG Pipeline jointly with BPCL, which is expected to be completed in March 2018.

Capitalise on strong domestic market growth opportunities in existing and new business areas

Domestic demand for many of HPCL's products such as MS, HSDO and LPG has increased in the past several years. HPCL expects the trend of long-term demand growth in India to continue given current low per capita consumption as well as domestic economic growth. In particular, significant growth is expected in the domestic demand for petroleum products, as a result of governmental policy reforms, focus on manufacturing, and increase in population and income levels.

Strengthen presence in natural gas

Emerging market trends, particularly the increased demand for natural gas and thrust by the Government for 'clean' fuels have accelerated entrance into natural gas business as an attractive strategy for HPCL. The focus is to develop dedicated infrastructure to ensure access to capacity and greater operational flexibility. HPCL is undertaking investments in regasification and transport infrastructure through its joint venture company HSEL. To drive growth, HPCL is looking to leverage the marketing capabilities and pan India marketing reach to cater to the natural gas requirements of industrial customers. Recognising that integration along the value chain is essential for profitable operations, HPCL is undertaking initiatives to be present in the entire value chain of sourcing, transportation, marketing and sales.

Limited play in non-conventional and renewable energy resources

HPCL has started to focus on non-conventional and renewable energy resources, including wind power projects and solar power projects. HPCL has installed renewable energy projects of 101 MW capacity wind farms as part of its strategy to develop non-conventional and renewable energy resources.

Foray into petrochemicals business

Petrochemical offers HPCL a strategic opportunity for growth and value creation. HPCL currently produces naphtha which can be used as feedstock and there is synergy for entering into petrochemical business as HPCL will be able to expand its footprint both in refining and marketing areas. HPCL plans to build petrochemical complexes through the joint venture route, creating additional infrastructure, and building its capabilities in petrochemical marketing.

Refining

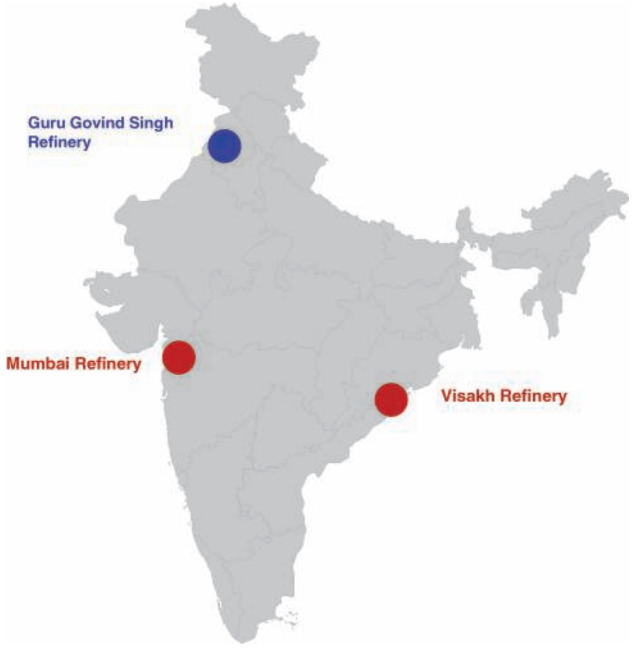
Refining of crude oil is a core activity of HPCL. HPCL's Mumbai Refinery on the west coast and the Visakh Refinery on the east coast have refining capacities of 7.5 MMTPA and 8.3 MMTPA, respectively. The GGS Refinery at Bathinda in northern India, a joint venture refinery where HPCL has marketing rights to products, has a capacity of nine MMTPA. In fiscal year 2017, the combined throughput of these three refineries was 28.32 MMT. In addition, HPCL has a participating interest in the 15-MMTPA Mangalore Refinery which is located in the southern part of India on the west coast.

The table and map below show the location of the refineries owned and operated by HPCL and HMEL.

Name of Refinery	State of Location	Capacity (MMTPA)	Date of Commissioning
Mumbai Refinery	Maharashtra	7.5	1954
Visakh Refinery	Visakhapatnam	8.3	1957
GGS Refinery[(1)]	Bathinda	9	2012

Note:

(1) Operated through HMEL.



HPCL believes that the modern process units at all three refineries help to provide operational flexibility and enable it to maximise value from processing different varieties of crude oil. The refineries have various units through which products of various distillates are manufactured. In addition to the CDU, the refineries' infrastructure includes the VDU, fluid catalytic cracker unit, hydrocracker unit, aromatic recovery unit, lube oil base stock unit and gasoline (MS) block. In addition, the facilities include diesel hydro de-sulphurisation units and reverse osmosis mineralisation units, which ensure that the fuels produced are environmentally-friendly and conform to HPCL's high quality standards.

The table below shows certain key operating data of HPCL's own refineries for the periods indicated.

Refinery	2015			2016			2017		
	Operating Data								
	Refining Capacity	Crude Oil Throughput	Utilisation Rate	Refining Capacity	Crude Oil Throughput	Utilisation Rate	Refining Capacity	Crude Oil Throughput	Utilisation Rate
	(MMT)	(MMT)	(%)	(MMT)	(MMT)	(%)	(MMT)	(MMT)	(%)
Mumbai Refinery	6.5	7.41	114	6.5	8.01	123	7.5	8.5	113
Visakh Refinery	8.3	8.77	106	8.3	9.22	111	8.3	9.3	112

HPCL strives to continuously upgrade its refineries to increase refining capacity, identify and improve bottlenecks, implement bottom upgrades and improve the overall quality of its end products.

In fiscal year 2017, refineries that HPCL owns recorded a combined refining throughput of 17.8 MMT, with capacity utilisation of 113 per cent., compared to 17.23 MMT in fiscal year 2016. This robust performance was achieved by meticulous planning of crude sourcing, ensuring a right crude mix and timely transport and distribution of all the products produced by the refineries. Such performance was supported by a sustained level of refinery reliability and strict adherence to the laid out processes and safety guidelines.

Keeping abreast with the latest technology has yielded benefits on the operational and energy front and in product quality. The Mumbai Refinery has revamped the existing solvent extraction unit III furnace by implementing the split-pass flow technology. The Visakh Refinery has adopted the structured MODGRID proprietary packing in the fluid catalytic cracking (**FCC**) I reactor stripper and added a second reactor in the FCC naphtha hydrotreater (**NHT**) and a debutaniser in the diesel hydrotreater (**DHT**) facilities which has enabled the refinery to comply with Bharat Standard IV (**BS IV (Euro IV)**) specifications for gasoline (MS) and gas oil (diesel).

HPCL has implemented various energy-saving technologies and measures in its refineries, including the commissioning of the slop cut steam generator in the crude distillation unit II at the Visakh Refinery and online cleaning of furnaces in both refineries using chemicals developed by the in-house R&D team. In addition, HPCL conducted a large-scale steam trap management study at the Mumbai Refinery which helped reduce steam losses. The energy-saving scheme of stabilising flare gas recovery compressors at both refineries has enabled the refineries to manage the release of hydrocarbons in the normal course of operations and restore the same to the refinery fuel gas system, thereby contributing to increased margins. In fiscal year 2017, HPCL's refineries posted an energy intensity index (**EII**) of 107. EII is a metric developed by Solomon Associates to measure the energy efficiency of a refinery.

Since 1 April 2017, HPCL refineries are supplying BS IV (Euro IV) compliant gasoline (MS) and gas oil (diesel) products.

Mumbai Refinery

Commissioned in 1954, HPCL's refinery in Mumbai has been modernised and expanded over the years from its initial capacity of 1.25 MMTPA to its current 7.5 MMTPA capacity. During fiscal year 2017, the Mumbai Refinery achieved a throughput of 8.5 MMT compared to 8.01 MMT in fiscal year 2016. The Mumbai Refinery is capable of processing different types of crude oil. The production slate includes light (such as gasoline (MS) and LPG), middle (such as kerosene, gas oil (diesel) and jet (aviation) fuel), heavy distillates (such as furnace oil and bitumen) and Group II/III lube oil base stocks.

The gross refining margin (**GRM**) of the Mumbai Refinery was U.S.$6.95 per barrel in fiscal year 2017 compared to U.S.$8.09 per barrel in fiscal year 2016.

HPCL is carrying out a revamp of the Mumbai Refinery, including an upgrade of the residue streams, to increase the Mumbai Refinery's refining capacity to 9.5 MMTPA to help meet the growing demand for petroleum products. The estimated capital expenditure for the project is Rs.41.99 billion. This project will enable the Mumbai Refinery to produce BS VI (Euro VI) compliant products by 2020 as required by the Auto Fuel Policy Guidelines (the **AFP Guidelines**). As of the date of this Offering Circular, the project has received the environmental clearance.

Visakh Refinery

Commissioned in 1957, HPCL's refinery in Visakhapatnam has been modernised and expanded over the years from its initial capacity of 0.675 MMTPA to its current 8.30 MMTPA capacity. During fiscal year 2017, the Visakh Refinery achieved a throughput of 9.30 MMT compared to 9.22 MMT in fiscal year 2016. HPCL owns and operates a 0.3-MMTPA crude cavern storage at the Visakh Refinery. The Visakh Refinery also has a single point mooring facility which allows receipt of crude oil through VLCCs thus reducing transportation costs. The Visakh Refinery is capable of processing different types of crude oil. The product slate includes light (such as gasoline (MS), naphtha and LPG), middle (such as kerosene, gas oil (diesel) and jet (aviation) fuel), heavy distillates (such as furnace oil and bitumen) and speciality products such as hexane and mineral turpentine oil.

The GRM of the Visakh refinery was U.S.$5.51 per barrel in fiscal year 2017 compared to U.S.$5.46 per barrel in fiscal year 2016.

HPCL is implementing capacity expansion and modernisation of the Visakh Refinery to increase its refining capacity to 15 MMTPA to help meet the growing demand for petroleum products. The project includes the upgrade of residue streams for the production of distillates and petcoke, and to enable the production of Euro VI compliant products. The estimated capital expenditure for the project is Rs.209.98 billion. As of the date of this Offering Circular, the project has received the environmental approval.

Maintenance

Each of the units at the refineries requires regular maintenance, repair and upgrade shutdowns (also referred to as turnarounds), during which times these units are not operational. HPCL's Mumbai and Visakh refineries have multiple trains of units. Therefore, maintenance does not require shutdown of the entire refinery and turnarounds are taken in a staggered manner so as to minimise production disruptions. Regular maintenance and inspection turnaround for a process unit is performed once every four years. A two-year turnaround schedule is prepared for all units, utilities and offsites. During each turnaround, the remaining trains are in operation and the affected product(s) are adequately stocked prior to each scheduled turnaround to help ensure that customers are not inconvenienced.

Turnarounds are planned in the previous year based upon the recommendation and requirements of the maintenance, inspection, technology and operations group. HPCL's refineries employ a systematic approach to turnaround management. HPCL has also adopted the latest turnaround techniques and best practices such as chemical decontamination of the unit, mechanical decoking of heater coils, dedicated safety organisation of contractor and comprehensive contract including project jobs. Turnaround work is executed on a 24-hour basis without any breaks to minimise unit down time.

In fiscal year 2017, the turnaround of the lube oil upgradation unit at the Mumbai Refinery was undertaken for the first time which enabled the collection of important information about the unit hardware to enhance the flexibility of operation.

For the last three years, most of the critical units have been operating at more than 100 per cent. capacity. Minor unscheduled interruptions did not result in any delay in product supply to HPCL's customers.

Products

HPCL produces a wide range of refined petroleum products, including LPG, gasoline (MS), jet fuel/kerosene, gas oil (diesel), bitumen, fuel oil, naphtha and other products, including lubricants and greases, and speciality products.

Petroleum Products

LPG – LPG is a mixture of hydrocarbon gases liquefied under pressure and is used as fuel for heating, cooking and lighting. HPCL's LPG is marketed under the brand name "HP GAS".

Gasoline (MS) – Gasoline is the most well-known product derived from the refining of crude oil. It is used primarily as fuel for motor vehicle engines and sold at retail outlets for direct delivery to automobiles. HPCL produces different grades of gasoline for supply to the domestic markets. HPCL's branded gasoline (MS) is marketed under the brand name "Power" which contains proprietary components including detergent dispersants, friction modifiers and corrosion inhibitors.

Naphtha – Naphtha is a colourless flammable distillate used primarily as feedstock in the petrochemical and fertiliser industries.

HSDO (Gasoil) – Gasoil is a middle distillate and is used as, among others, fuel for turbines in power stations. It accounts for more than 45 per cent. of the total sales volume of HPCL.

Jet (Aviation) fuel/Kerosene – Jet (aviation) fuel is a colourless, combustible, straight-run petroleum distillate liquid with a principal use as jet engine fuel. HPCL's jet fuel serves the fuel requirements of major domestic airlines and the Indian defence services. Kerosene is used as domestic fuel.

Bitumen – Bitumen is a common binder for bituminous road constructions. It is a residual product in petroleum refineries after higher fractions such as gas, petrol, kerosene and diesel are removed by distillation from crude oil.

Fuel oil – Fuel oil is the least valuable product obtained from the refining of crude oil. It is used mainly as fuel for furnaces in various industries and as bunker fuel in ships. HPCL produces fuel oil of various specifications depending on its end use.

Other Petroleum Products

Lubricants and greases – Lubricants and greases are used to reduce friction between rubbing or rolling surfaces. HPCL produces a wide range of lubricants and greases for use in the industrial, automotive and marine sectors.

Special products – HPCL manufactures several petroleum products for specific applications that could be used as feedstock for the chemical industry, raw materials in certain industries and solid fuels. These products include propylene, hexane and mineral turpentine oil.

Production of Petroleum Products

The following table shows HPCL's annual production (excluding subsidiaries and joint ventures) for the fiscal years 2015, 2016 and 2017.

	Fiscal Year					
	2017		2016		2015	
	'000 MT	% of Total	'000 MT	% of Total	'000 MT	% of Total
Light Distillates						
Liquefied petroleum gas	839.64	4.70	824.67	4.78	807.43	4.96
Naphtha	629.23	3.52	706.68	4.10	1,018.15	6.26
Motor Spirit	3,286.17	18.38	3,032	17.59	2,842.34	17.47
Hexane	9.45	0.05	13.94	0.08	8.21	0.05
Solvent 1425	4.84	0.03	6.6	0.04	3.12	0.02
Propylene	43.28	0.24	43.38	0.25	14.4	0.09
Sub Total	**4,812.59**	**26.92**	**4,627.27**	**26.84**	**4,693.65**	**28.85**
Middle Distillates						
Mineral Turpentine Oil	42.03	0.24	42.17	0.24	38.01	0.23
Jet (Aviation Turbine) Fuel	536.10	3.00	545.42	3.16	485.51	2.98
Superior Kerosene Oil	524.02	2.93	774.68	4.49	805.28	4.95
High Speed Diesel	6,959.22	38.93	6,468.03	37.52	6,121.37	37.63

	Fiscal Year					
	2017		2016		2015	
	’000 MT	% of Total	’000 MT	% of Total	’000 MT	% of Total
Light Diesel Oil	188.79	1.06	190.14	1.10	158.4	0.97
Jute Batching Oil	7.45	0.04	4.38	0.03	2.79	0.02
Sub Total	**8,257.61**	**46.19**	**8,024.82**	**46.55**	**7,611.36**	**46.79**
Lube Oil Base Stock/Transformer Oil Base Stock	**430.86**	**2.41**	**422.59**	**2.45**	**294.61**	**1.81**
Heavy Ends						
Furnace Oil	1,664.42	9.31	1,574.78	9.13	1,387.83	8.53
Low Sulphur Heavy Stock	21.70	0.12	(2.36)	(0.01)	186.72	1.15
Bitumen	1,215.75	6.80	1,197.75	6.95	906.75	5.57
Others	90.42	0.76	116.23	0.67	97.03	0.60
Sub Total	**2,992.29**	**16.99**	**2,886.4**	**16.74**	**2,578.33**	**15.85**
TOTAL	**16,493.35**	**92.52**	**15,961.08**	**92.58**	**15,177.95**	**93.30**
Intermediate Stock Differential	43.95	0.25	(54.2)	(0.31)	(118.91)	(0.73)
Fuel and Loss	1,293.52	7.24	1,333.73	7.74	1,208.34	7.43
GRAND TOTAL	**17,830.82**	**100.00**	**17,240.61**	**100**	**16,267.38**	**100**

Crude Oil Procurement

The total crude oil requirement of HPCL’s own refineries was approximately 17.96 MMT in fiscal year 2017. Approximately 23 per cent. of this crude oil requirement was met through indigenous low sulphur crude oil (Mumbai high and KG D6 condensate) while the balance of the crude oil requirement was sourced through imports, both through term contracts and spot purchases. Indigenous crude oil is allocated to public sector refineries by the Government.

In fiscal year 2017, HPCL imported 13.82 MMT of crude oil. The procurement of 10.92 MMT of high sulphur crude oil was mainly through term contracts with oil companies from the Gulf region, including suppliers from Saudi Arabia, United Arab Emirates, Iraq and Iran. Low sulphur crude oil requirement of 2.90 MMT was imported through term contracts and spot purchases.

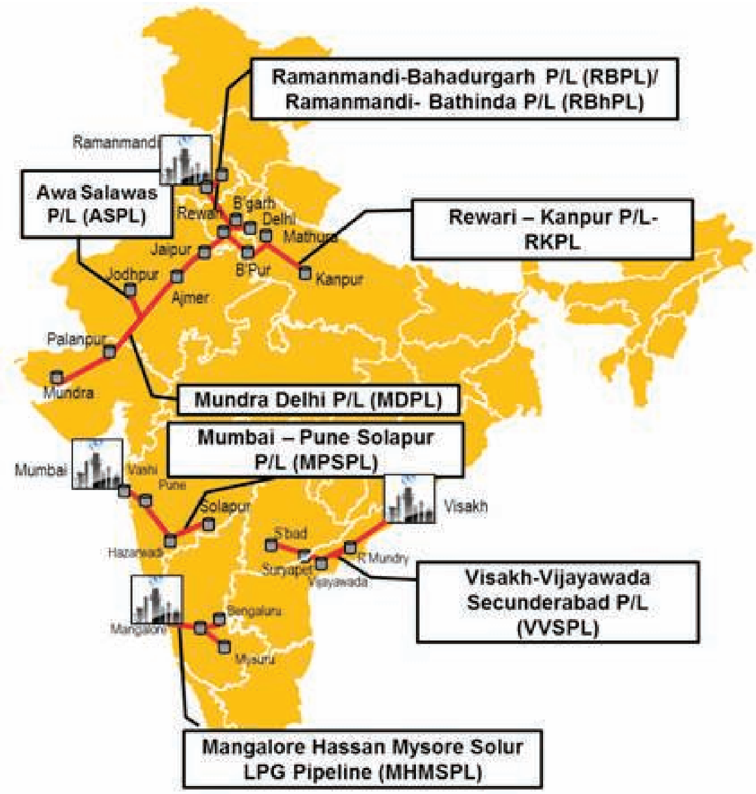
To ensure the smooth supply of crude oil to its refineries and hedge the risk of supply discontinuance, HPCL enters into term contracts with national oil companies of crude oil producing and exporting countries, wherein the quantity of crude oil to be purchased is agreed upon and delivered against a price linked to market prices. The combination of term contracts and spot purchases provides HPCL with both security of supply and the flexibility to leverage market opportunities.

HPCL has a commodity risk management policy in place to minimise the risks associated with crude and product prices. This is done through hedging of cracks in the over the counter (**OTC**) swap market. HPCL hedges its refinery margins in the OTC swap market. The risk management committee defines the risk appetite of HPCL and the risk strategy committee oversees the implementation of HPCL’s commodity risk management policy.

Pipelines

HPCL operates the second largest network of product pipelines in India and has developed a strategic cross country pipeline network across India. It currently operates a 3,370-kilometer pipeline. In fiscal year 2017, the combined throughput of HPCL's pipeline operation was 17.91 million tonnes. HPCL's pipeline strategic business unit also operates speciality product pipelines for black oil and lube oil. In addition, HPCL also has equity participation in the Mangalore-Bangalore joint venture company pipeline.

The map below sets out HPCL's pipeline network as of the date of this Offering Circular:



The following table presents HPCL's key pipeline operating data for the fiscal year 2015, 2016 and 2017.

Pipelines	Date of Commissioning	Length	Size	Installed Capacity[1]	Fiscal Year 2015	2016	2017
	(kilometre)	(inch)	(MMTPA)		Utilisation[2] (%)		
Existing Product Pipelines							
Ex-Mumbai Refinery							
Mumbai Pune Solapur Pipeline	1985/2006	508	14/12	4.30	83	103	96
Ex-Visakh Refinery							
Visakh Vijayawada Secunderabad Pipeline	1998/2002	572	18/16/14	5.38	81	82	93
Ex-Guru Govind Singh Refinery							
Ramanmandi Bathinda Pipeline	2011	30	10	1.13	57	74	77
Ramanmandi Bahadurgarh Pipeline	2012	243	18	4.71	62	95	100

Pipelines	Date of Commissioning	Length	Size	Installed Capacity(1)	Fiscal Year 2015	2016	2017
	(kilometre)	(inch)	(MMTPA)		Utilisation(2) (%)		
Other Pipelines							
Mundra Delhi Pipeline	2007	1,054	18/16	5.00	69	45	50
Bahadurgarh Tikrikalan Pipeline	2015	14	10/12	0.75	1	71	72
Awa Salawas Pipeline	2015	93	10	2.34	1	29	26
Rewari Kanpur Pipeline	2015	442	18	7.98	–	2	24
Mangalore Hassan Mysore Yediyur Pipeline	2016	356	14/16/10	1.94	–	–	6
Speciality Product Pipelines							
Lube Oil Pipeline	1992	17.1	12	1	29	39	42
Black Oil Pipeline	1998	21.5	12	1.5	5	7	7

Notes:

(1) The capacity of each pipeline is calculated based on 8,000 hours of operation per annum.

(2) Utilisation ratio is calculated by dividing the actual utilisation of a pipeline with its installed capacity.

In recent years, HPCL has embarked on various projects to expand its network of petroleum product pipelines in India. The following table provides a description of the major projects currently under implementation and the target completion dates:

Pipeline Project	Description	Cost (in Rs. billion)	Capacity (MMTPA)	Target Date of Completion
Uran Chakan Shikrapur LPG pipeline project	165-kilometre LPG pipeline from Bharat Petroleum Corporation Limited (**BPCL**) in Uran near Navi Mumbai to HPCL, Indian Oil Corporation Ltd. (**IOCL**), BPCL LPG plants at Chakan and Shikrapur near Pune	7.234(1)	1	March 2018
Mundra Delhi pipeline capacity expansion and Palanpur Vadodara extension pipeline project	Increase in the existing capacity of MDPL from 5 MMTPA to 8 MMTPA by adding new pump stations at Bachau (Gujarat) and Pindwara (Rajasthan). The project also involves the: i. laying of a 235-kilometre pipeline from Palanpur to Vadodara; and ii. construction of a receipt, 0.20 million kilolitre storage and marketing terminal at Vadodara.	18.79	8	March 2020
Visakh Vijayawada Secunderabad pipeline capacity expansion and offshore tanker terminal (**OSTT**)/ sunken ship jetty (**SS jetty**) subsea pipeline project	Increase in the existing capacity of VVSPL from 5.38 MMTPA to 8 MMTPA by adding new pump stations at IPS-1 at M.B.Patnam, IPS-2 at Guntupally and SV-17 at Bogaram. Additional pumps will also be installed at existing pumps stations in Vizag, Rajamundry, Vijayawada and Suryapet. The project also includes the: i. laying of a 1.1-kilometre 24″ sub-sea pipeline from OSTT to SS Jetty at Visakh port; and ii. acquisition of land for the Dharmapuri terminal.	4.92	8	September 2019

Pipeline Project	Description	Cost (in Rs. billion)	Capacity (MMTPA)	Target Date of Completion
RBPL capacity expansion project	Increase in the existing capacity of the Ramanmandi Bahadurgarh pipeline to its Phase II capacity of 7.1 MMTPA by adding booster and mainline pumps at Ramanmandi and the construction of an intermediate pump station at Barwala.	2.3	7.1	January 2019[(2)]

Notes:

(1) The total project cost is Rs.7.23 billion. However, the Uran Chakan Shikrapur LPG pipeline project is being implemented on a cost-sharing basis in which HPCL's share is 50 per cent.

(2) January 2019 pertains to mechanical completion only.

Maintenance, Surveillance and Disruptions

HPCL structures periodic maintenance programmes for its pipelines in accordance with regulatory requirements and globally accepted codes and practices for pipeline operators. Maintenance procedures are based on a defined rolling plan. HPCL's entire network is protected against internal and external corrosion and a cathodic protection system is used to monitor the pipelines. In addition, the pipelines are injected regularly with internal corrosion inhibitors and undergo intelligent pigging. Surveys to monitor the health of pipeline coatings are carried out at regular intervals. Depending on the reports generated, maintenance activities are carried out in accordance with pre-determined standards.

HPCL uses a state-of-the-art supervisory control and data acquisition system for monitoring and controlling the pipeline system across the country. The computerised system monitors and operates the pipeline in an efficient and safe manner from master control stations and includes a transient model based leak detection system for environmental safety. A centralised monitoring facility at the pipelines head office in Mumbai, facilitates monitoring of operations for HPCL's entire pipeline system on a real time basis. All of HPCL's pipelines are patrolled on a daily basis.

Marketing

In fiscal year 2017, the total sales volume of HPCL was 35.2 million tonnes compared to 34.22 million tonnes in fiscal year 2016.

HPCL operates the following strategic business units (**SBUs**) to market petroleum products and to meet the needs of various customer segments, namely retail, LPG, direct sales (lubes, industrial and consumers) and aviation (jet fuel). A brief description of each of HPCL's SBUs is set out below.

Retail

The retail SBU accounted for nearly 70 per cent. of the Company's turnover in fiscal year 2017, The retail SBU has a strong presence in India through its network of more than 14,400 retail fuel stations, making it the second largest retail outlook network with a market share of 26.40 per cent. according to the Petroleum Planning and Analysis Cell. Gasoline (MS) and gas oil (diesel) are the major products marketed by the retail SBU and accounted for the bulk of the retail business at 21.6 MMT in fiscal year 2017 from approximately 23 MMT in fiscal year 2016. The other products of the retail SBU are SKO, compressed natural gas, auto LPG and retail lubricants.

In fiscal year 2017, HPCL commissioned 624 new retail outlets, taking the total number of its retail outlets in India to 14,412, and modernised more than 2,000 retail outlets with an outlay of over Rs.2 billion. In addition, HPCL implemented automation at 1,611 retail outlets, taking the total number of automated outlets to 4,342.

As part of the modernisation programme, HPCL has begun the phase out of dispensing units (**DUs**) manufactured prior to 2009, and procured 11,000 new DUs and ordered 22,500 additional units. In addition, HPCL is making a gradual shift from suction type units to pressure type units at its retail outlets. HPCL believes that these measures will help reduce maintenance costs and increase uptime.

HPCL's information technology-related initiatives include text message-triggered retail automation system and a network planning tool for evaluating the potential of new locations. HPCL also has a mobile application for its customers, which is available for all Android as well as iOS platforms.

HPCL actively pursues initiatives to improve customer service and promote customer loyalty. HPCL has the DriveTrack Plus loyalty card programme for fleet customers and motorists. The DriveTrack Plus card is accepted at over 12,000 retail outlets and is used by more than 130,000 customers. HPCL also has the HP Refuel loyalty card programme, a prepaid card for retail customers (two-, three-and four-wheelers).

Following the Government's thrust on digitisation of the economy, HPCL established electronic draft capture services and mobile wallets at more than 12,500 retail outlets. In January 2017, HPCL launched the cardless platform for the DriveTrack Plus and HP Refuel cards which uses the mobile and web space to offer the same benefits as the physical cards.

Club HP, the retail brand of HPCL, offers a bouquet of value added products and services such as windshield cleaning, tyre (including air) and battery check, vehicle accessories and drinking water. There are more than 2,000 Club HP retail outlets across India. HPCL upgraded 50 retail outlets to Club HP Star status, bringing the total number of Club HP Star retail outlets to 256. The key offerings under the Club HP brand include quality and quantity assurance, vehicle and customer care, branded fuels (power and turbo) as well as improved housekeeping and provision for clean toilet facilities. In fiscal year 2017, about 330 toilet blocks having separate facilities for male and female customers were constructed at retail outlets on state and national highways.

The Club HP Star brand takes the value proposition of Club HP outlets to a higher level by adding stringent enrolment norms such as minimum volume criterion and presence of automation and CCTV monitoring at the retail outlet. Another major addition is the focus on quick fills in order to provide the best possible service in the least possible time to the customers.

HPCL has various quality assurance initiatives under its Good Fuel Promise campaign. "Check and Fill" campaigns are regularly conducted to invite customers to check the quality and quantity before filling their vehicles. In addition, surveillance audit of Club HP retail outlets is conducted on a regular basis through the International Agency Bureau Veritas. In fiscal year 2017, a total of approximately 45,000 inspections were carried out.

Continuing the thrust on brand building, in fiscal year 2017, HPCL increased the number of outlets retailing the "Power" brand fuel to nearly 2,500 and recorded a total of 260 thousand kilolitres sales volume. HPCL launched a super-premium version of gasoline (MS) with the highest octane rating for high end cars for the first time in India under the brand "poWer 99".

HPCL has a tie-up with State Bank of India which enables retail outlet dealers to secure working capital finance at attractive rates. In fiscal year 2017, more than 2,200 retail outlet dealers availed of the facility under the Dealer Finance Scheme, a facility for HPCL dealers to avail credit facility from SBI at an attractive rate of interest.

The strategic initiatives undertaken by HPCL helped deliver consistent performance. HPCL's retail business is complemented by its non-fuel business at its retail outlets which includes "C" brand convenience stores as well as allied services such as restaurants, cafés, carwashes, car maintenance and ATMs. For the year ended 31 March 2017, HPCL's income from non-fuel business or allied retail business was Rs.0.73 billion.

Liquefied Petroleum Gas

"HP Gas", LPG brand of HPCL, is one of the most preferred brands among LPG customers and has received awards based on market research and customer surveys such as "Super Brand" and "100 Most Valuable Brands". In fiscal year 2017, HP Gas served more than 60 million customers through its network of 4,532 LPG distributors. HPCL also registered a total of 8.7 million new customers and commissioned 254 distributorships in the same period. The total LPG sales volume of HPCL for fiscal year 2017 was 5.63 MMT, representing a growth of 11.1 per cent. from fiscal year 2016 making HPCL the second largest LPG marketing Company in India, according to the industry performance report prepared by the Issuer. The thrust on LPG by the Government and the flagship programme of Pradhan Mantri Ujjwala Yojana programme (the **PMUY Programme**), which aims to provide 50 million LPG connections to women from households below the poverty line over a period of three years up to March 2019 will drive growth in LPG sales. HPCL has a target of providing 15 million PMUY LPG connections. In fiscal year 2017, HPCL registered 6.9 million beneficiaries and established 5.4 million new LPG connections under the PMUY Programme.

To keep pace and cater to the increase in LPG demand, HPCL commissioned a new LPG plant in Bhopal which has a bottling capacity of 60 TMTPA in fiscal year 2017. In addition, capacity augmentation projects of 60 TMTPA each at the Ajmer, Patna and Loni LPG plants were also completed.

HPCL leverages technology and innovation extensively to drive growth, increase operational efficiency, ensure safety and reduce operating cost. To increase productivity in LPG plants, HPCL installed vision reader units at 10 LPG plants in fiscal year 2017 which eliminates manual intervention by facilitating auto reading of cylinder tare weight and due date for testing of LPG cylinders. In addition, 19 online valve changing machines were installed in 16 LPG plants to eliminate conventional methods of cylinder evacuation before changing the LPG cylinder valve thereby increasing the operational safety and reducing manpower cost.

HPCL launched the Centralised Distributor and Consumer Management system at all LPG distributorships which enables LPG distributors to have better control over their transactions and ensure data security. In line with the Digital India initiative of the Government, HPCL developed an alternate option for the Adhaar number wherein consumers could submit their LPG IDs to the bank and the same would be sent electronically to HPCL and thus avoiding the need for the consumers to visit LPG distributors in person in order to provide their bank account numbers. HPCL also introduced HP Anytime, a 24 x 7 SMS/interactive voice response system that enables customers to book through the telephone LPG refills and receive real time booking confirmation. HPCL has implemented cashless modes of payment at approximately 3,300 LPG distributorships and provides an incentive of Rs.5 per transaction to consumers who pay for their refills online.

Direct Sales

The direct sales SBU comprises two divisions, namely, lubes and industrial and consumer (**I&C**).

Direct Sales – Lubes

The lubes business line handles the lubricants and greases requirements of public and private industrial customers in various sectors such as agriculture, chemical, defence, energy and transportation sectors.

In fiscal year 2017, the total lube sales volume of HPCL was 607 TMT, making HPCL the number one lube marketer in India for the fourth consecutive year according to the industry performance report prepared by the Issuer. In the same period, the total value added lubes (such as additive blended lubes and process oils) sales volume was 416 MMT, representing a growth of approximately 6.3 per cent. from fiscal year 2016. As of the date of this Offering Circular, HPCL produces over 250 grades of lubes, specialties and greases.

The original equipment manufacturer (**OEM**) sector is a key focus area of the lubes SBU. As of the date of this Offering Circular, HPCL has partnerships with major OEMs including Bajaj Auto Ltd., Greaves Cotton Ltd., JCB India Ltd., Komatsu India Pvt. Ltd., Royal Enfield, San Engineering and Locomotive Co. Ltd. and SKF India Ltd. A cornerstone for OEM business development is the close interactions between the R&D teams at HPCL and the OEMs.

To strengthen its presence in the bazaar segment, HPCL launched a systematic process to appoint channel partners in fiscal year 2017. The same was done after careful identification of market potential and HP lubricants presence in those potential locations. The initiative resulted in the commissioning of 20 new lube distributors and 21 CFAs. In addition, an enhanced loyalty programme was launched in fiscal year 2016 for retailers and mechanics as they play a crucial role in influencing buyers' choice for lubricants.

In fiscal year 2017, HPCL obtained 21 approvals from various customers, including Bajaj Auto Ltd., the Ministry of Defence, Gabriel India Ltd., Indian Railways and Steel Authority of India Ltd., for new products developed by the R&D division of the lubes SBU. The quality assurance initiatives of HPCL at the lubes SBU include the commissioning of new quality control laboratories at its terminals in Kanpur, Kandla and Vasco and for Defence at the army service corps in Bengaluru.

Direct Sales – Industrial & Consumer (I&C)

The I&C business line handles the bulk fuels, bitumen and specialties supply requirements of public and private industrial customers and exports bulk fuels and finished petroleum products.

In fiscal year 2017, the total sales volume of HPCL's I&C SBU was 5 MMT, representing a 2.6 per cent. growth from fiscal year 2016. The growth was the result of a well calibrated strategy to focus on bitumen, fuel oil and gas oil (diesel) against a backdrop of increasing demand for these products.

HPCL supplies gas oil (diesel) to public and private entities, including the state transport undertakings of Andhra Pradesh, Gujarat, Rajasthan and Telangana, and accounts for 26 per cent. of total gas oil (diesel) sales in the state transport undertaking sector. In fiscal year 2017, the total gas oil (diesel) sales volume of HPCL was 1,362 TMT.

In fiscal year 2017, the total bitumen sales volume of HPCL was 1,234 TMT. HPCL believes that its focus on large bitumen customers, partnerships with major infrastructure players and new bitumen drumming facilities at Mumbai and Visakh contributed to its sales for the period.

Bunkering has been a major thrust area for HPCL which helped build sales volumes in the last two fiscal years in many major ports. HPCL has undertaken projects to improve and increase the availability of bunker fuels at more ports and thus increase sales of bunker fuels.

Large and strategic key accounts also play a key role in HPCL's I&C business line. To strengthen its relationship with these key accounts, HPCL has undertaken various initiatives to provide differentiated services such as priority loading, online test certificate and assignment of a specific account manager.

Aviation (Jet Fuel)

The aviation SBU provides fuelling services to its customers in the aviation industry through its vast network of aviation (jet fuel) service fuel stations (**ASFS**) in all major airports in India. In fiscal year 2017, the total jet fuel sales volume of HPCL's aviation SBU was 691 TMT, representing a 13.4 per cent. growth from fiscal year 2016.

In addition to ASFS, HPCL has fixed facilities at Dehradun, Jaipur, Pune and Vijayawada and installed additional connections to the jet fuel pipeline to enable its jet fuel to reach the Bengaluru airport. HPCL's airline customers include all major domestic airlines in India, international carriers such as Aeroflot, Brussels Airlines and cargo airlines such as AeroLogic and DHL.

Operations, Distribution and Engineering

The operations, distribution and engineering (**OD&E**) division of HPCL manages its supply chain. The OD&E division's focus areas are enhancement of HPCL's competitiveness, timely and adequate delivery of products and improvement of safety processes.

To meet market demand as well as ensure prompt delivery of products, HPCL revamped its facilities at Aola, Bahadurgarh, Jabalpur, Loni, Manmad, Nalagarh and Vizakh in fiscal year 2017. Various process improvement initiatives resulted in the increase of the filling rate (the rate at which trucks get filled at depots and terminals) to 849 litres per minute (compared to the previous rate of 715 litres per minute) and the reduction of the cycle time to 46 minutes.

The following table sets out the sales volumes of HPCL's gross annual sales (excluding export) for the fiscal years indicated.

	2015		2016		2017	
	'000 MT	% of Total	'000 MT	% of Total	'000 MT	% of Total
Light Distillates						
Liquefied petroleum gas	4,707.00	14.73	5,112.50	14.94	5,682.76	16.13
Naphtha	1,014.04	3.17	735.25	2.15	595.75	1.69
Motor spirit	4,999.61	15.65	5,613.70	16.41	6,034.45	17.13
Hexane	15.52	0.05	18.93	0.06	20.98	0.06
Propylene	13.93	0.04	42.81	0.13	43.81	0.12
Sub-total	**10,750.10**	**33.65**	**11,523.19**	**33.68**	**12,377.75**	**35.14**
Middle Distillates						
Mineral turpentine oil	41.24	0.13	53.58	0.16	55.20	0.16
Aviation turbine fuel	505.53	1.58	609.68	1.78	691.44	1.96
Superior kerosene oil	1,294.87	4.05	1,250.12	3.65	1,003.82	2.85
High speed diesel	15,834.33	49.56	16,857.54	49.27	16,984.80	48.22
JBO/WO	3.79	0.01	3.97	0.01	6.22	0.02
Light diesel oil	161.19	0.50	182.41	0.53	197.25	0.56
Sub-total	**17,840.95**	**55.84**	**18,957.3**	**55.41**	**18,938.74**	**53.76**
Lubes and greases	**442.72**	**1.39**	**532.07**	**1.56**	**583.04**	**1.66**

	2015		2016		2017	
	'000 MT	% of Total	'000 MT	% of Total	'000 MT	% of Total
Heavy Ends						
Furnace oil	1,459.34	4.57	1,549.10	4.53	1,695.53	4.81
Low sulphur heavy stock	177.52	0.56	61.47	0.18	49.79	0.14
Bitumen	976.47	3.06	1,245.25	3.64	1,233.95	3.50
Others	304.2	0.95	346.45	1.01	348.27	0.99
Sub-total	**2,917.53**	**9.13**	**3,202.27**	**9.36**	**3,327.55**	**9.45**
Total	**31,951.30**	**100.00**	**34,214.83**	**100.00**	**35,227.07**	**100.00**

Other Businesses

HPCL also has presence in the business of exploration and production, natural gas and renewable energy.

Exploration and Production

HPCL conducts its E&P operations through its wholly owned subsidiary PPCL.

Natural Gas

HPCL operates a compressed natural gas (**CNG**) network at Ahmedabad through one mother station and 21 daughter stations for the general public for their vehicles. In fiscal year 2017, the sale of CNG through CNG Stations in Ahmedabad was 11.73 TMT, representing a growth of 7.4 per cent. from fiscal year 2016. HPCL is supplying RLNG to various industrial customers and achieved a RLNG sales volume of 6.5 TMT in fiscal year 2017.

HPCL is constructing a 5-MMTPA LNG regasification terminal at Chhara Port in Gir Somnath district of Gujarat through a joint venture company, HPCL Shapoorji Energy Pvt., at an estimated cost of Rs.54 billion. The project is expected to be commissioned by 2020. HPCL believes that setting up of this LNG terminal will facilitate in meeting captive and marketing requirements of natural gas.

HPCL is participating in two joint venture companies, namely GSPL India Gas Net Limited (**GIGL**) and GSPL India Transco Limited (**GITL**), with equity stake from Gujarat State Petronet Limited (52 per cent.), IOCL (26 per cent.), HPCL (11 per cent.) and BPCL (11 per cent.), for the laying, building and operation of three natural gas pipe lines. GIGL will lay two cross country pipelines, a 1,640-kilometre pipeline from Mehsana (Gujarat) to Bathinda (Punjab) and a 704-kilometre pipeline from Bathinda (Punjab) to Srinagar (Jammu and Kashmir). GITL will lay a 1,746-kilometre pipeline from Mallavaram (Andhra Pradesh) to Bhilwara (Rajasthan).

In addition, the consortium of HPCL and Andhra Pradesh Gas Distribution Corporation is setting up city gas distribution networks in East Godavari and West Godavari districts in Andhra Pradesh through a joint venture company, Godavari Gas Pvt. Ltd.

Renewable Energy

As of the date of this Offering Circular, HPCL operates wind farms with a total capacity of 101.0 MW in the states of Rajasthan (including the 50.4-MW wind farm commissioned in December 2016) and Maharashtra. In fiscal year 2017, the total electricity generated through wind farms was

96 million kilowatt hours. In the same period, HPCL's 50.4 MW wind farm in Rajasthan generated 21,648 renewable energy certificates. HPCL intends to use these certificates to enable the Mumbai Refinery to meet its renewable purchase obligation for fiscal year 2017.

In March 2016, HPCL commissioned its first grid connected captive solar plant in Chennai. HPCL commissioned 226 kilowatts of solar power projects with total solar capacity of 521 kilowatt at nine OD&E locations and has commissioned 295 kilowatts of solar power projects at LPG plants in Ajmer, Visakh, Anantapur and Aurangabad.

In fiscal year 2017, the total electricity generated through solar power was approximately 0.38 million kilowatts per hour. In the same period, HPCL's solar plant generated 379 renewable energy certificates. HPCL intends to use these certificates to enable the Mumbai refinery to meet its renewable purchase obligation for fiscal year 2017.

Impact of Government Control over Prices of Certain Refined Petroleum Products

The Government has made the prices of petrol and diesel market-determined effective 26 June 2010 and 19 October 2014, respectively.

After the deregulation, the selling price of petrol and diesel is fixed by HPCL for its retail outlets and customers by primarily taking into consideration the price levels for the respective products prevailing in the international market, the Rupee-U.S. dollar exchange rate as well as the conditions prevailing in the domestic market.

In respect of domestic LPG, the PAHAL (Direct Benefit Transfer of LPG) (**DBTL**) Scheme, 2014 was launched with the objective to provide subsidy up to the capped number of LPG cylinders to domestic consumers having LPG connection directly into their bank account. The subsidised LPG cylinder would be purchased by the consumer initially at market price and the same is calculated as per the methodology given in the PAHAL (DBTL) Scheme, 2014.

To protect the domestic consumers from volatility in the international oil prices, the selling price of public delivery system (**PDS**) kerosene is fixed based on Government directives and is not determined based on the movements in international prices.

The under recovery suffered on sale of PDS kerosene is shared by the upstream oil companies as well as through budgetary support by the Government. The gross under recovery on sale of PDS kerosene during the fiscal years 2016 and 2017 were fully compensated to HPCL.

Competition

HPCL faces different competitors in each segment of its business. Domestically, HPCL believes that its integrated infrastructure consisting of pipelines, refineries and its sales and robust marketing network provide it with a competitive advantage over its domestic competitors in the downstream sector.

HPCL owns two refineries and is a joint venture partner in two other refineries out of the total 23 refineries in India. The refineries in India are operated by both public and private sector companies with major companies including IOCL, BPCL, Reliance Industries Limited and Essar Oil. Currently, India is a net exporter of petroleum products. However, the trend may change with the realignment of cost and market price of fuel products consequent to the complete deregulation of cooking fuel products.

The principal competitive factors that may affect HPCL's refining operations are, among others, the price of crude oil, refinery efficiency, refined product mix, product distribution and transportation costs. HPCL intends to strengthen its refining business through the implementation of its planned expansion and new joint venture projects. HPCL will be setting up a 9-MMTPA grassroot refinery/petrochemical complex at Pachpadra, Barmer district, in Rajasthan with the Government of Rajasthan as joint venture partner. On 18 April 2017, HPCL and the government of Rajasthan entered into a revised memorandum of understanding for the construction of the said complex. On 14 June 2017, HPCL entered into a joint venture agreement with IOCL and BPCL for the setting up of a 60-MMTPA west coast refinery at the Babulwadi, Taluka Rajapur in Ratnagiri district, Maharashtra. IOCL will be the lead partner with a 50 per cent. stake while HPCL will have a 25 per cent. stake and BPCL will have a 25 per cent. stake. HPCL is also engaged in discussion with Gas (India) Limited (**GAIL**) for setting up of a petrochemical complex in the petroleum, chemicals and petrochemical region of the state of Andra Pradesh, for which HPCL and GAIL has also signed a MOU with government of Andra Pradesh.

HPCL is strengthening internal processes to be agile, to respond to changes in market conditions and prices dynamically and to implement regulations in a smooth manner.

Capital Expenditure

The following table sets out the planned capital expenditure and expected completion of the key projects:

Project	Estimated Cost	Anticipated Time of Completion
	Rs. billion	
Visakh Refinery Modernisation Project	209.28	July 2020
Mumbai Refinery Expansion Project	41.99	January 2020
MDPL Capacity Expansion and Palanpur Vadodara Extension Pipeline	18.79	March 2020
VVSPL Capacity Expansion, OSTT/SS Jetty Subsea Pipeline Project	4.92	September 2019
Uran Chakan LPG Pipeline	3.61	March 2018
Propylene Recovery Unit	2.43	January 2019
Panagarh LPG Plant	1.90	March 2018
Corporate R&D Centre Phase II Infra Augmentation	2.65	March 2019

Legal Proceedings

From time to time, HPCL may be involved in various disputes and proceedings. HPCL is currently a party to certain proceedings brought by various government authorities and private parties. As of the date of this Offering Circular, HPCL and its subsidiaries are not involved in any litigation that may (individually or in aggregate) have a material effect on the financial position of HPCL.

As of 31 March 2017, HPCL in its consolidated financials has not made any provision with respect to demands or claims (relating to income tax, sales tax or octroi, excise or customs, land rentals and licence fees) amounting to a sum of Rs.42.14 billion as these are subject to appeal or representation. In addition, since most of these cases are in trial or in processing, it is difficult to estimate a precise figure of the amounts of any losses that HPCL is likely to sustain as a result of such actions being decided against HPCL. Even if any judgment or award of such current pending litigation against HPCL is decided adversely to HPCL, it does not anticipate that such cases (individually or in aggregate) would have a material adverse impact on its business, financial condition or results of operations.

Insurance

HPCL generally maintains insurance to cover fire, property damage, business interruption, third party liability (including employee liability), personal accident, mandatory public liability and director's liability associated with its businesses. Specifically, HPCL is insured against coastal, tanker movements and transportation of petroleum products including LPG under a marine insurance policy. Inventories and factory buildings are covered under a comprehensive insurance policy against fire, earthquake and natural calamities.

The need for insurance coverage is reviewed on an annual basis and, where necessary, HPCL obtains insurance policies from both public and private insurance companies. HPCL considers its insurance coverage to be in accordance with industry practices.

Subsidiaries, Joint Ventures and Associates

HPCL-Mittal Energy Ltd. (HMEL)

HMEL is a joint venture between HPCL and Mittal Energy Investments Pte. Ltd. Singapore (**MEI**). HPCL holds a 48.99 per cent. equity interest in HMEL. HMEL operates a greenfield refinery with a 9-MMTPA capacity at Bathinda, in the state of Punjab.

The refinery produces two principal categories of products: (i) liquid products such as LPG, naphtha, MS, gas oil (diesel) and jet fuel; and (ii) solid products such as pet coke, polypropylene and sulphur.

In fiscal years 2017, 2016 and 2015, HMEL processed 10.52 MMT, 10.7 MMT and 7.3 MMT of crude oil, registering a capacity utilisation of 117 per cent., 119 per cent. and 81 per cent. respectively. Also for fiscal years 2017, 2016 and 2015, HMEL reported GRMs of U.S.$15.87 bbl, U.S.$14.27 bbl and U.S.$3.10 bbl, respectively. HMEL recorded a consolidated total income of Rs.433.63 billion for the fiscal year ended 31 March 2017. The consolidated net profit after tax was at Rs.30.91 billion for the fiscal year ended 31 March 2017 compared to a consolidated net profit after tax of Rs.15.95 billion in the previous year.

South Asia LPG Company Pvt. Ltd. (SALPG)

SALPG is a joint venture company for the operation of a LPG cavern storage between HPCL and Total Holding India, France (formerly known as Total Gas Power India, TGPI France). HPCL has a 50 per cent. stake in SALPG. In December 2007, SALPG commissioned an underground LPG cavern storage (with receiving and dispatch facilities) with a capacity of 60 TMT.

During the fiscal year 2017, SALPG received 1.627 MMT of LPG compared to 1.342 MMT during the previous year, registering a growth of 21 per cent. compared to the previous year. For the fiscal year ended 31 March 2017, the total revenue and net profit after tax of SALPG were Rs.2.35 billion and Rs.1.20 billion, respectively.

Prize Petroleum Company Ltd. (PPCL)

PPCL is a wholly owned subsidiary and upstream arm of HPCL and is in the business of E&P of hydrocarbons as well as providing services for management of E&P blocks. PPCL was incorporated in 1998 and has investments in oil and gas assets in India and Australia. PPCL has signed a service contract with ONGC for development of the Hirapur Marginal Field in the Cambay Basin with 50 per cent. holding in the consortium. In addition, PPCL is the operator of the Hirapur Marginal Field. PPCL has also entered into a production sharing contract with 50 per cent.

participating interest in the Sanganpur block as a joint operator. PPCL's wholly owned subsidiary, Prize Petroleum International Pte. Ltd., Singapore, acquired 11.25 per cent. and 9.75 per cent. participating interests in two E&P blocks (T/L1 and T/18P, respectively) in Australia.

In fiscal year 2017, PPCL produced 37,068 barrels of crude oil from the two domestic oil fields (Hirapur and Sanganpur). In the same period, PPIPL has achieved its share of production of 429,548 barrels of oil equivalent from the Yolla producing field (T/L1) in Australia.

Hindustan Colas Private Ltd. (HINCOL)

HINCOL is a joint venture between HPCL and Colas S.A. of France. HPCL has 50 per cent. equity holding in HINCOL with Colas S.A. as equal partner. HINCOL is engaged in the business of manufacturing and selling of value added bituminous products such as bitumen emulsions and modified bitumen. HINCOL also undertakes road maintenance activities like micro-surfacing and slurry sealing.

HINCOL owns and operates nine strategically located manufacturing plants certified for the integrated management system complying with ISO 9001/14001 and OHSAS 18001. It implemented a key account management process aimed at enhancing service delivery to top-tier road construction companies besides a number of measures to reduce cost and enhance productivity and safety. In fiscal year 2017, HINCOL introduced Bituclair, a petroleum-based synthetic binder that may be used to produce coloured paving materials. Bituclair is the first colorless bitumen solution in India.

In fiscal year 2017, the total sales volume of HINCOL was 220 TMT, representing a 6.7 per cent. growth from fiscal year 2016. The bitumen emulsion business grew by 23 per cent. and its site services logged 0.57 million square metres of micro surfacing. HINCOL also constructed its first pedestrian/cycle track in Lucknow using Bituclair.

For the fiscal year ended 31 March 2017, the total revenue, profit before income tax and profit after tax of HINCOL was Rs.7.72 billion, Rs.1.42 billion and Rs.0.92 billion, respectively. For the fiscal year ended 2016, the total revenue, profit before income tax and profit after tax of HINCOL was Rs.7.31 billion, Rs.1.17 billion and Rs.0.76 billion, respectively. For the fiscal years ended 2017 and 2016, the earnings per share was Rs.97.76 and Rs.80.35, respectively.

As part of its business diversification, HINCOL partnered with Axter Limited, a Colas company engaged in the design, manufacturing and marketing of water proofing systems. In India, products will be marketed under the *Hincolaxter* brand into the infrastructure, industrial and housing sectors.

HPCL Rajasthan Refinery Ltd. (HRRL)

HRRL is a joint venture company of HPCL. As of 31 March 2017, HRRL's authorised share capital is Rs.40 billion and paid up share capital is Rs.0.5 million. HPCL has a 74 per cent. equity participation in HRRL and the remaining stake of 26 per cent. is held by the Government of Rajasthan.

HRRL was incorporated for setting up a 9-MMTPA greenfield refinery and a petrochemical complex in the state of Rajasthan. On 18 April 2017, HPCL and the government of Rajasthan entered into a revised memorandum of understanding for the construction of the said refinery, reflecting the revised and agreed parameters relating to, among others, capital expenditure, crude mix and incentives.

HPCL Biofuels Ltd. (HBL)

HBL is a wholly owned subsidiary company of HPCL. HBL is engaged in the production of ethanol for blending in petrol. HBL has two integrated sugar-ethanol-cogeneration plants located in Sugauli and Lauriya in East Champaran and West Champaran districts, respectively, in the state of Bihar.

In fiscal year 2017, HBL's total cane crushing capacity was 598 TMT, resulting in an average sugar recovery of 9.26 per cent. In the same period, HBL produced 55,333 metric tonnes of sugar, 10,101 kilolitres of ethanol and 63.383 million units of power. For the fiscal year ended 31 March 2017, HBL's total revenue was Rs.3.86 billion.

CREDA-HPCL Biofuels Ltd. (CHBL)

CHBL is a subsidiary company of HPCL. HPCL has 74 per cent. equity participation in CHBL and the remaining 26 per cent. is held by the Chhattisgarh State Renewable Energy Development Agency (**CREDA**), an agency under the Department of Energy of the government of Chhattisgarh. CHBL was formed to venture into alternate fuels through the process of undertaking cultivation of the Jatropha plant (an energy crop used for production of bio-diesel) on land leased from the government of Chhattisgarh.

During fiscal year 2017, in view of non-viability of operations, the CHBL Board approved the winding up of the operations of CHBL. Promoters, HPCL and CREDA also granted approval for the winding up. In March 2017, the Cabinet Committee of Economic Affairs granted approval for the closure of CHBL.

Petronet MHB Ltd. (PMHBL)

PMHBL is a joint venture company wherein HPCL has an equity stake of 32.72 per cent. along with ONGC (32.72 per cent.) with the remaining balance of 34.56 per cent. of equity being held by leading banks and financial institutions. PMHBL owns and operates a multiproduct petroleum pipeline to transport MRPL's products to the various parts of Karnataka.

During fiscal year 2017, PMHBL achieved a throughput of 3.429 MMT compared to 3.318 MMT during the previous year. During this same period, PMHBL reported a total revenue of Rs.1.70 billion compared to Rs.1.64 billion in the previous year and recorded a net profit after tax of Rs.0.81 billion compared to Rs.0.63 billion in the previous year.

PMHBL's integrated management system is certified by Det Norske Veritas covering Quality Management System-ISO-9001, Environmental Management System-ISO-14001 and OHSAS-18001. PMHBL intends to utilise various updated technologies solutions for its operations consistent with international standards.

Bhagyanagar Gas Ltd. (BGL)

BGL was incorporated to implement city gas distribution (**CGD**) projects in the states of Andhra Pradesh and Telangana. HPCL has a 49.97 per cent. equity stake in BGL with GAIL as an equal partner. As of 31 March 2017, BGL operated 41 CNG stations including 33 daughter booster stations, five online stations and three mother stations.

In fiscal year 2017, BGL supplied piped natural gas (**PNG**) to approximately 6,608 households, 52 commercial entities and five industrial consumers in its authorised geographical regions. In the same period, BGL fulfilled the fuel requirement of approximately 39,000 CNG vehicles operating in the region. In fiscal year 2017, the total CNG, PNG and auto LPG sales volumes of BGL were

28,573 metric tonnes, 2.93 million standard cubic metres and 210.13 metric tonnes, respectively. For the fiscal year ended 31 March 2017, BGL reported a total income of Rs.1.35 billion and recorded a net profit after tax of Rs.0.13 billion.

Aavantika Gas Ltd. (AGL)

AGL is a joint venture company incorporated to implement CGD projects in the cities of Indore, Ujjain, Pitampur and Gwalior in the state of Madhya Pradesh. HPCL has a 49.97 per cent. equity stake in AGL with GAIL as equal partner. AGL has a CGD network comprising a 1,371-kilometre medium-density polyethylene pipeline and a 89-kilometre steel pipeline serving than 12,500 domestic customers, and 22 CNG stations.

During fiscal year 2017, AGL achieved a sales volume of 19,221 metric tonnes of CNG and 6,870 metric tonnes of PNG, registering a growth of 11 per cent. from fiscal year 2016. For the fiscal year ended 31 March 2017, AGL reported a total income of Rs.1.32 billion and net profit after tax of Rs.0.19 billion.

GSPL India Gasnet Ltd. (GIGL)

GIGL is a consortium between GSPL, IOCL, BPCL and HPCL. HPCL has 11 per cent. equity participation in the company and the remaining stake is held by GSPL (52 per cent.), IOCL (26 per cent.) and BPCL (11 per cent.).

GIGL is laying two cross country gas pipelines viz 1,640-kilometre Mehsana to Bathinda pipeline and 740-kilometre Bathinda to Srinagar pipeline. The company will facilitate HPCL to source gas and market it independently to customers along the pipeline route.

GSPL India Transco Ltd. (GITL)

GITL is a consortium between GSPL, IOCL, BPCL and HPCL. HPCL has an 11 per cent. equity participation in the company and the remaining stake is held by GSPL (52 per cent.), IOCL (26 per cent.) and BPCL (11 per cent.). GITL is laying a 1,881-kilometre pipeline from Mallavaram to Bhilwara. GITL will facilitate HPCL to source gas and market it independently to customers along the pipeline route.

HPCL Shapoorji Energy Pvt Ltd. (HSEPL)

HSEPL is a joint venture between HPCL and S P Ports Pvt. Ltd. (a wholly owned subsidiary of Shapoorji Pallonji Infrastructure Capital Company Ltd.). HPCL has a 50 per cent. equity stake in HSEPL with SP Ports Pvt. Ltd. as equal partner. As of 31 March 2017, HSEPL's authorised share capital is Rs.0.5 billion and paid up share capital is Rs.0.26 billion.

HSEPL was formed to build and operate a 5-MMTPA LNG regasification terminal at the Chhara port in Gir Somnath district of Gujarat. The project is estimated to cost approximately Rs.54.00 billion, and to be funded by a mix of debt and equity. The key LNG terminal facilities includes marine facilities for LNG carrier berthing and unloading, tanks and storage facilities, a re-gasification facility based on shell and tube vaporiser and utilities such as a boil-off system and emergency generator. As of the date of this Offering Circular, front-end engineering and design and other technical studies relating to the Chhara terminal have been completed. HSEPL has also received clearance from the Goa Costal Zone Management Authority and has submitted requests for clearance with the MoEF and Petroleum and Explosives Safety Organisation. HSEPL has initiated the process of awarding EPC contracts through international competitive bidding process.

Mumbai Aviation Fuel Farm Facility Pty Ltd. (MAFFFL)

MAFFFL is a joint venture company comprising Mumbai International Airport Private Limited, IOCL, BPCL and HPCL. HPCL has a 25 per cent. equity stake in MAFFFL. MAFFFL was incorporated on 26 February 2010.

The business of MAFFFL is to operate and maintain existing aviation fuel farm facilities and to provide into-plane services at the Chhatrapati Shivaji International Airport, Mumbai. MAFFFL will construct, maintain and operate the new integrated fuel farm facility, which is expected to be 70 per cent. complete by fiscal year 2018, on an open access basis. The new facility will comprise, among others, five tanks with a combined capacity of 47,500 kilolitres, an unloading facility for tankers, a jet fuel pumphouse, refueller loading bays and connector lines that will transport jet fuel directly to the hydrant system at the international airport. Upon the commissioning of this facility, other fuelling stations in and around the Mumbai airport will be decommissioned and demolished to create space for further expansion of the airport premises. The revenue payable to MAFFFL shall be the fuel infrastructure charges, payable by suppliers for utilising the facility.

MAFFFL commenced operations in February 2015. Volumes handled increased from 1.55 million kilolitres in fiscal year 2016 to 1.65 million kilolitres in fiscal year 2017. Fuel infra, turnover increased from Rs.1.10 billion in fiscal year 2016 to Rs.1.18 billion in fiscal year 2017.

Total income increased by 11 per cent. from Rs.1.15 billion in fiscal year 2016 to Rs.1.28 billion for the fiscal year ended 31 March 2017. Profit after tax increased by 42 per cent. from Rs.0.19 billion for the fiscal year ended 31 March 2016 to Rs.0.27 billion for the fiscal year ended 31 March 2017.

In fiscal year 2017, the overall progress with respect to engineering, procurement and construction of the integrated fuel farm project is about 47 per cent.

Mangalore Refinery and Petrochemicals Ltd. (MRPL)

HPCL holds an equity of 16.96 per cent. in MRPL. MRPL operates a refinery of 15 MMTPA capacity at Mangalore, in the state of Karnataka. For the fiscal year ended 31 March 2017, MRPL achieved a consolidated total income of Rs.604.08 billion and recorded consolidated net profit after tax of Rs.32.93 billion.

Godavari Gas Pvt. Ltd. (GGPL)

GGPL is a joint venture between HPCL and APGDC. GGPL was incorporated on 27 September 2016 and its authorised share capital is Rs.1 billion.

GGPL has been authorised by PNGRB to set up a CGD network in East Godavari and West Godavari districts in Andhra Pradesh.

In fiscal year 2017, the total income/revenue and profit after tax of HPCL's major subsidiaries, joint venture companies and associates are as presented in the table below.

Subsidiaries/Joint Venture Companies/Associates	Total Income/Revenue for Fiscal Year 2017	Profit After Tax/(Loss) for Fiscal Year 2017
	(Rs. million)	(Rs. million)
Prize Petroleum Company Ltd. (consolidated)	864.91	(2,069.21)
HPCL Biofuels Ltd.	3,859.47	(307.25)
HPCL-Mittal Energy Ltd. (consolidated)	433,632	30,906.00
South Asia LPG Company Pvt. Ltd.	2,346.34	1,202.20
Hindustan Colas Private Ltd.	7,719.25	923.80
Petronet MHB Ltd.	1,702.04	809.48
Bhagyanagar Gas Ltd.	1,348.17	131.01
Aavantika Gas Ltd.	1,322.61	190.71
Mumbai Aviation Fuel Farm Facility Ltd.	1,276.00	265.84
Mangalore Refinery and Petrochemicals Ltd. (consolidated)	604,079.92	32,932.10

Health, Safety and Environment (HSE)

HPCL conducts its business with a strong focus on health, safety and the environment (**HSE**) and a robust sustainability development model. Safe operations and implementation of health and environmental initiatives continue to be at the core of all business activities of HPCL. To continue promoting HSE, HPCL intends to continue to improve its existing systems and procedures, adopt new technologies and upgrade its infrastructure. HPCL has a dedicated team that monitors HSE compliance across the organisation.

Health

Occupational and personal health of all employees at various work locations is a crucial aspect of the overall performance of HPCL. Preventive and curative health services are provided to HPCL's employees. Designated physicians are available at marketing terminals and LPG plants. Other smaller locations have tie-ups with local hospitals. To improve and maintain employees' health, employee wellness programmes are conducted by HPCL regularly. Health education and awareness sessions and diagnostic camps were carried out at all major locations during the year. All HPCL employees undergo regular periodic medical examinations and the results are analysed to provide targeted interventions from doctors at the individual and group levels.

Safety

HPCL is committed to provide a safe workplace to its employees and contractors as well as safety to the community where it operates. HPCL accords highest priority to safety and lays emphasis on safety in all aspects of its operations. Robust management systems have been put in place at various locations to strengthen HSE governance and compliance through surveillance audits, benchmarking and safety index.

In fiscal year 2017, both refineries at Mumbai and Visakh have complied with M B Lal committee recommendations which are mandatory for the hydrocarbon industry. The recommendations in marketing have already been implemented, which enhanced the systemic and process strength of the Company.

Safety at retail outlets has been improved by upgrading infrastructure, implementation of standards, operating procedures and leveraging automation. To enhance capability of HPCL's officers, safety programmes are conducted throughout the year all over the country. Major locations of HPCL are certified in accordance with the standards of International Safety Rating System.

Environment

HPCL is committed to ensuring environmentally sustainable and responsible operations to achieve the highest standards of environmental excellence. The installations are certified with Environmental Management System based on ISO-14001. Effluent treatment plants, air emission control and waste disposal systems have been installed at major locations in line with the industry's best practices. Periodic monitoring of air and water quality in line with the existing rules and regulations is carried out at all locations. Towards water conservation, refineries and marketing SBUs have implemented rain water harvesting systems and recycling of waste water.

As part of its commitment to sustainability, reduction of greenhouse gas emissions and environmental protection, HPCL conducted a comprehensive energy and power quality audit at 17 OD&E locations in fiscal year 2017. The lighting system at 20 OD&E locations was converted from conventional lighting to LED lighting. Rainwater harvesting at major OD&E locations and efficient water consumption have helped reduce water consumption significantly.

Employees

As of 31 March 2017, HPCL had 10,422 employees. The following table sets out the number of employees of HPCL.

Mumbai Refinery	1,498
Visakh Refinery	1,178
Marketing and other locations	7,746
Total	10,422

Recruitment

HPCL has implemented a recruitment policy which is broadly categorised into two main areas, namely, recruitment of officers and non-officers. For officers, HPCL normally recruits entry level management, with the officers being promoted as they acquire experience. HPCL emphasises redeploying existing workmen after necessary development of skills through capacity building.

Training

HPCL is committed to developing the capabilities of its employees and facilitates their advancement through training and career planning. In order to ensure that competent and capable employees are in place, employee training has become an ongoing and crucial activity for HPCL. Apart from enabling employees to realise their full potential through innovative initiatives and progressive learning techniques, the key focus areas of HPCL include enhancement of competencies, strengthening the leadership pipeline, cultural interventions to enhance collaboration and leveraging technology for learning and development.

In fiscal year 2017, HPCL has imparted 25,052 man-days training to management employees through various training and development interventions which translated to approximately 4.5 man-days per officer.

Remuneration

Since HPCL is a government company, the remuneration payable to executives is regulated by the Government. The pay revision for executives is due with effect from 1 January 2017. For non-executives, the wages are determined through collective bargaining process within the overall criteria issued by Government. In addition to basic remuneration, HPCL has implemented a performance related payment for the officers. For executives, there are two schemes – a "performance linked incentive scheme" and a "productivity incentive scheme".

To account for inflation, a dearness allowance that is linked to the consumer price index is paid linked to employees and an annual increment pursuant to guidelines is also provided. HPCL has also set up a contributory pension fund in addition to the provident and gratuity funds. All of HPCL's employees are eligible to participate in the incentive schemes and also in the pension scheme.

Unions

As of the date of this Offering Circular, there are nine recognised trade unions in the marketing division and a recognised union in each of the Mumbai and Visakh refineries. HPCL believes it has cordial and productive relations with its unions, with active and collaborative communication interface between the unions and management. HPCL aims to support its core operating functions and grow the capability of its employees through a variety of internal and external development, training and leadership programmes. As a result of these ongoing efforts, the unions work with HPCL on various initiatives including productivity enhancement and computer literacy initiatives.

HPCL has won several awards for its industrial relations practices including "Excellence in Employee Relations-Pan India Category" award at the 2015 Employers' Federation of India National Awards, "Organisation with Best Employee Relations Practices" award at the 2015 and 2016 Global HR Excellence Awards and "Best Human Resources Practices-Large Companies Category" award at the 2016 National Institute of Personnel Management National Awards.

Related Party Transactions

HPCL has not entered into any material transaction with a member of the management or a member of the board in fiscal year 2017.

Recent Developments

Government proposal for possible integration within the oil sector

On 1 February 2017, the Finance Minister of India, in his budget 2017-18 speech, referred to the opportunities to strengthen central public sector enterprises (**CPSEs**) through consolidation, mergers and acquisitions. By these methods, CPSEs can be integrated across the value chain of an industry. It will give them capacity to bear higher risks, avail themselves of economies of scale, take better investment decisions and create more value for the stakeholders. As a result, there have been related media reports on the potential for consolidation in the oil industry, including reports on the possibility of another major Indian public sector oil company having a majority holding with the Government, acquiring a stake in HPCL.

Introduction of daily price revision of MS and HSDO

From 16 June 2017, HPCL along with other public sector oil marketing companies, introduced a daily revision of MS and HSDO prices across India, which will reflect daily changes in international oil prices.

INDUSTRY OVERVIEW

The information in this section has been derived, in part, from various government and private publications or other publicly available sources. This information has not been independently verified by any Issuer, or the Joint Lead Managers or any of their respective affiliates or advisers. The information may not be consistent with other information compiled within or outside India. Neither the Issuer nor the Joint Lead Managers have any actual knowledge of any material misstatement contained in this section.

Overview of the Oil Refining Process

Oil refining is the industrial process of separating hydrocarbon molecules present in crude oil and converting them into more useful and valuable finished petroleum products, as unprocessed crude oil has limited applications. Refineries are designed to process various types of crude oil and other feedstock into selected products, and are an essential part of the downstream side of the petroleum industry. In general, the different process units of a refinery perform at least one of the following functions:

- separating the many types of hydrocarbons present in crude oil into fractions;
- converting the hydrocarbons into more desirable products;
- treating the products by removing impurities; and
- blending intermediate streams into finished products.

Main finished products of refineries and primary end-uses are described below:

Product	Major End-uses
LPG	Domestic fuel, auto fuel and industrial applications
Naphtha/Natural Gas Liquid (**NGL**)	Feedstock/fuel for fertiliser units, the petrochemical sector and power plants
Motor Spirit (**MS**), also known as gasoline or petrol	Fuel for passenger automobiles as well as two and three wheelers
ATF	Fuel for aircrafts
Superior Kerosene Oil (**SKO**)	Fuel for cooking and lighting
High Speed Diesel Oil (**HSDO**)	Fuel for the transportation sector, agriculture (tractors, pump sets, threshers) and captive power generation
Light Diesel Oil (**LDO**)	Fuel for agricultural pump sets, small industrial units and start-up fuel for power generation
Furnace Oil (**FO**)/Low Sulphur Heavy Stock (**LSHS**)	Secondary fuel for thermal power plants, fuel/feedstock for fertiliser plants and industrial units
Bitumen	Surfacing of roads
Lubes	Lubrication for automotive and industrial applications
Other Products (such as benzene, toluene, MTO, LABFS, CBFS and paraffin wax)	Feedstock for value added products

Source: Petroleum Planning and Analysis Cell Ready Reckoner, Oil Industry Information at a Glance page 82.

Crude oil is the primary feedstock used in oil refining. The quality of crude oil and refinery configuration indicate the level of processing and conversion necessary to achieve the optimal mix of finished products. Typically, crude oil is classified by its density (light to heavy) and sulphur content (sweet to sour). Light sweet crude oil is more expensive than heavy sour crude oil because it requires less treatment and produces a slate of products with a greater percentage of high-priced, light, refined products, such as LPG, gasoline and naphtha.

Heavy sour crude oil is typically sold at a discount to the light sweet crude oil because it produces a greater percentage of lower value products and requires additional processing to produce the higher value light products. Consequently, refiners strive to process the optimal mix, or slate, of crude oil through their refineries, depending on each refinery's conversion and treating units, current and anticipated product prices, the desired product mix and the relative price of available crude oil and other feedstock.

The complexity of a refinery refers to its ability to process less expensive feedstock, such as heavier and higher sulphur content crude oil, into higher value products and is dependent on the number and types of conversion units. Generally, the higher the complexity of the refinery, the more flexible the refinery will be with respect to its possible feedstock slate and the better positioned the refinery is to take advantage of less expensive crude oil, resulting in higher gross margin opportunities.

Over the years, the petroleum refining industry has experienced steady growth in demand for refinery products, cyclical margins due to periodic over-capacity and supply shortages in various regional markets, and seasonal fluctuations in the consumption of particular types of refinery products, such as higher gasoline and diesel consumption during the summer driving season, and higher home heating oil consumption during the winter months.

Economics of Refining

Oil refining is primarily a margin-based business seeking to optimise the refining processes and yields of all products in relation to feedstock that are used. In a simple refinery, a greater percentage of the end products is less valuable heavy products such as furnace oil and bitumen, with the remainder being light products such as LPG, mixed-xylenes and unleaded gasoline and middle distillates such as diesel and jet fuel. However, the product yields depend on the type of crude oil and other feedstock. The total value of the finished products less the cost of crude oil and other feedstock and utilities is the simple refining margin. The complex refining margin differs from the simple refining margin in that a lower proportion of heavy products are produced in a complex refinery due to equipment available to convert the low value heavy products into the higher value light products. More complex plants are able to generate a higher yield due to their ability to produce higher value products using a lower cost crude oil or other feedstock. As a result, complex margins are higher than simple margins.

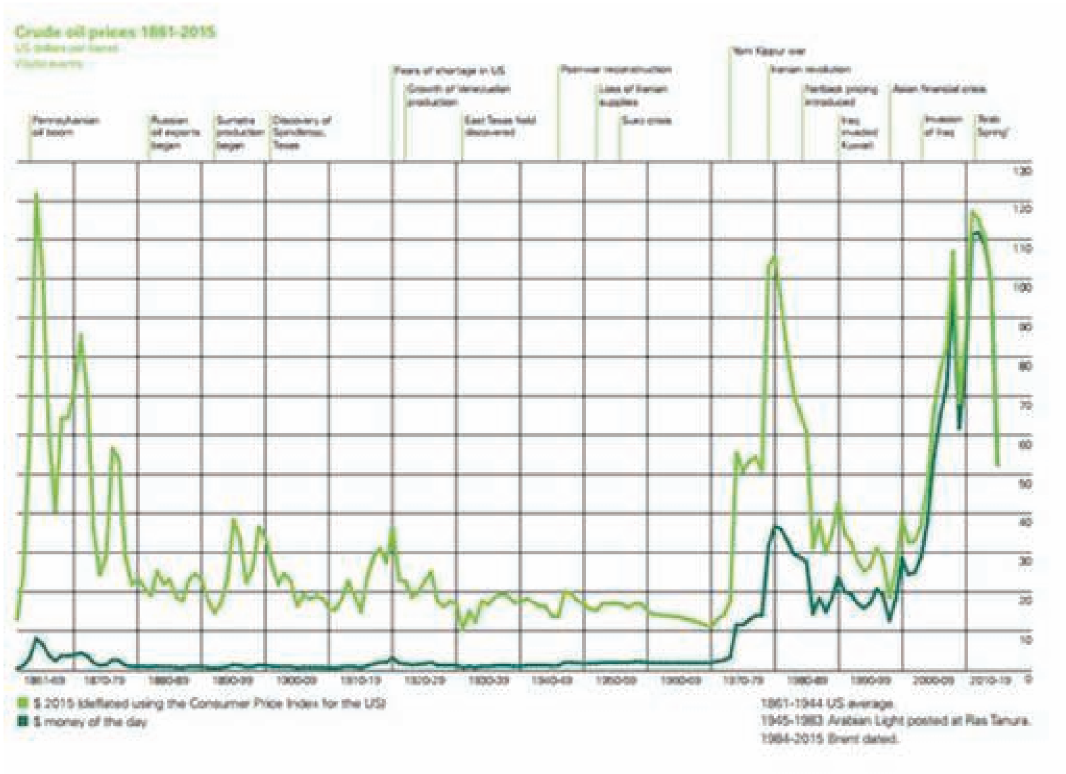
Refineries with upgrading units serve to increase distillate yields such as gasoline, kerosene and diesel. Distillates are often worth more than residual oils. Therefore, the more upgrading units a refinery has, the higher its margins.

The industry uses a number of benchmarks to measure performance, margin and refinery complexity, including: plant utilisation rate, GRM, Nelson Complexity Index (an index used in the refining industry to measure the complexity of a refinery), upgrading-to-refining ratio, hydrotreating-to-refining ratio, non-energy cash costs, maintenance costs and operational availability.

Crude Oil Prices

Changes in the price of crude oil influence the prices of refined petroleum products. Oil prices are affected by a number of factors, including changes in supply and demand fundamentals, Organisation of the Petroleum Exporting Countries (**OPEC**) regulations, weather conditions, government regulations, political and economic conditions, and the availability of various alternative energy substitutes.

The following chart shows crude oil prices (in U.S. dollar per barrel) for the periods indicated.



Source: BP Statistical Review of World Energy June 2016

According to BP Statistical Review of World Energy (June 2016) (the **BP 2016 Review**), prices for all fossil fuels fell in 2015 for all regions with crude oil prices recording the largest decline on record in dollar terms, and the largest percentage decline since 1986. The annual average price for Brent, the international crude oil benchmark, declined by 47 per cent., reflecting a growing imbalance between production and consumption. The differential between Brent and the United States Benchmark West Texas Intermediate narrowed for a third consecutive year to U.S.$3.68 per barrel (its smallest level since 2010). Crude oil prices rose in early 2015 as global consumption rebounded and United States production registered month-on-month declines. However, strong growth in OPEC production, particularly in Iraq and Saudi Arabia, led to a sharp fall in prices later in the year.

Global oil consumption grew by 1.9 million barrels per day (**b/d**) or 1.9 per cent. in 2015, nearly double the recent historical average of 1 per cent. and significantly stronger than the increase of 1.1 million b/d seen in 2014. The relative strength of consumption was driven by the OECD countries, where consumption increased by 510,000 b/d (+1.1 per cent.), compared with an average decline of 1.1 per cent. over the past decade. Growth was well above recent historical averages in the United States (+1.6 per cent., or 290,000 b/d) and the European Union (+1.5 per cent., or 200,000 b/d), while Japan (-3.9 per cent., or -160,000 b/d) recorded the largest decline in oil consumption. Outside of the OECD, net oil importing countries recorded significant increases: China (+6.3 per cent., or +770,000 b/d) once again accounted for the largest increment to demand, while India (+8.1 per cent., or 310,000 b/d) surpassed Japan as the world's third largest oil consumer. However, this was offset by slower growth in oil producers, with oil demand growth in the non-OECD countries as a whole (+2.6 per cent., or 1.4 million b/d) below its recent historical average.

Global oil production increased more rapidly than consumption for a second consecutive year in 2015, increasing by 2.8 million b/d or 3.2 per cent., the strongest growth since 2004. Production in Iraq (+750,000 b/d) and Saudi Arabia (+510,000 b/d) rose to record levels, driving an increase in OPEC production of 1.6 million b/d to 38.2 million b/d in 2015, exceeding the previous record reached in 2012. Production outside OPEC slowed from 2014's record growth but still grew by 1.3 million b/d. The United States (+1 million b/d) had the world's largest annual growth increment and remained the world's largest oil producer. Production growth in Brazil (+180,000 b/d), Russia (+140,000 b/d), the United Kingdom and Canada (+110,000 b/d each) was offset by declines in Mexico (-200,000 b/d, the world's largest decline), Yemen (-100,000 b/d) and elsewhere.

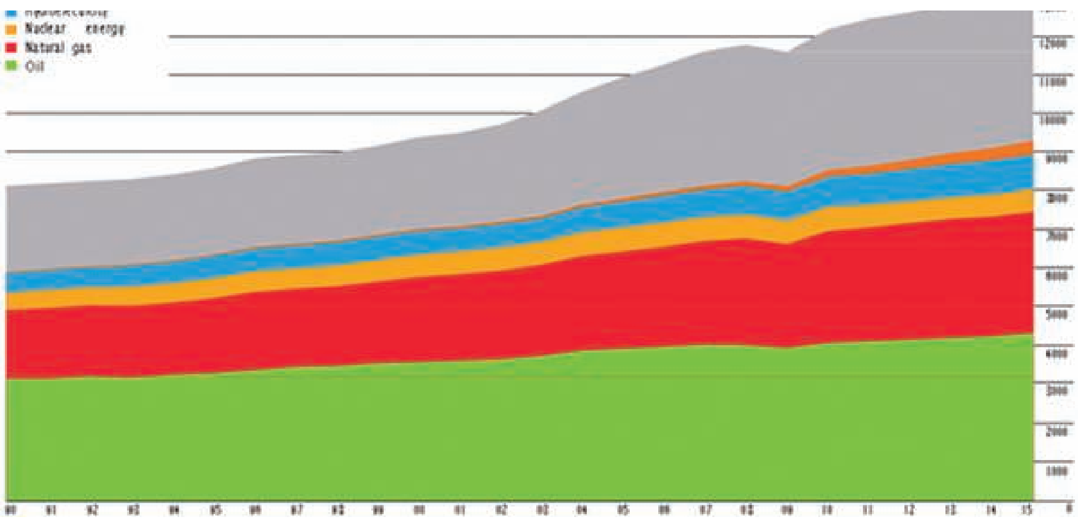
Overview of the Global Refining Industry

Global Overview

The global refining sector has experienced cyclical variations in capacity over the last few decades as capacity expanded and contracted together with changes in global oil demand.

According to the BP Statistical Review of World Energy June 2016, oil remained the world's leading fuel in 2015, accounting for 32.9 per cent. of global energy consumption. Although emerging economies continued to dominate the growth in global energy, growth in these countries was well below their ten-year average of 3.8 per cent. Emerging economies accounted for 58.1 per cent. of global energy consumption in 2015. While Chinese consumption growth slowed to just 1.5 per cent., India recorded a robust growth in consumption of 5.2 per cent. A rare increase in consumption by the European Union (+1.6 per cent.) more than offset declines in the United States (-0.9 per cent.) and Japan (-1.2 per cent.), where consumption fell to the lowest level since 1991.

The following chart shows world consumption (in million tonnes oil equivalent) for the periods indicated.



Source: BP Statistical Review of World Energy June 2016

Global Refining Capacity

The global refining capacity retreated in the 1980s and early 1990s alongside a steady increase in global oil demand. As a result, the spare global refining capacity saw significant reduction which led to a period of relatively strong utilisation rates and refining margins in the period 2004-2008. This led to a surge in refining investments globally, resulting in capacity additions through a combination of new projects and existing refineries expansions.

The global financial crisis in 2008 triggered the first decline in oil demand in 25 years followed by a larger decline in 2009; declining demand, combined with significant new capacity becoming available resulted in an oversupply of refining capacity globally. The situation improved in 2010 as the global economy recovered, driven primarily by emerging economies. In 2015, global refining capacity grew by only 450,000 b/d, the smallest increase in 23 years. Delayed expansion in China, combined with closures in Taiwan and Australia, resulted in a fall in Asian capacity for the first time since 1988.

The following table shows region-wise refining capacity (in thousand barrels daily) for the periods indicated.

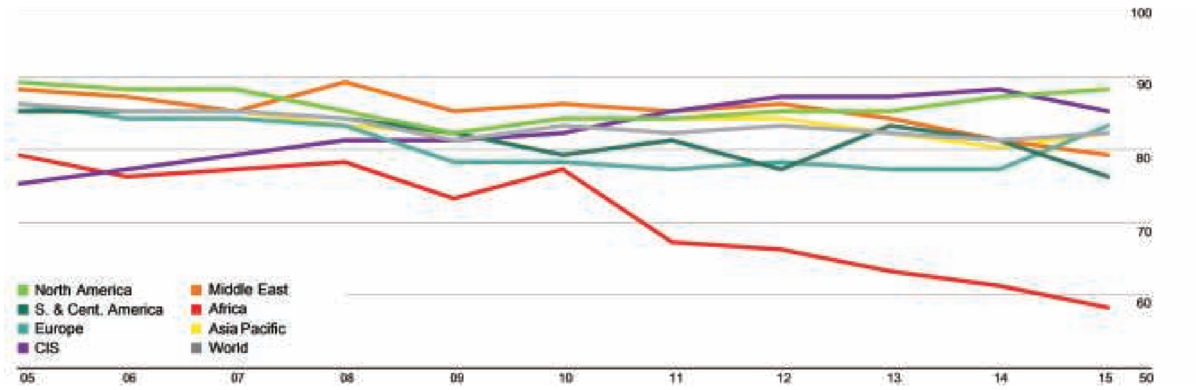
Region	2011	2012	2013	2014	2015
North America	20,967	21,479	21,495	21,456	21,883
South and Central America	6,449	5,819	5,920	6,073	6,222
Europe and Eurasia	24,244	23,551	23,635	23,632	23,635
Middle East	8,096	8,229	8,402	9,342	9,344
Africa	3,259	3,465	3,569	3,589	3,589
Asia Pacific	29,094	30,590	32,043	32,682	32,554
World	**92,110**	**93,133**	**95,065**	**96,772**	**97,227**

Source: BP Statistical Review of World Energy June 2016

Global Refinery Capacity Utilisation and Refining Margins

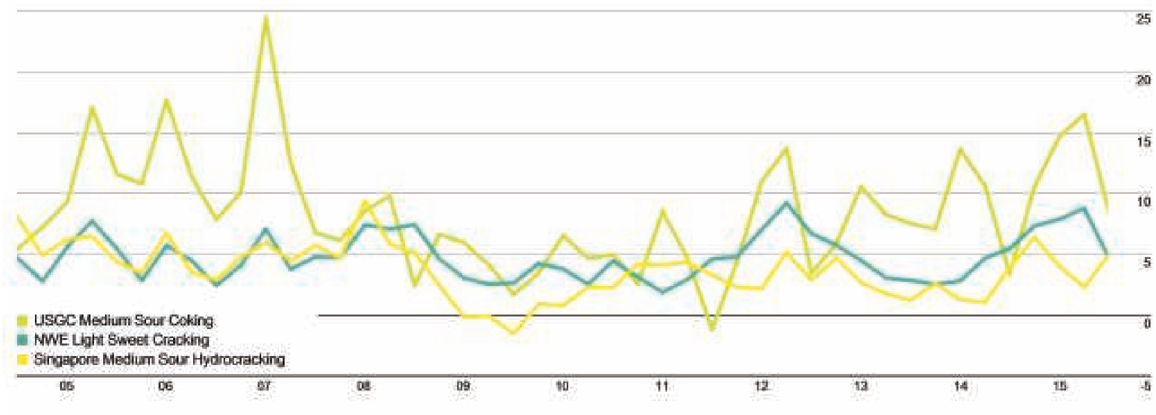
Global crude runs rose by 1.8 million b/d in 2015, led by Europe and China. Europe recorded its largest increase in crude runs since 1986. Global refining capacity growth slowed to 450,000 b/d, the lowest in 23 years. Capacity in Asia Pacific fell for the first time in 2015 since 1988. Global average refinery utilisation rose by 1 per cent. to 82.1 per cent., the fastest increase in five years.

The following chart shows refinery utilisation (in percentage, based on average annual capacity) for the periods indicated.



Source: BP Statistical Review of World Energy June 2016

The refining margins presented below (in U.S. dollars per barrel) are benchmark margins for three major global refining centres: U.S. Gulf Coast (USGC), North West Europe (NWE-Rotterdam) and Singapore. Each case is based on a single crude oil appropriate for that region and optimised product yields based on a generic refinery configuration (cracking, hydrocracking or coking), again appropriate for that region. The margins are on a semi-variable basis, i.e. the margin after all variable costs and fixed energy costs.



Source: BP Statistical Review of World Energy June 2016

Global Oil Consumption Overview

	2016 Oil Consumption Per Day (kboepd)	2016 Oil Consumption Growth Rate (%)	Population (bn)	Per Capita Consumption (boe)
UNITED STATES	19,631	0.5%	0.33	21.9
JAPAN	4,037	–2.5%	0.13	11.7
GERMANY	2,394	2.3%	0.08	10.9
UK	1,597	2.1%	0.07	9.0
RUSSIAN FEDERATION	3,203	2.1%	0.14	8.2
BRAZIL	3,018	–4.8%	0.21	5.2
CHINA	12,381	3.3%	1.39	3.3
INDIA	4,489	7.8%	1.34	1.2

Source: BP Statistical Review of World Energy June 2017. Population data from Worldometers

According to the OPEC 2016 Annual Statistical Bulletin, world oil demand averaged 93.0 million b/d in 2015, up by 1.7 per cent. as compared to 2014, with the largest increases taking place in Asia Pacific, particularly India and China, North America, Western Europe, the Middle East and Africa. Distillates and gasoline accounted for around 56 per cent. of total world oil demand and were on increasing trends, while residual fuel oil requirements declined for another year. Gasoline dominated 2015 oil demand growth in Asia Pacific and North America, while distillates appeared robust in Western and Eastern Europe.

The table below shows world oil demand (in thousand barrels daily) for the periods indicated.

Product	2011	2012	2013	2014	2015
Gasoline	23,218	23,607	23,611	23,881	24,612
Kerosene	6,454	6,479	6,517	6,605	6,837
Distillates	26,190	26,461	26,875	27,358	27,754
Residuals	7,962	7,814	7,340	7,184	6,922
Other	24,435	24,740	26,126	26,408	26,854
Total	**88,260**	**89,101**	**90,468**	**91,436**	**92,979**

Source: OPEC 2016 Annual Statistical Bulletin

Overview of the Refining Industry in India

Introduction

The Indian oil industry plays a strategic role in fuelling the growth of the Indian economy. The oil and gas sector in India has until recently been dominated by public sector oil marketing companies and their refining associates. Over the last decade and a half, India has witnessed the emergence of private sector players, primarily in the refining sector. The strategic importance of the oil sector and the economic policies of past Governments resulted in tight regulation. State control was consolidated in 1976 when downstream oil companies were nationalised and pricing and distribution was regulated through the introduction of the Administered Price Mechanism.

According to the BP 2016 Review, India's consumption of oil stood at 4.2 million b/d, up from 2.6 million b/d in 2005. In 2015, India surpassed Japan as the world's third-largest oil consumer. The revival in the growth of the industrial sector and a decline in international prices of crude oil led to a boost in consumption. According to the Petroleum Planning and Analysis Cell (**PPAC**) of the MoPNG, indigenous crude oil processing stood at 33.5 million metric tonnes for fiscal year 2017, while domestic crude oil consumption stood at 194.2 million metric tonnes for the same period. In April 2017, indigenous crude oil production was marginally lower by 0.6 per cent. than that of April 2016, primarily due to PSC fields (26 TMT in Panna Mukta, 8 TMT in Ravva fields and 37 TMT in Mangala fields). India's import dependency (based on consumption) was 82.1 per cent. for fiscal year 2017.

Indian refineries may source crude oil through various means. Price of crude oil imports in India is commonly benchmarked through the Indian Crude Basket which combines the prices of a mix of crude oil consumed in India, using North Sea (Brent), Dubai and Oman benchmark prices in the basket calculation.

The following table shows the average price of crude oil (in U.S. dollars per barrel) for the Indian basket for the periods indicated.

Fiscal Year	**2013**	**2014**	**2015**	**2016**	**2017**
Average Price	107.97	105.52	84.16	46.17	47.56

Source: Petroleum Planning and Analysis Cell. 5 April 2016 Crude Oil Price (Indian Basket).

Refining Capacity in India

India's refining industry has done well in establishing itself as a major player globally. It is not only self-sufficient in refining capacity for its domestic consumption but also exports petroleum products. As the second largest refiner in Asia after China, India is becoming a regional refining hub catering to a rising local and regional demand, supported by a large and growing India population base of approximately 1.3 billion (estimated in 2016 according to World Economic Outlook Database April 2017), rising personal wealth, a trained and skilled labour force and various fiscal benefits to refinery projects.

Recently constructed refineries and new refinery projects under development are equipped with state of the art technologies and a wide and high quality product slate, positioning them for both the domestic and export markets. The refineries of public sector OMCs have been upgraded over the years, allowing them to process larger volumes of high sulphur crude oils which are generally cheaper than sweet crudes, thereby increasing their operating efficiency.

After the commissioning of IOCL's Paradip refinery in February 2016, total refining capacity increased from 215.1 MMTPA as of 1 April 2015 to 230.1 MMPTA as of 1 April 2016. Total refining capacity grew by 4.4 MMPTA to 234.5 MMPTA (provisional) as of 1 April 2017 as compared to the previous year, driven by increased installed capacity from BPCL's Kochi and HPCL's Mumbai refineries. Public sector refineries account for 66 per cent. of India's total refining capacity as of 1 April 2017.

The following table shows installed capacities (in MMTPA) of refineries in India for the periods indicated.

	As of 1 April				
Company	**2013**	**2014**	**2015**	**2016**	**2017**
India Oil Corporation Limited	54.2	54.2	54.2	69.2	69.2
Chennai Petroleum Corporation Limited	11.5	11.5	11.5	11.5	12.0
Bharat Petroleum Corporation Limited	30.5	30.5	30.5	30.5	33.4
Oil and Natural Gas Corporation Limited	15.1	15.1	15.1	15.1	15.1
Hindustan Petroleum Corporation Limited	23.8	23.8	23.8	23.8	24.8
Reliance Industries Limited	60.0	60.0	60.0	60.0	60.0
Essar Oil Limited	20.0	20.0	20.0	20.0	20.0
All India	**215.1**	**215.1**	**215.1**	**230.1**	**234.5**

Source: Petroleum Planning and Analysis Cell. 5 April 2016 Crude Oil Price (Indian Basket) 2016-17 figures are provisional.

Production and Consumption of Refined Petroleum Products in India

According to PPAC, production of petroleum products by Indian refineries has expanded from 124 million tonnes in fiscal year 2006 to 2,343 MMT in fiscal year 2017, driven by domestic consumption as well as exports to other countries. Exports of petroleum products stood at 65 million tonnes in fiscal year 2017, representing approximately 27 per cent. of the domestic production of petroleum products in the same year.

While India consumed 185 MMT of petroleum products in fiscal year 2016, consumption increased by 5.1 per cent. to 194 MMT in fiscal year 2017. The primary driver of growth for India's demand for refined petroleum products is sustained economic growth. According to the World Economic Outlook Database April 2017, GDP growth rate of India remains robust, averaging 6.8 per cent. from 2011 to 2016. According to the IMF, India's GDP is projected to increase to 7.2 per cent. in 2017 and 8.1 per cent. in 2021.

The following table shows production and consumption (both in MMT) of petroleum products in India for the periods indicated.

	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017	
Petroleum Product	**Production**	**Consumption**	**Production**	**Consumption**	**Production**	**Consumption**
LPG	9.8	18.0	10.6	19.6	11.3	21.5
MS	32.2	19.1	35.3	21.8	36.5	23.8
Naphtha	17.5	11.1	17.9	13.3	19.8	13.3
ATF	11.1	5.7	11.8	6.3	13.8	7.0
SKO	7.6	7.1	7.5	6.8	6.0	5.4
HSDO	94.3	69.4	98.6	74.6	102.1	76.0
LDO	0.4	0.4	0.4	0.4	0.6	0.4
Lubes	0.9	3.3	1.0	3.6	1.0	3.4
FO/LSHS	12.2	6.0	10.7	6.6	12.0	7.2
Bitumen	4.7	5.1	5.2	5.9	5.2	5.9
Others	30.0	20.4	32.2	25.6	34.4	30.3
All India	**220.7**	**165.5**	**231.2**	**184.7**	**242.7**	**194.2**

Source: Petroleum Planning and Analysis Cell. March 2017 Consumption of Petroleum Products; March 2017 Production of Petroleum Products Historical by Product 2016-17 figures are provisional.

India's demand for petroleum products is characterised by the rise in urbanisation, infrastructure developments (roads, airports, ports), and the rapid growth of the Indian middle class. Increased consumption of MS has been supported by the gradual increase in automobile ownership by the Indian urban population and HSDO consumption has seen robust growth due to improvements in infrastructure leading to better transportation and logistics movements. Increased air travel has also led to higher consumption of ATF.

The demand for all petroleum products is expected to grow by 1.6 per cent. in fiscal year 2018.

The following table shows projected demand for petroleum products (in MMT) according to India's 13th Five-Year Plan.

	Fiscal Year				
Product	**2018**	**2019**	**2020**	**2021**	**2022**
LPG	22.6	23.3	23.9	24.3	24.8
MS	24.5	26.6	28.8	31.1	33.7
Naphtha	12.5	14.2	14.9	15.4	15.4
ATF	9.3	10.0	10.8	11.7	12.5
SKO	6.5	6.4	6.2	6.0	5.8
HSDO	86.8	92.1	97.9	104.1	110.8
LDO	0.4	0.4	0.4	0.4	0.4
Lubes	3.1	3.2	3.3	3.4	3.5
FO/LSHS	7.8	7.8	7.8	7.8	7.8
Bitumen	6.3	6.5	6.7	6.9	7.2
Pet Coke	11.4	12.7	14.0	15.5	17.1
Others	6.1	6.1	6.1	6.1	6.1
All India	**197.4**	**209.2**	**220.7**	**232.6**	**245.0**

Source: Petroleum Planning and Analysis Cell. Demand Projection XII and XIII Plan; Working Group Report on Demand Estimates of the Petroleum Products – 12th and 13th Five Year Plans. 2016-17 figures are provisional.

Refinery Capacity Utilisation Rates in India and Refining Margins

According to the MoPNG, India's refinery capacity utilisation rates have been in excess of 100 per cent. since fiscal year 2010 with the refinery utilisation rate at 106.7 per cent. in fiscal year 2017.

The following table shows refinery capacity utilisation rates (in percentage) in India for the periods indicated.

	Fiscal Year				
	2013	**2014**	**2015**	**2016**	**2017**
Refinery capacity utilisation	102.9	103.5	103.8	108.3	106.7

Source: Petroleum Planning and Analysis Cell. 21 April 2017, Monthly Production Report – March 2017, Annexure-IV and October 2016, Indian Petroleum & Natural Gas Statistics 2015-16, page 5. Provisional crude throughput numbers were used in calculating the refinery capacity utilisation rate for fiscal year 2017.

Typically, a utilisation rate of approximately 95 per cent. is considered optimum as it allows for normal shutdowns required for maintenance and seasonal adjustments. Occasionally, through upgrades or de-bottlenecking procedures, refineries can process more crude than the nameplate size of the distillation unit would indicate. In such cases, utilisation rates greater than 100 per cent. can be achieved.

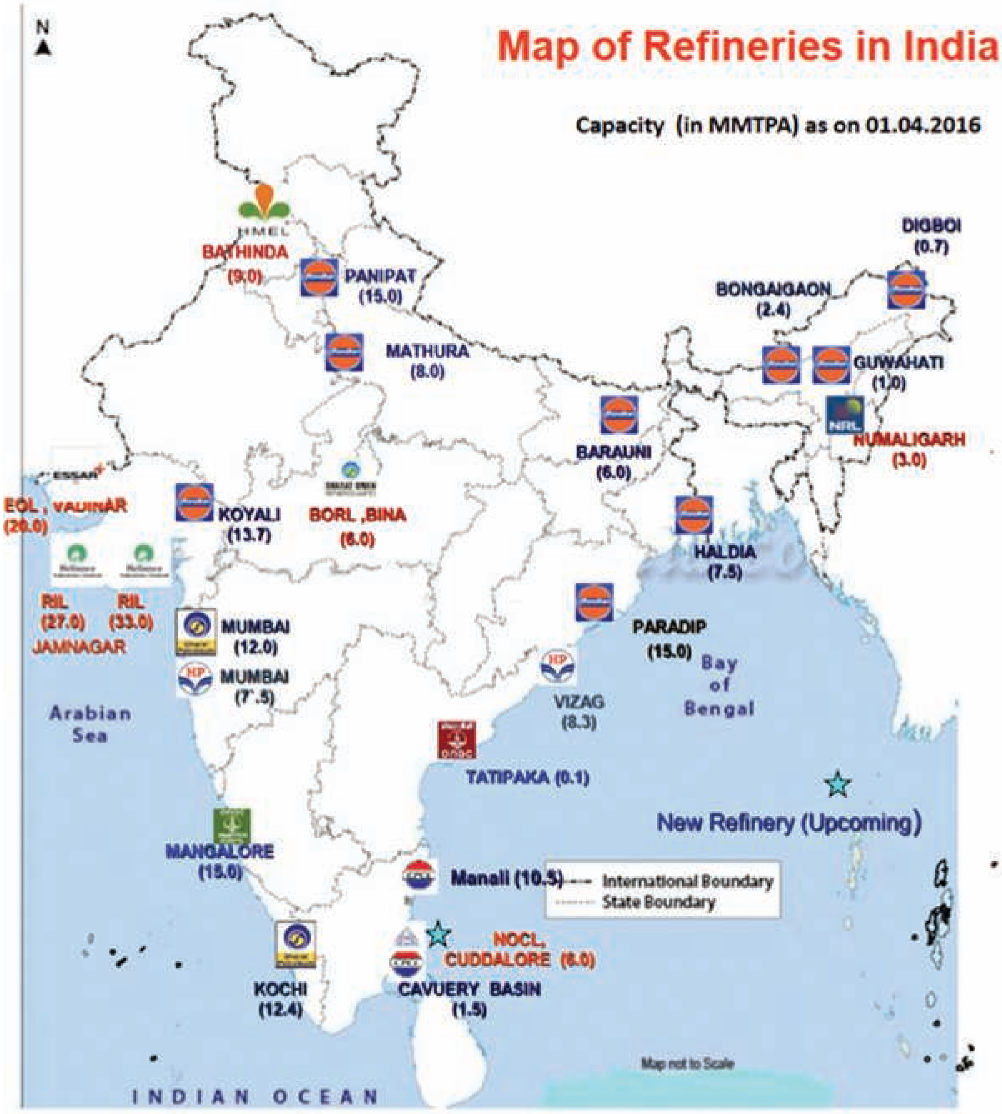
The increasing complexity and sophistication of Indian refineries has supported a trend of relative increase in GRMs compared to refineries in other Asian countries. The large scale and world-leading complexity of India's new greenfield refineries is expected to lead to lower marginal cost of production compared to older, less complex refineries. The increasing ability to process heavier and cheaper crude grades also supports GRMs by lowering input costs. Finally, the ability to produce complex, high-end products which are competitive in the international markets also supports GRMs of Indian refineries.

The following table shows the GRMs (in U.S. dollar per barrel) of refineries in India for the periods indicated.

	Fiscal Year			**April to December**
Company	**2014**	**2015**	**2016**	**2016**
India Oil Corporation Limited	4.24	0.27	5.06	7.36
Bharat Petroleum Corporation Limited	4.33	3.62	6.59	5.03
Hindustan Petroleum Corporation Limited	3.43	2.84	6.68	5.57
Chennai Petroleum Corporation Limited	4.08	1.97	5.27	5.81
Mangalore Refinery and Petrochemicals Limited	2.67	(0.64)	5.20	7.23
Numaligarh Refinery Limited	12.09	16.67	23.68	27.85
Bharat Oman Refineries Limited	7.70	6.10	11.70	11.60
Reliance Industries Limited	8.10	8.60	10.80	10.80
Essar Oil Limited	7.98	8.37	10.81	n/a

Source: Petroleum Planning and Analysis Cell. April 2017, Ready Reckoner, Snapshot of India's Oil & Gas data, page 10. Provisional crude throughput numbers were used in calculating the refinery capacity utilisation rate for fiscal year 2017.

Locations of Refineries in India



Source: Petroleum Planning and Analysis Cell. Map not to scale.

Transportation of Refined Petroleum Products in India

As the seventh largest country in the world, India requires the transport of petroleum products into the interiors and hinterland from ports and refinery locations. These movements are undertaken primarily through railways, pipelines, coastal tankers and road movement. Pipelines provide the cheapest, safest and most environmentally friendly mode of transportation. In most cases, products are ultimately delivered to the point of consumption by road transport.

Retail Distribution of Refined Petroleum Products in India

Oil marketing companies rely on multiple customer contact points, including retail outlets, bulk consumer pumps, LPG distributors and terminals, to sell petroleum products. Retail outlets represent one of the most important distribution modes to the public in India, allowing for improved product penetration and providing competitive advantages. The total number of oil industry retail outlets increased to 59,595 as of 1 April 2017 from 56,190 as of 1 April 2016.

The following table shows the breakdown of the total number of retail outlets in India as of 1 April 2017.

Particulars	IOCL	BPCL	HPCL	RIL	ESSAR	Shell	Others	Total
Number of Retail Outlets	26,212	13,983	14,412	1,400	3,499	85	4	59,595

Source: Petroleum Planning and Analysis Cell. April 2017, Ready Reckoner, Snapshot of India's Oil & Gas data, page 12.

Regulation

Evolution of the Deregulation Regime

Under the Government's Administered Price Mechanism (**APM**) introduced in 1977, prices in the oil sector were controlled at the four stages of production, refining, distribution and marketing on the principle of compensating for normative cost and allowing a pre-determined return on investments. Petroleum refining and marketing companies were compensated for operating costs and assured a 12 per cent. post tax return on capital employed.

Gradual liberalisation of the petroleum, refining and marketing sector began in the 1990s, with the deregulation of lubricants and Government permission for private sector investment in refining. The marketing of ATF was deregulated with effect from 1 April 2001. Effective from 1 April 2002, the marketing of transportation fuels was permitted to any company investing or proposing to invest Rs.20 billion in exploration and production, refining, pipelines or terminals. However, sensitive petroleum products (HSDO, MS, LPG (domestic) and SKO (PDS)) continued to be administered by the Government until 31 March 2002.

APM on refined petroleum products was phased out in 2002 and replaced with the Market Determined Price Mechanism (**MDPM**) implemented by the Government. Although the MDPM was notionally benchmarked to international oil prices, the Government continued to subsidise domestic prices of LPG (domestic) and SKO (PDS). However, a complete dismantling of APM could not be completed, and, post May 2004, the Government re-started controlling the prices of sensitive petroleum products. With effect from 25 June 2010, the Government had completely decontrolled the pricing of MS. With effect from 18 October 2014, Government also decontrolled diesel pricing.

To protect the domestic consumers from extreme volatility in the international oil prices, the selling price of PDS SKO is fixed based on Government directives and is not being maintained in line with the movements in international prices. Consequently, oil marketing companies are not protected from the fluctuating price of PDS SKO. Where the buying price exceeds the selling price of sensitive petroleum products, marketing companies would suffer a loss in recovery equivalent to the difference between the costs of sensitive petroleum products and the prices at which it is able to sell the same in the domestic market. Such under-recoveries are compensated partially by way of discount from the upstream companies on the crude oil supplied by them and partially by way of cash from the Government.

Overview of Oil and Gas Pricing Regulations in India

After the dismantling of the APM in 1997, prices of petroleum products in India have been linked to international crude oil prices. While prices of crude oil are generally market determined, the prices of retail sales of LPG (for domestic use) and SKO for public distribution by India's Public Sector OMCs (BPCL, HPCL and IOCL) were capped by the Government. These price caps were revised by the Government from time to time and, as a result, Public Sector OMCs incurred under-recoveries as they purchase these products at higher prices than prices at which they can be sold in India.

The Government operates a mechanism pursuant to which the under-recoveries of the oil marketing companies resulting from the price caps are shared among the Government, the Public Sector OMCs and the public sector upstream companies (which include ONGC, Oil India Ltd. (**OIL**) and GAIL). Under-recoveries are determined and allocated provisionally by the Government on a quarterly basis.

Share of the under-recovery that is allocated to each upstream national oil company is determined from time to time. Upstream companies' share of the under-recovery is implemented through a discount on crude oil, domestic LPG and PDS kerosene (generally accounted in crude price realisation) sold by upstream oil companies to the Public Sector OMCs.

Government Subsidy for Public Sector OMCs

Historically, the Government has supported Public Sector OMCs by providing them compensation in the following forms:

- cash;
- discounts from public sector upstream companies;
- issue of oil bonds;
- moderation of duty structure; and
- discounts from refining companies.

The amount of compensation is adjusted by the Government from time to time depending on prevailing market conditions and accounting for international crude oil prices, total amount of under-recoveries and gross revenues of OMCs and the level of margin earned by upstream companies during the relevant period.

Recent Major Developments on Government Subsidy

On 26 June 2010, the Government deregulated gasoline prices and with effect from 18 January 2013, selling prices of diesel to all consumers taking bulk supplies directly from the installations of the Public Sector OMCs are determined in line with international prices or other market driven factors. On 19 October 2014, the Government deregulated diesel prices at retail level for all consumers.

As regards LPG, in September 2012, the Government decided to restrict the number of domestic subsidised LPG cylinders per household to six per annum, beyond which, 14.2 kg LPG cylinders had to be bought at the market rate. In January 2013, this quota was increased to nine cylinders and further increased in January 2014 to 11 cylinders for fiscal 2014 and 12 cylinders from fiscal 2015. Accordingly, the domestic prices of domestic non-subsidised LPG (i.e. cylinders sold after capping of 12 cylinders per annum per household) are determined in line with international prices of LPG.

The Government launched the Direct Benefit Transfer of LPG (**DBTL**) scheme which is designed to ensure that the benefit meant for genuine domestic customers reaches them directly and is not diverted, thus saving public money. The DBTL scheme was initially launched between 1 June 2013 and 1 January 2014 in six phases covering 291 districts. It required the consumer to mandatorily have an “Aadhaar” number for availing the LPG subsidy. The scheme was recently reviewed and has been re-launched with modifications keeping consumer convenience in mind. The modified DBTL scheme was re-launched in 54 districts on 15 November 2014 and, on 1 January 2015, the modified DBTL scheme was launched in the rest of the country in 622 districts.

As regards SKO (PDS), Public Sector OMCs have undertaken a pilot project on direct transfer of cash subsidy for SKO (PDS) in the Alwar district of Rajasthan.

MANAGEMENT AND SHAREHOLDING

Board of Directors

The Board oversees the overall function of HPCL. The dates of the Board meetings are fixed well in advance and communicated to the members of the Board. The meetings of the Board are generally held at least once per quarter. During the fiscal year ended 31 March 2017, ten meetings of the Board were held. All Board meetings and the annual general meeting were chaired by the Chairman & Managing Director. The agenda for each Board meeting is circulated well in advance of the meeting and presentations are given on various functional and operational areas of HPCL.

In accordance with HPCL's Articles of Association, HPCL shall not have less than three or more than 20 Directors. As of the date of this Offering Circular, the Board comprises five full-time (executive) Directors, including the Chairman & Managing Director, two part-time (ex-officio) Directors and four part-time (Independent) Directors as of 21 May 2017.

None of the non-executive Directors of HPCL had any pecuniary relationship or were involved in transactions with HPCL during the year.

The Directors neither held memberships of more than ten Board Committees nor Chairmanships of more than five Committees (as specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises) across all the companies in which they were Directors.

The following table sets out details regarding the Board as of 31 March 2017:

Name and Position	Academic Qualifications	Details of Directorship Held in Other Companies
Mr. Mukesh Kumar Surana Chairman and Managing Director DIN: 07464675 Appointment date: 1 April 2016	• B.E. (Mech); and • Masters in Financial Management.	• HRRL; • PPCL; • HMEL; and • SALPG.
Mr. Pushp Kumar Joshi Director – Human Resources DIN: 05323634	• B.A. LLB; and • PG (PM&IR) XLRI, Jamshedpur.	• PPCL; • CHBL; • HBL; • HRRL; • HSEPL; and • HINCOL.

Name and Position	Academic Qualifications	Details of Directorship Held in Other Companies
Mr. J. Ramaswamy Director – Finance DIN: 06627920 Appointment date: 1 October 2015	• FCA	• HRRL; • HBL; • HMPL; • PPCL; • HMEL; • CHBFL; • SALPG; • HSEPL; and • HINCOL.
Mr. S. Jeyakrishnan Director – Marketing DIN: 07234397	• B.A.	• HINCOL
Mr. Vinod S. Shenoy Director – Refineries DIN: 07632981	• B.E. (Chemical)	• MRPL; • PPCL; • HMEL; and • HRRL.

Non-executive Directors

Part-time (Ex-officio)

Name and Position	Academic Qualifications	Details of Directorship Held in Other Companies
Ms. Urvashi Sadhwani Director DIN: 03487195	• Postgraduate in Business Economics; and • M.Phil Indian Economic Service.	• Nil
Mr. Sandeep Poundrik Director – Marketing DIN: 01865958	• B.E. (Elect); and • IAS.	• Nil

Non-executive Directors

Part-time (Independent)

Name and Position	Academic Qualifications	Details of Directorship Held in Other Companies
Mr. Ram Niwas Jain Director DIN: 00671720	• B.E. (Mech)	• Visa Realty Limited; • Universal General Sompo Insurance Co. Limited; and • B.P. Engineers Pvt. Ltd.
Mrs. Asifa Khan Director DIN: 07730681	• M.A. (English Literature)	• Nil
Mr. G.V. Krishna Director DIN: 01640784	• B. Com, CA	• Pushiti Refineries Pvt. Ltd.; • Harihara Estates Mysore Pvt. Ltd.; • Harihara Developers & Constructions Pvt. Ltd.; and • Jnana Bharathi Prakashana Limited
Dr. T.N. Singh Director DIN: 07767209	• Ph.D. (IIT, BHU)	• Nil

Board Committees

HPCL has established various committees comprising Directors to closely monitor various critical aspects of its business. Certain details regarding the significant committees as of 31 March 2017 are provided below.

Audit Committee

The Audit Compliance Committee (**Audit Committee**) has been constituted as per the provisions of the New Companies Act and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. The roles, powers and functions of the Audit Committee are specified and approved by the Board.

As of the date of this Offering Circular, the Audit Committee comprised two non-official independent directors and one full-time director: Mr. Ram Niwas Jain (who is the Chairman of the Audit Committee), Mr. G.V. Krishna and Mr. J. Ramaswamy. HPCL's Secretary acts as the Secretary to the Audit Committee. Quorum for meetings of the Audit Committee is either two members or one-third of the members of the Audit Committee whichever is greater, but there should be a minimum of two independent members present.

Executive Director (Audit) is actively involved in the meetings of the Audit Committee. In addition, other full-time Directors also attend the meetings. The statutory auditors and cost auditors also attend and participate at such meetings upon invitation.

The role of the Audit Committee covers the matters specified in Regulation 18 and part C of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, Section 177 of the Companies Act 2013 and Guidelines on Corporate Governance for Central Public Enterprises.

The role and responsibilities of the Audit Committee include the following:

- Overseeing HPCL's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Recommending to the Board the fixation of audit fees;
- Approving payments to statutory auditors for any other services rendered by them;
- Reviewing, with HPCL's management, the annual financial statements and HPCL's auditor's report before submission to the Board for approval, with particular reference to:
  - matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgement by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions; and
  - qualifications in the draft audit report;
- Reviewing, with HPCL's management, the quarterly financial statements of HPCL before submission to the Board for approval;
- Reviewing, with HPCL's management, the statements of uses and application of funds raised through an issuance (public issue, rights issue, preferential issue, etc.), the statements of funds utilised for purposes other than those stated in the offer document, prospectus, notice and report submitted by the monitoring agency concerned with the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditors' independence and performance and the effectiveness of the audit process;
- Approving any subsequent modification of transactions between HPCL and a related party;
- Reviewing inter-corporate loans and investments;
- Valuing undertakings or assets of HPCL where necessary;
- Evaluating internal financial controls and risk management systems;

- Reviewing, with HPCL's management, the performance of the statutory and internal auditors and the adequacy of the internal control systems;

- Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- Discussing with the internal auditors any significant findings and following up thereon;

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- Discussing with the statutory auditors before the audit commences as regards the nature and scope of the audit as well as post-audit discussions to ascertain any areas of concern;

- Assessing the reasons for substantial defaults in payments to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- Reviewing the functioning of the mechanism for whistle blowing;

- Approving the appointment of the Chief Financial Officer or any other person heading the finance function or discharging that function after the assessment of the qualifications, experience and background of the candidate;

- Carrying out any other function as mentioned in the 'Terms of reference' to the Audit Committee;

- Reviewing of the following information by the Audit Committee, namely:

    - management discussions and analysis of financial conditions and results of operations;

    - statements of significant related party transactions (as defined by the Audit Committee) submitted by the management;

    - management letters and letters of internal control weaknesses issued by the Statutory Auditors;

    - internal audit reports relating to internal control weaknesses;

    - appointment, removal and terms of remuneration of the Chief Internal Auditor;

    - statements of deviations in respect of:

        - quarterly statements of deviation(s) including report from the monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and

        - annual statements of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7); and

- Reviewing of the financial statements, in particular the investments made by the unlisted subsidiary company by the Audit Committee of the listed holding company.

Investment Committee

The Board constituted an Investment Committee comprising three non-official part-time (Independent) Directors and one full-time Director mainly to review high value investments of the Issuer.

The current members of the Investment Committee are Mr. Ram Niwas Jain as Chairman and Mrs. Asifa Khan, Dr. Trilok Nath Singh and Mr. J. Ramaswamy as members.

Nomination and Remuneration Committee

HPCL constituted a Nomination and Remuneration Committee to formulate and review policies related to remuneration, perquisites and incentives within the parameters of guidelines issued by the Government and the Companies Act, 2013. The Remuneration Committee comprises three Independent Directors, namely Mr. Ram Niwas Jain, Chairman, and Mr. G.V. Krishna and Dr. T.N. Singh (non-official Independent Director) and Mr. Pushp Kumar Joshi (full-time Director as permanent invitee).

Stakeholders Relationship Committee

The Stakeholders Relationship Committee, comprising Mr. Ram Niwas Jain as Chairman and Mrs. Asifa Khan and Mr. J. Ramaswamy as members, is constituted to specifically look into the redressal of grievances of security holders and debenture holders (including complaints related to transfer of shares, non-receipt of annual reports, non-receipt of declared dividends etc.). Mr. Shrikant Bhosekar, the Company Secretary, acts as the Compliance Officer for matters related to investor relations. During the fiscal year ended 31 March 2017, the Stakeholders Relationship Committee received 37 complaints each from investors, respectively, which were attended to and resolved on a priority basis. All valid share transfer requests received during the year were duly processed and approved within the stipulated period.

CSR and Sustainability Development Committee

The CSR and Sustainability Development Committee was constituted to oversee, approve and monitor sustainable development projects as provided for under the business plan, adopting a balanced approach to environmental responsibility. The CSR and Sustainability Development Committee reviews the business responsibility report on a half-yearly basis and provides it to the Board for information. The CSR and Sustainability Development Committee comprises two part-time (Independent) Directors as well as Director (Marketing), Director (Refineries) and Director (Human Resources) as members. As of the date of this Offering Circular, the members of this committee comprised Mr. Ram Niwas Jain, as Chairman, Mr. G.V. Krishna, Mr. Pushp Kumar Joshi, Mr. S. Jevakrishnan and Mr. Vinod S. Shenoy as members.

Shareholdings of the Board of Directors

HPCL has not introduced any stock options schemes. None of the non-executive Directors hold any shares in HPCL.

The table below shows the shareholdings of the HPCL Directors as of 31 March 2017:

Shareholding as of 31 March 2017

Shareholder	**Designation**	**No. of Shares**
Mr. Mukesh Kumar Surana	Chairman & Managing Director	360
Mr. Pushp Kumar Joshi	Director-HR	1,800
Mr. J. Ramaswamy	Director-Finance	150
Mr. S. Jeyakrishnan	Director-Marketing	750

Principal Shareholders

The table below shows the holders of HPCL's issued share capital as of 31 March 2017:

Shareholder	**Per Cent. of Holding**
Government of India (President of India)	51.11
Financial Institutions	3.24
FPI/OCBs	16.88
Banks	0.09
Mutual Funds	6.25
NRIs	0.34
Employees (Physical)	0.06
Public	22.03
Total	100.00

RELATIONSHIP WITH THE GOVERNMENT AND REGULATORY MATTERS

This section provides a brief overview of the regulatory framework governing activities in the petroleum and natural gas industry in India. The information provided below has been obtained from sources available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to potential investors and are neither designed nor intended to be a substitute for professional legal advice.

Oil and Gas Refining and Petrochemicals

The MoPNG issues guidelines related to petroleum and natural gas which include exploration and production, refining, marketing, import, export, conservation and transportation of oil, gas and petroleum products. The MoPNG established the Directorate General of Hydrocarbons in 1993, whose main functions include, in respect of discovered fields, ensuring optimum exploitation, reviewing and approving development plans, work programme, budgets, reservoir evaluations and advising on mid-course corrections and, in respect of the exploration blocks, appraising work programme and monitoring exploration activities. The MoPNG also controls the Oil Industry Safety Directorate, which develops standards for safety and conducts periodic safety audits of all petroleum-handling facilities, and the Oil Industry Development Board (**OIDB**), which provides financial and other assistance for the development of the oil industry. The Oil Industry Safety Directorate prescribes safety standards that apply to oil companies. Companies must also comply with safety regulations prescribed by the Director General of Mines and Safety in respect of onshore petroleum mining installations.

The MoPNG has issued various guidelines in respect of marketing and distribution of petroleum products including selection of retail outlet dealership and LPG distributorship, opening of new retail outlets by Oil Marketing Companies (**OMCs**), marketing discipline guidelines, reconstitution/revival, resitement of Retail, SKO, LDO dealership, LPG distributorship, and others.

To regulate the production, storage, sale and distribution of various petroleum products, the MoPNG has also issued Lubricating Oil and Greases (Processing, Supply and Distribution Regulation) Order (1987), Kerosene (Restriction on Use and Fixation of Ceiling Price) Order (1993), Petroleum Products (Maintenance of Production, Storage and Supply) Order (1999), Naphtha (Acquisition, Sale, Storage and Prevention of Use in Automobile) Order (2000), LPG (Regulation of Supply and Distribution) Order (2000), Aviation Turbine Fuel (Regulation of Marketing) Order (2001) and Motor Spirit and High Speed Diesel (Regulation of Supply and Distribution and Prevention of Malpractices) Order (2005).

In June 2016, the MoPNG announced unified guidelines for LPG distributorships as well as modalities for release of LPG connection under the Pradhan Mantri Ujjwala Yojana (**PMUY**). PMUY is a scheme of the MoPNG for providing liquefied petroleum gas (**LPG**) connections to women from below poverty line (**BPL**) households.

Petroleum Act, 1934 (Petroleum Act)

The Petroleum Act empowers the Government to frame rules regarding the import, transport, storage, blending, refining and production of petroleum. It further empowers the Government to prescribe standards for pipelines, testing apparatus and storage receptacles for petroleum, and to inspect, make entry and search and certify grades of petroleum involved in a particular establishment.

Petroleum Rules, 2002 (Petroleum Rules)

The Petroleum Rules, require, among other things, a company to obtain permission from the Chief Controller of Explosives for refining, cracking, storing, reforming or blending petroleum. These rules have been further amended as a result of the Petroleum (Amendment) Rules, 2011 dated 1 December 2011.

Under the Petroleum Rules, no person is permitted to deliver or dispatch any petroleum to anyone in India other than the holder of a storage licence issued under the Petroleum Rules or his authorised agent or a port authority or railway administration or a person who is authorised under the Petroleum Act to store petroleum without a licence. The Petroleum Rules prohibit employment of children under the age of 18 years and a person who is in a state of intoxication. The Petroleum Rules also seek to regulate the importation of petroleum through licences.

***Petroleum and Natural Gas Regulatory Board Act, 2006* (PNGRB Act)**

The PNGRB Act provides for the establishment of the petroleum and natural gas regulatory board (**PNGRB**), and vests it with the authority to, among other things: (i) regulate refining, processing, storing, transporting (including laying of pipelines), distributing, marketing and importing, exporting and the selling of petroleum, petroleum products and natural gas (but excluding the production of crude oil and natural gas); (ii) monitor prices, transportation rates and take corrective measures to prevent restrictive trade practices; (iii) impose fees and other charges; and (iv) regulate technical and safety standards and specifications relating to petroleum, petroleum products and natural gas. The PNGRB was subsequently established by way of notification dated 1 October 2007. The objectives of the PNGRB are to protect the interests of consumers and entities engaged in specified activities relating to petroleum, petroleum products and natural gas, to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of India and to promote a market which values the benefits of competition.

In March 2012, the MoPNG issued guidelines which apply to the “swapping” of natural gas transactions (the **Swapping Guidelines**) whereby a party (the first party) supplies gas to a second party, at a location specified by the second party, in exchange for the second party supplying the energy equivalent quantity of gas to the first party or first party’s representative at another location (along with an appropriate indemnity for so doing). The Swapping Guidelines require that all parties involved be revenue-neutral over the entire length of the pipeline and any swapping of gas would need to conform to the tariff and applicable regulations of PNGRB and any dispute regarding the same would need to be heard before the PNGRB. For any gas swap transaction complying with these guidelines, parties do not have to approach the MoPNG for approval.

PRICING AND SALE OF OIL AND NATURAL GAS

Pricing of oil and natural gas was based on import parity until the mid-1970s. Prior to 1998, prices of all major petroleum products were fixed pursuant to the APM, which was based on a “cost plus” pricing system under which companies engaging in exploration and production (**E&P**), refining and marketing were guaranteed fixed returns on their net worth plus a reimbursement which covers eligible operating costs. In 1998, the APM was replaced by the market-determined pricing mechanism coupled with the rationalisation of customs tariff and excise duty rates. Further to a directive implemented by the Government on 6 March 2007, directions were issued to charge uniform pool prices on the supply of regasified liquefied natural gas (**R-LNG**) to all customers under all long-term contracts on a non-discriminatory basis.

The MoPNG had revised the guidelines on 3 February 2014, 20 May 2014 and 8 June 2016 for allocation/supply of domestic natural gas to CGD entities for the CNG (transport) and PNG (domestic) sector. Keeping in view the periodical exercise of revising the domestic gas allocations of CGD entities for CNG and PNG segments, it has been decided to authorise Gas Authority of

India Limited (**GAIL**) for diverting domestic gas from non-priority sectors to meet the requirement of CNG and PNG segments as per their actual consumption subject to the condition laid down therein.

Furthermore, the Essential Commodities Act, 1955 empowers the Government to issue notifications to control production, supply and distribution of certain essential commodities, which also include petroleum and petroleum products.

On 21 March 2016, the MoPNG announced its guidelines on the marketing, including pricing freedom (subject to a ceiling price on the basis of landed price of alternative fuels) for the gas to be produced from discoveries made in deep-water, ultra deep-water and high pressure/high temperature areas. The proposed guidelines would be applicable to future discoveries as well as existing discoveries which are yet to commence commercial production as of 1 January 2016. All gas fields currently under production will continue to be governed by the pricing regime which is currently applicable to them.

Guidelines on Sale of Natural Gas by NELP Contractors

The MoPNG issued a press note prescribing guidelines for the sale of natural gas by NELP contractors (**Gas Sale Guidelines**) on 25 June 2008. Contractors are permitted to sell gas from NELP to consumers according to marketing priorities determined by the Government and on such price as approved by the Government. Priority of gas supply (divided on a sector-by-sector basis) exists and remains applicable only among customers who are connected to an existing and available pipeline network connected to the same sources. However, should the customer in a particular sector that is higher in priority, not be in a position to take gas when it becomes available, the supply will go to the next sector in the queue in accordance with the Gas Sale Guidelines. The Gas Sale Guidelines also provide that the priority would not impact the process of price discovery as all the customers would participate in the price discovery process and would be eligible for utilising natural gas subject to priority.

Regulations related to City Gas Distribution Networks and Gas Pipelines

The Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Gas Distribution Network) Regulations, 2008 (**Exclusivity Regulations**) were notified by the Petroleum and Natural Gas Regulatory Board (**PNGRB**) on 19 March 2008. The Exclusivity Regulations apply to any entity which is laying, building, operating or expanding or which proposes to lay, build, operate or expand a city or local natural gas distribution network under the Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008. Under the Exclusivity Regulations, and subject to certain terms and conditions, the PNGRB may allow an entity to exclusively lay, build or expand a City Gas Distribution (**CGD**) network over the economic life of the project, which is normally expected to be 25 years. The PNGRB may also provide the exclusive right to an entity proposing to lay, build, operate or expand a network from the purview of common carrier or contract carrier for a period of five years from the date of authorisation provided that the entity meets the service obligations conditions as stipulated in the Exclusivity Regulations. At the end of the economic life of the project, the PNGRB may consider extending the exclusivity for a further period of ten years which is dependent upon satisfactory compliance of the service obligation and the relevant entity's quality of service.

The Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008 (**Affiliate Code of Conduct Regulations**) were notified by the PNGRB on 17 July 2008 under the PNGRB Act. The Affiliate Code of Conduct stipulates the engagement terms for the transportation and marketing of natural gas between an entity and (i) a party other than its affiliates, (ii) its affiliate, in each case, on arm's length basis and (iii) by the entity on its own on arm's length basis. The objectives of the Affiliate Code of Conduct Regulations include the prevention of preferential access or cross-subsidisation of costs between the regulated activity and any other non-regulated activity which could adversely affect or may potentially adversely affect fair trade and competition between such entities. There is no preferential access allowed by the entity to itself or its affiliate for the regulated activity. In 2014, the PNGRB (Affiliate Code of Conduct for Entities Engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Amendment Regulations, 2014 under the Affiliate Code of Conduct Regulations were implemented which provide that an entity engaged in both marketing of natural gas and laying, building, operating or expanding pipelines for transportation of natural gas on common carrier or contract carrier basis, shall, on or before 31 March 2017, create a separate legal entity so that the activity of transportation of natural gas is carried on by such separate legal entity and the right of first use shall be available to the affiliate of such separate legal entity.

The Petroleum and Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008 (**Common Carrier Regulations**) were notified by the PNGRB on 17 July 2008 under the PNGRB Act. The Common Carrier Regulations provide that the capacity of a natural gas pipeline shall be (a) as authorised by the PNGRB for new pipelines under the Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate, or Expand Natural Gas Pipelines) Regulations, 2008 (**Pipeline Regulations**), (b) as determined by the PNGRB under relevant regulations for declaring natural gas pipelines as common or contract carrier or under the Pipeline Tariff regulations as notified by the PNG Board or (c) as determined by the PNGRB under relevant regulations. The transporter is required to declare and inform the PNGRB of the pipeline's available capacity and such capacity shall be available for use on common or contract carrier basis or both. Furthermore, under the Common Carrier Regulations, the authorised entity is required to formulate a calorific value band which complies with the various prescribed parameters. The Petroleum and Natural Gas Regulatory Board (Guiding Principles for Declaring or Authorising Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations (**Carrier Guiding Principles**) stipulates transporter's obligations at both entry and exit points, the rules for booking pipeline capacity and the interconnection of common or contract carrier natural gas pipelines. The Carrier Guiding Principles were notified by the PNGRB on 21 April 2009. The Carrier Guiding Principles prescribe certain guidelines for declaring any natural gas pipeline as a common or contract carrier for the transportation of natural gas along with guidelines on their capacity and system.

A contract carrier system implies that the capacity in a natural gas pipeline, over and above an entity's own requirement, shall be available to any other entity subject to the latter entering into a firm contract for transportation of a volume of natural gas for a minimum period of one year and such other terms as mutually agreed. A common carrier system implies that the capacity in a natural gas pipeline, over and above an entity's own requirement, shall be available to any other entity subject to the latter entering into a firm contract for transportation of a volume of natural gas for a period of less than one year and such other terms as mutually agreed. The contract carrier or common carrier capacity in respect of natural gas pipelines is determined in accordance with the provisions of the Pipeline Regulations. The PNGRB has the power to declare any existing pipeline for transportation of natural gas as a common or contract carrier if, in the opinion of the PNGRB, it is expedient to do so, either by giving wide publicity of its intention by inviting objections. The PNGRB may also provide the entity owning the pipeline an opportunity of being heard within a minimum notice period of 15 days from the close of the invitation for objections and suggestions.

Domestic Natural Gas Pricing Guidelines, 2014 (2014 Gas Pricing Guidelines)

The extant gas pricing policy under NELP was earlier approved by the Government for five years commencing from April 2009 and was due for revision with effect from April 2014. Pursuant to the recommendations made by the committee headed by Dr. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister in its report on "the Production Sharing Contract Mechanism in Petroleum Industry", submitted in December 2012, the Government approved the 2014 Gas Pricing Guidelines in its meeting held on 27 June 2013. The Government notified the 2014 Gas Pricing Guidelines on 10 January 2014. The 2014 Gas Pricing Guidelines shall be applicable to all natural gas produced domestically, irrespective of the source, whether conventional, shale, CBM, etc. from 1 April 2014. These guidelines shall not be applicable (a) where prices have been fixed contractually for a certain period of time, until the end of such period or (b) where a production sharing contract provides a specific formula for natural gas price indexation/fixation. Furthermore, the pricing of natural gas from small/isolated fields in the nomination blocks of national oil companies will be governed by the extant policy in respect of these blocks.

The pricing of natural gas produced domestically shall be based on the following methodology: (a) first, the netback price of all Indian imports at the wellhead of the exporting countries is to be estimated in accordance with the 2014 Gas Pricing Guidelines; (b) secondly, the weighted average of prices prevailing at trading points of transactions, i.e. the hubs or balancing points of the major global markets will be estimated; and (c) thirdly, the simple average of the prices arrived at through the aforementioned two methods will be determined as the price for domestically produced natural gas in India. The guidelines stipulate that domestic gas prices shall be notified in advance on a quarterly basis using the data for four quarters, with a lag of one quarter. The price determined under these guidelines would be in U.S.$ per MMBTU.

Royalty

The Oilfields (Regulation and Development) Act, 1948 (**Oilfields Act**) provides for payment of royalties in respect of any mineral oil mined, quarried, excavated or collected from the leased area. The Government may increase the rate of royalty payable for the production of crude oil and natural gas up to limits prescribed by the Oilfields Act by issuing a notification. Alternatively, the Government could also increase prescribed limits by amending the Oilfields Act through the enactment of legislation by the Indian Parliament.

Recognising the higher risks and costs involved in exploration and production from offshore areas, lower royalty rates for such areas have been provided as compared to NELP royalty rates to encourage exploration and production. The implementation of the Hydrocarbon Exploration and Licensing Policy (**HELP**) will enhance domestic oil and gas production, bring substantial investment in the sector and generate sizable employment. The policy is also aimed at enhancing transparency and reducing administrative discretion.

The uniform licence will enable the contractor to explore conventional as well as unconventional oil and gas resources including CBM, shale gas/oil, tight gas and gas hydrates under a single licence. Under the new regime, the Government will not be concerned with the cost incurred and will receive a share of the gross revenue from the sale of oil and gas.

Under the Oilfields Act and NELP, royalty on crude oil and natural gas is payable as a percentage of wellhead value derived from sales price. Royalty is payable at the rate of 10 per cent. for natural gas extraction in both onshore and offshore areas. In 2010, the New Exploration Licensing Policy Ninth Round (**NELP-IX**) was introduced pursuant to which royalty with respect to offshore areas is payable to the Government whereas the royalty with respect to onshore areas is payable to the respective States in which such area is located. The royalty in respect of oil and gas blocks allotted under the NELP-IX is payable as follows:

Areas	Percentage	Value
Offshore	10%	Wellhead value of crude oil and natural gas
Onshore areas	12.5%	Wellhead value of crude oil
Onshore areas	10%	Wellhead value of natural gas
Offshore areas (beyond 400 metres isobaths)	5% for the first seven years from the date of commencement of commercial production in the field and thereafter 10%	Wellhead value of crude oil and natural gas

Oil Cess

The OIDB is constituted under the Oil Industry (Development) Act, 1974. The OIDB receives Government funding out of cess collected on crude oil and natural gas production in India, and provides financial and other assistance for development activities in the oil and natural gas sector in India, out of the Oil Industry Development Fund.

The functions of the OIDB are, *inter alia*, rendering financial and other assistance for the promotion of all such measures as are conducive to the development of the oil industry. Before rendering any such assistance to any oil industry concern or other person, the OIDB shall have regard to such directions as the Government may issue in this regard. If an oil industry concern or any other person defaults in repayment of any loan or advance or meeting its obligation in relation to any assistance rendered by the OIDB, the OIDB may apply to the courts for certain reliefs for recovery of the loan. One of the reliefs available is the transfer of the management of the defaulted oil industrial concern to the OIDB. As pertaining to the financial accounts, HPCL has taken loans from the OIDB. Therefore, these provisions could have an impact on HPCL.

Up to February 2016, OID cess on crude oil produced from nominated blocks and pre-NELP exploratory blocks was levied at a specific rate of Rs.4,500/MT. Effective from 1 March 2016, pursuant to its notification dated 28 March 2016, the Government has amended the Oil Industries Development Act, 1974, and made OID cess at 20 per cent. ad valorem.

Further, in accordance with HELP, cess and import duty will not be applicable on blocks awarded. HELP also provides for marketing freedom for crude oil and natural gas produced from these blocks. Moreover, there would be no levy of cess on crude oil.

Excise Duty

Every excise duty leviable under the Oil Industry (Development) Act, 1974 shall be payable by the person by whom such item is produced, and in case of crude oil, excise shall be collected on the quantity received in a refinery. The proceeds of such excise duty shall first be credited to the Consolidated Fund of India.

Public Distribution Scheme Kerosene and Domestic LPG Subsidy Scheme, 2002

With effect from 1 April 2002, the Government approved the Public Distribution Scheme (**PDS**) Kerosene and Domestic LPG Subsidy Scheme, 2002 for administering the post APM subsidy on PDS Kerosene and Domestic LPG. The subsidy under the scheme is provided on sales made by participating companies of Kerosene under the PDS (**PDS Kerosene**) and LPG Cylinders for Domestic Use (**Domestic LPG**). The quantity of PDS Kerosene on which subsidy is allowed for each state is limited to the allocations made by the MoPNG subject to actual quantities sold. PDS Kerosene and Domestic LPG are subsidised from the MoPNG's budgetary grants.

The subsidy per selling unit is equal to the difference between the cost price and the issue price per selling unit, and is computed ex-depot for domestic kerosene and ex-bottling plant for LPG. While the PDS Kerosene and the Domestic LPG Subsidy Scheme was initially intended to be phased out in three to five years, the MoPNG has indicated provisional extension of the said subsidy scheme for up to 31 March 2015 and is expected to be extended until fiscal 2017.

Petroleum and Natural Gas Regulatory Board (Eligibility Conditions for Registration of LNG Terminal) Rules, 2012

These rules provide that any entity desirous of establishing or operating an LNG terminal after the date of establishment of the PNGRB shall be eligible to make an application for registration before the PNGRB only on fulfilment of the following conditions, they: (i) offer at all times, after registration, 20 per cent. of their short-term (i.e. less than five years) uncommitted regasification capacity or 0.5 MMTPA, whichever is higher, as common carrier capacity; (ii) adhere to technical standards and specifications which are in force as prescribed by the PNGRB; and (iii) furnish a bank guarantee to the PNGRB for an amount equal to 1 per cent. of the estimated project cost of establishing the LNG terminal or Rs.250 million, whichever is less.

Direct Benefit Transfer for LPG Consumer (DBTL) Scheme, 2013 (the Scheme)

The Scheme was launched with effect from 1 June 2013. The objective of the Scheme is to provide subsidy up to the capped number of LPG cylinders to domestic LPG consumers having LPG connections directly into their bank account on purchase of subsidised LPG cylinders (as per their entitlement) at market price. Under Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, any individual wanting to avail the benefits of the Scheme is required to furnish proof of possession of an “aadhaar” card or undergo “aadhaar” authentication.

LAYING OF PIPELINES

Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate or Expand Petroleum and Petroleum Products Pipelines) Regulations, 2010 (Petroleum Pipelines Regulations)

The Petroleum Pipelines Regulations framed by the PNG Board apply, *inter alia*, to an entity which is laying, building, operating or expanding, or which proposes to lay, build, operate or expand, petroleum and petroleum products pipelines for transporting one or more petroleum products, including LPG and LNG. The laying, building, operating or expanding of a petroleum and petroleum products pipelines can be initiated either through an ‘expression of interest’ by an entity or on its own motion by the PNG Board. The Petroleum Pipelines Regulations lay down the bidding criteria and the criteria for selection of an entity for laying, building, operating or expanding of petroleum and petroleum products pipelines through the ‘expression of interest’ route. The fixation and recovery of petroleum and petroleum products pipelines tariff and the quality of service standards have also been provided by the Petroleum Pipelines Regulations.

Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for Petroleum and Petroleum Products Pipelines) Regulations, 2016 (Technical Regulations)

In February 2016, the PNG Board established the Technical Regulations which are applicable to all entities authorised to lay, build and expand petroleum and petroleum products pipelines under the Petroleum Pipelines Regulations. The Technical Regulations apply to both existing and new pipelines other than offshore crude, onshore well flow, feeder and collector pipelines. The Technical Regulations cover pipeline design, materials and equipment, piping systems, installation, testing, corrosion, operation and maintenance and safety of petroleum and petroleum products pipelines and aim to ensure uniform application of design principles and operation and maintenance of petroleum and petroleum products pipelines.

Furthermore, the Technical Regulations also set out standards in relation to maintenance of petroleum and petroleum products pipelines systems in order to ensure safety of employees, public and facilities associated with such pipelines.

Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 (Pipelines Act) as amended

The Pipelines Act establishes the framework governing the acquisition of right of use (**RoU**) in land for the purpose of laying pipelines to transport petroleum and minerals and other related matters. The Pipelines Act stipulates the acquisition procedure, the restrictions imposed on the right of use (**RoU**) in land, and the compensation payable to persons interested in the land. Any RoU acquisition will be subject to conditions deemed fit by the Government in favour of public interest.

In addition to the Pipelines Act, other rules and regulations governing the laying of pipelines include the Guidelines for Laying Petroleum Product Pipelines, 2002, the Pipeline Regulations and the Carrier Guiding Principles, the Policy for Development of Natural Gas Pipelines and City or Local Natural Gas Distribution Networks, 2006, the Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 and the Petroleum and Natural Gas Regulatory Board (Guiding Principles for Declaring or Authorising Natural Gas Pipeline as Common Carrier or Contract Carrier) Regulations, 2009.

Pipeline Tariffs

Under the PNGRB Act, the PNGRB determines the transportation tariffs applicable to (i) common or contract carrier transmission pipelines and (ii) city or local natural gas distribution networks. The tariffs are payable on a zonal basis. All users within the same zone are treated equally without any preferential treatment given to particular users. The PNGRB may separately charge additional compression charges for the compression of natural gas to the extent not included in the tariff. The Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 (**Pipeline Tariff Regulations**) was notified by the PNGRB under the Petroleum and Natural Gas Regulatory Board Act, 2006 on 20 November 2008. The Pipeline Tariff Regulation sets forth the procedure for determining the tariffs applicable to natural gas pipeline (the **NGS Tariff**). The Pipeline Tariff Regulations do not apply to (i) any pipeline laid that is dedicated to transport natural gas to a specific customer as opposed to re-selling it further and (ii) pipelines in a city or local gas distribution network which are regulated by the Pipeline Regulations. Under the Pipeline Tariff Regulations, the NGS Tariff is the sum of (i) the operative expense for the operating of the natural gas pipeline and (ii) a premium which takes into account the reasonable rate of return of the capital employed; each of (i) and (ii) should be calculated on a normative level basis. For the purpose of this paragraph, "normative level" means, in relation to the operating expense and capital (as the case may be), a level that is reasonable and justifiable having taken into account the amount incurred to lay, build, operate or expand an efficient natural gas pipeline over its entire economic life, each with respect to the relevant project. Entities subject to the Pipeline Tariff Regulations are required to submit its computation methods for determining the unit NGS tariff over all the tariff zones throughout the economic life, of the project. The economic life of the project shall be a period of 25 years from the date of grant of authorisation or the start-up date of the commencement of physical activities. Entities subject to the Pipeline Tariff Regulations are required to submit their computation methods for determining the unit NGS tariff over all the tariff zones throughout the economic life of the project. The Pipeline Tariff Regulations also require the entity involved to submit for the PNG Board's approval the calculations in respect of apportioning of the unit natural gas pipeline tariff over all the tariff zones during the economic life of the project.

Pipeline Regulations

The Pipeline Regulations require all entities proposing, or directed by the PNGRB, to lay, build, operate, or expand a natural gas pipeline to obtain authorisation from the PNGRB, on submission of documents demonstrating financial and technical adequacy, including possession of all requisite regulatory and corporate approvals. The PNGRB may cancel an existing authorisation under the Gas Pipeline Regulations, if the authorised entity fails to achieve the prescribed conditions precedent, including achievement of financial closure or submission of required documentation such as the requisite corporate approvals or the executed gas transportation agreement.

The Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010

The Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010 apply to entities building, operating and expanding pipelines. These regulations apply to all new and existing pipelines and regulate, among other things, the applicable procedures and the pipelines' parameters.

GUIDELINES ON SAFETY

Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008 (Safety Rules)

The Safety Rules which regulates safety in offshore oil and gas exploration, exploitation, production, drilling and related matters were notified by the MoPNG under the Oilfields Act on 18 June 2008. The Oil Industry Safety Directorate is the competent authority which exercises powers under the Safety Rules. Under the Safety Rules, the licensees, lessees or operators (each an **Operator**) are required to undertake petroleum activities in a safe manner by implementing plans and activities which are not only healthy and safe for an individual but also environmentally friendly. Consent for new and existing mobile or fixed offshore installations is required from the competent authority within the period specified in the Safety Rules. The Safety Rules require operators of offshore installations to report to the competent authority within 30 days of commencement of these rules, the date of commencement or cessation of operation. Further, the operator of a new offshore installation shall report to the competent authority the date of such commencement on or before the date on which the offshore installation is due to commence operation in relevant waters. The Operator is also responsible for (i) providing health related resources, (ii) establishing a safety management system, (iii) carrying out risk assessment, (iv) maintaining information and records for petroleum activities (including permanent plugging of wells), accidental pollution, recovery incidents, rescue measures and the remedial actions taken and (v) reporting on the impact of its activities to the environment. In addition to the Safety Rules, the following rules and regulations setting the safety standards for petroleum and natural gas activities remain applicable:

- Petroleum and Natural Gas Regulatory Board (Procedure for Development of Technical Standards and Specifications including Safety Standards) Regulations, 2009 which stipulate the procedures for developing draft standards by technical committees or standard development organisations for activities relating to petroleum, petroleum products and natural gas, which include the construction and operation of pipelines and infrastructure projects related to the downstream petroleum and natural gas sector;

- Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for Natural Gas Pipelines) Regulations, 2009 which stipulate: (i) safety matters pertaining to the common carrier or contract carrier natural gas pipelines, including pipeline design, materials and equipment, welding, fabrication, installation, testing, commissioning, operation and maintenance and corrosion control; and (ii) safety requirements for natural gas pipelines; and

- Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for City or Local Natural Gas Distribution Networks) Regulations, 2009 which stipulate the safety aspects of the operation and maintenance of CGD networks.

The Petroleum and Natural Gas Regulatory Board has issued the Petroleum and Natural Gas Regulatory Board (Integrity Management System for Natural Gas Pipelines) Regulations, 2012 which were notified on 5 November 2012. These regulations cover all the existing and new natural gas transmission pipelines, spur lines and dedicated pipelines. These regulations outline the basic features and requirements for developing and implementing an effective and efficient integrity management plan for a natural gas pipeline system.

The Petroleum and Natural Gas Regulatory Board (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010 (ERDMP Regulations)

The ERDMP Regulations are applicable to, among other things, transportation of petroleum products by road and pipelines, processing installations, petroleum and gas storage facilities and terminals, and liquid petroleum product pipelines. The scope of the ERDMP Regulations covers identification of emergencies, mitigation measures that attempt to reduce and eliminate the risk of disasters and plans of action when emergencies occur.

REGULATION OF EXPLORATION AND PRODUCTION OF CRUDE OIL AND NATURAL GAS

Under Article 297 of the Constitution of India, the Union of India has jurisdiction over petroleum and natural gas in India, with the MoPNG as the principal regulator of oil and natural gas E&P activities. The MoPNG is responsible for regulating the exploration, production, distribution, marketing and pricing of petroleum resources, including crude oil and natural gas. The MoPNG is also responsible for regulating the planning and development of oil field services.

The Directorate General of Hydrocarbons (**DGH**) was established under the aegis of the MoPNG in 1993, with the objective of promoting sound management of Indian petroleum and natural gas resources that takes into account the balance between environmental, economic and technological development and its overall safety. DGH, which remains under the control of the MoPNG, was established as the MoPNG acknowledged the need for an agency to not only advise the Government, but also to regulate and oversee the upstream activities in the petroleum and natural gas sector. The upstream petroleum sector was originally dominated by public sector companies which the Government could effectively monitor. However, as the sector gradually opened to private investment, an increasing number of private and joint sectors companies entered the field. The need to establish an agency that could effectively supervise the activities of all companies in the sector was therefore pertinent.

Other bodies under the MoPNG's control include: (a) the OIDB, which provides financial and other assistance for development of the oil industry; (b) Petroleum Conservation Research Association (**PCRA**), which promotes awareness of energy conservation and good practices in use and application of energy; (c) Centre for High Technology, which serves as a nodal data-gathering agency with respect to technological matters; and (d) Oil Industry Safety Directorate (**OISD**), which develops standards and codes for safety and fire-fighting and conducts periodic safety audits of petroleum handling facilities. In addition, the Director General of Mines and Safety (**DGMS**) issues directions in respect of onshore petroleum mining installations.

Oilfields Act

Oil and natural gas exploration activities are governed by the Oilfields Act, which provides for regulation of oilfields and development of mineral fuel oil resources. Oilfields are areas where any operation for obtaining natural gas and petroleum, crude oil, refined oil, partially refined oil and any petroleum products in liquid or solid state, is to be or is being carried out. Petroleum exploratory licences (**PELs**) and petroleum mining leases (**PMLs**) with respect to the exploration of mineral oils including crude oil and natural gas are granted under the Oilfields Act. The Oilfields Act vests the Government with the authority to set down rules for the development and conservation of mineral oils, to amend the terms of the PELs and PMLs, and to levy royalties, fees or charges on extraction of mineral oil from areas under the PMLs.

On 1 September 2006, the Government designated DGH as the authority to exercise powers and functions of GoI with a view to promote sound management of hydrocarbon resources in India. Accordingly, DGH, *inter alia*, has the following responsibilities, viz: (a) reviewing and monitoring exploration programmes and development plans for commercial discoveries of hydrocarbon reserves proposed by a licensee or lessee; (b) reviewing management of petroleum reservoirs by a licensee or a lessee; (c) asking for and maintaining geo-scientific data, reports and information from a licensee or a lessee; (d) reviewing reserves discovered by a licensee or lessee in accordance with generally accepted international petroleum industry practices; (e) laying down norms for declaration or announcement of discoveries by a licensee or a lessee; and (f) monitoring oil and gas production and payment of royalties, cess or other charges due to GoI. In the event the GoI executes a PSC, the DGH shall discharge its duties in accordance with and in a manner that is consistent with such PSC.

The Mines Act, 1952 (Mines Act)

The Mines Act, along with the rules and regulations therein, seeks to regulate the working condition in mines (including oil and natural gas extraction facilities) by providing for measures to be taken for the safety of the workers employed. The Mines Act has been enacted with the objective of providing for the health, safety and welfare of workers employed in the mines against industrial and occupational hazards. The enactment provides duties, guidelines and standards that are to be maintained during mining operations and management of mines; hours and limitation of employment; and leave with wages of mine workers. It empowers the Government to appoint qualified persons as inspectors and chief inspectors of mines who shall have the power to inspect and examine any part of the mine at any time, in order to ascertain whether the provisions of the Mines Act, and the rules and regulations therein, are being followed. General disobedience of orders or non-compliance of provisions of the Mines Act may result in both criminal and civil penalties.

The Mines Act is administered through the DGMS, which is the regulatory agency for safety in mines and oversees compliance, with the objective of reduction in risk of occupational diseases and casualty to persons employed in mines.

Oil Mines Regulations, 1984 (Oil Mines Regulations)

No mine shall be opened or processed without a manager and a safety officer who are duly appointed under the Oil Mines Regulations. Furthermore, one or more installation manager should be appointed to take charge of different installations at every mine. An owner, agent or manager of a mine is required to provide notice regarding the opening or closure of the mine and accidents associated with the mine to the Chief Inspector and to the Regional Inspector designated under the Oil Mines Regulations. An owner, agent or manager is also required to submit quarterly returns to the Chief Inspector and Regional Inspector, and annual returns to the District Magistrate and Chief Inspector. The returns to be submitted are set out in the prescribed form, which requires (i) a key plan showing the area in which operations for mining of petroleum and ancillary operations are carried on, (ii) a surface plan showing the location of all wells including abandoned wells, railways, power transmission lines, public roads, or other permanent structures not belonging to the owner and (iii) a plan indicating the rivers and water courses within mining areas. A new pipeline or any significant alteration can be carried out in any existing pipeline only with the prior approval of the Regional Inspector and in accordance with such conditions as he may specify. The application for permission to open or process a mine shall be sent to the Chief Inspector and District Magistrate in the prescribed form, accompanied by copies of a plan indicating the area and location of the proposed pipeline to show the extent of land and route over which RoU could be established.

The Directorate General of Mine Safety has notified the Draft Oil Mines Regulations, 2011. Additionally, the Draft Oil Mines Regulations, 2016 were released on 27 June 2016 inviting public comments. These draft regulations, once notified in the Official Gazette, will supersede the current Oil Mines Regulations.

Petroleum and Natural Gas Rules, 1959 (PNG Rules)

The PNG Rules, as notified by the Government under the Oilfields Act, provide the framework for granting PELs and PMLs. The PNG Rules prohibit the prospecting or exploitation of any oil or natural gas unless a licence or lease is granted under the PNG Rules. A PEL entitles the licensee to an exclusive right to a lease for extracting oil and gas from the contract area. A PML entitles the lessee to an exclusive right to extract oil and natural gas from the contract area. PELs and PMLs are granted by the MoPNG with regards to offshore areas, while onshore areas require both the Government's prior approval and the approval by the relevant state governments.

The term of a PML is generally 20 years, and the area covered by it is ordinarily 250 square kilometres. Upon grant of a PML, the lessee has to pay either the prescribed rent or the royalty, whichever is higher, in relation to the concerned lease. While the rent is payable based on the area of the land leased, the royalty is the amount that is generally payable as a percentage of the value at well head of the natural gas obtained by the lessee. The Government has the right to order a royalty to be paid in petroleum and natural gas instead of money. Under the Oilfields Act, the levy of a royalty is permitted up to 20 per cent. of the sale price of the mineral oil, which includes natural gas. In the event of a national emergency in respect of petroleum, the Government has the right of pre-emption in relation to the refined petroleum or petroleum products produced from the crude oil or natural gas extracted from the area under a lease. Further, under the P&NG Rules, the Government may, in the interests of conservation of mineral oils (which include natural gas), restrict the amount of petroleum or natural gas that may be produced by a lessee in a particular field.

In 2006, the Government amended the PNG Rules which requires a licensee or a lessee to provide either the Government or DGH (in its capacity as the Government's designated agency) all data that has been, or will be, obtained under their respective petroleum activities. The PNG Rules state that such data shall be GoI's property, provided that the licensee or lessee shall have the right to make use of such data free of cost, for the purposes of petroleum operations under the licence or lease. Further, as per the PNG Rules, the GoI has the right to disclose to the public all non-proprietary data without consent of the licensee or lessee, and all proprietary data with the consent of the licensee or lessee, and the GoI is the sole authority to determine the proprietary nature of the concerned data.

New Exploration Licensing Policy (NELP)

Prior to the introduction of NELP, the issue of licences and Production Sharing Contracts (**PSC**) were regulated by the Oilfields Act and the PNG Rules, where exploration blocks were offered for exploration and production only to national oil companies.

NELP was formulated by the Government in the fiscal year 1997 to provide a level playing field where prospective contractors in both the public and private sectors could compete on equal terms for the award of exploration and mining acreage. The main objective was to attract significant risk capital from Indian and foreign companies, state of the art technologies, new geological concepts and best management practices to explore oil and gas resources in the country to meet rising demands of oil and gas. The notification of NELP in 1999 had specified that there would be no mandatory state participation through national oil companies. National oil companies could no longer obtain PELs on a nomination basis and will need to compete for PELs. Under NELP, national oil companies no longer receive preferential treatment, and their right to reserve blocks had been removed. National oil companies, together with other companies, are required to pay international prices for oil discovery made in blocks which were offered under NELP.

Prominent features of NELP

- Presently, there are separate policies and licences for different hydrocarbons. There are separate policy regimes for conventional oil and gas, coal-bed methane, shale oil and gas and gas hydrates. Different fiscal terms are also in force for allocation of acreages for exploration for different hydrocarbons. This fragmented policy framework leads to inefficiencies in exploiting natural resources.

- The PSCs under NELP are based on the principle of "profit sharing". When a contractor discovers oil or gas, he is expected to share with the Government the profit from his venture, as per the percentage given in his bid. Until any profit is made, no share is given to the Government, other than royalties and cesses. Since the contract requires the profit to be measured, it becomes necessary for the cost to be accounted for and checked by the Government. To prevent loss of Government revenue, there are requirements for Government approval at various stages to prevent the contractor from exaggerating the cost. Activities cannot be commenced until the approval is given. This process of approval of activities and cost gives the Government a lot of discretion and has become a major source of delays and disputes. Many projects have been delayed for months and years due to disagreement between the Government and the contractor regarding the necessity or lack of necessity for particular items of cost, and the correctness of the cost.

- Another feature of the current system is that exploration is confined to blocks which have been put on tender by the Government. There are situations where exploration companies may themselves have information or interest regarding other areas where they may like to pursue exploration. These opportunities remain untapped, until bidding is commenced by the Government.

- The pricing of gas in the current system has undergone many changes and witnessed considerable litigation. Currently, the producer price of gas is fixed administratively by the Government. This has led to loss of revenue, a large number of disputes, arbitrations and court cases.

- The current policy regime, in fixing royalties, does not distinguish between shallow water fields (where costs and risks are lower) and deep/ultra-deep water fields where risks and costs are much higher.

The model PSC (**Model PSC**) is a model contract between the Government and a licensee or lessee (in each case, a **Contractor**) with respect to the grant of a PEL or PML. The Model PSC, as notified through NELP, is subject to the PNG Rules. Under the Model PSC, the Contractor bears exploration risks and development and production costs in return for a stipulated share of the production. The Contractor's share is affected by the Government's share in a PSC which is determined on a case by case basis pursuant to a competitive bidding process with other

Contractors. The Model PSC defines participating interest of contracting parties and designates an operator for the contract area under the PEL or PML. Where the Contractor under the PSC includes more than one company or entity, such entities are required to enter into a joint operating agreement among themselves. The contract period under the PSC includes: (i) an exploratory phase which could be further split into two sub-phases, during which the Contractor operates under a PEL; and (ii) a development and production phase, during which the Contractor operates under a PML.

In addition, the PSC requires the Contractor to obtain Government approval for: (i) an appraisal programme which appraises any discovery, delineates petroleum reservoirs in terms of thickness and lateral extent and determines the quantity of recoverable petroleum, each in respect of the contract area; (ii) a development plan which sets out the plan with respect to its development of each commercial discovery; (iii) an annual work programme for the contracting period; (iv) a minimum work programme with respect to each exploration phase; and (v) any abandonment or site restoration plans. A Contractor signing a PSC is free to market the oil and gas it produces in the domestic market and has the option to amortise exploration and drilling expenditures over a period of ten years since its first commercial production.

Other benefits under NELP include: (i) an income tax holiday for seven years since the commencement of its commercial production; (ii) exemptions from, among other things, payment of signature bonus, discovery bonus or production bonus; (iii) exemption from the payment of import duty on imports required for petroleum operations; (iv) a minimised expenditure commitment during the exploration period; and (v) no mandatory state participation/carried interest by or for national oil companies.

Other features as set out in the Model PSC include: (i) a defined procedure for the announcement of hydrocarbon discoveries; (ii) a requirement to prepare appraisal programmes of commercial discoveries made under nomination blocks, as well as a development plan of such discoveries, having consulted the DGH within the specified period; (iii) a cost recovery mechanism in favour of the operator and a profit-sharing mechanism in favour of the Government; and (iv) a dispute resolution mechanism which applies the Arbitration and Conciliation Act, 1996 that is based on the United Nations Commission on International Trade Law model. These mechanisms are distinguished from the existing contracts applicable to coal/lignite bed methane blocks where there is no cost recovery mechanism for the operator, and where payment to the Government is performance-linked.

Hydrocarbon Exploration and Licensing Policy (HELP)

The Government had proposed a new regime in support of its "Ease of Doing Business" policy. Since 2014, the Government has launched regulatory reforms aimed at making it easier to do business in India. In a press note dated 10 March 2016, it was provided that the Government shall receive a share of the gross revenue from the sale of oil and gas, among other items, and would not be concerned with the cost incurred.

Pursuant to HELP, a graded system of royalty rates have been introduced, in which royalty rates will decrease from shallow water to deep water and ultra-deep water. At the same time, royalty rates for onshore areas shall be kept intact so that revenues to the state governments are not affected. Recognising the higher risks and costs involved in exploration and production from offshore areas, lower royalty rates for such areas have been proposed as compared to NELP royalty rates to encourage exploration and production in offshore areas. The implementation of HELP will enhance domestic oil and gas production, bring substantial investment in the sector and generate sizable employment. The policy is also aimed at enhancing transparency and reducing administrative discretion.

In addition, the uniform licence as proposed under the regime will enable the contractor to explore conventional as well as unconventional oil and gas resources including CBM, shale gas or shale oil, tight gas and gas hydrates under a single licence.

The four main facets of HELP can be delineated as follows:

1. Uniform licence for exploration and production of all forms of hydrocarbons, including oil, gas, coal bed and methane under a single licence and policy framework.

2. An open acreage policy – the concept of Open Acreage Policy will enable E&P companies to choose the blocks from the designated area. Under this policy, a bidder may apply to the Government seeking exploration of any block not already covered by exploration. The Government will examine the Expression of Interest and justification. If it is suitable for an award, the Government will call for competitive bids after obtaining necessary environmental and other clearances. This will enable a faster coverage of the available geographical area.

3. Easy to administer revenue sharing model – present fiscal system of production sharing based on Investment Multiple and cost recovery/production linked payment will be replaced by an easy to administer revenue sharing model. The earlier contracts were based on the concept of profit sharing where profits are shared between the Government and the contractor after recovery of cost. Under the profit sharing methodology, it became necessary for the Government to scrutinise cost details of private participants and this led to many delays and disputes.

4. Marketing and pricing freedom for the crude oil and natural gas produced in the domestic market on an arm's length basis. To safeguard the Government revenue, the Government's share of profit will be calculated based on the higher of prevailing international crude price or actual price. Contracts will be based on "biddable revenue sharing". Bidders will be required to quote revenue share in their bids and this will be a key parameter for selecting the winning bid. They will quote a different share at two levels of revenue called "lower revenue point" and "higher revenue point". Revenue share for intermediate points will be calculated by linear interpolation. The bidder giving the highest net present value of revenue share to the Government, as per transparent methodology, will get the maximum marks under this parameter.

The new policy regime marks a generational shift and modernisation of the oil and gas exploration policy. It is expected to stimulate new exploration activity for oil, gas and other hydrocarbons and eventually reduce import dependence. It is also expected to create substantial new job opportunities in the petroleum sector. The introduction of the concept of revenue sharing is a major step in the direction of "minimum government maximum governance", as it will not be necessary for the Government to verify the costs incurred by the contractor. Marketing and pricing freedom will further simplify the process.

Policy Guidelines for Exploration and Exploitation of Shale Gas and Oil

In 2013, the MoPNG issued the Policy Guidelines for Exploration and Exploitation of Shale Gas and Oil by NOCs under the Nomination Regime, 2013 (the **Guidelines**) to allow shale gas exploitation and exploration. The Guidelines will be applicable to onshore Oil & Gas Nomination acreages with NOCs, and they further provide that NOCs holding PELs/PMLs granted under the Nomination regime can apply for rights to exploit shale gas. NOCs will be required to undertake a minimum work programme with a fixed timeline for shale gas and oil exploration or exploitation. Tax incentives are offered for shale gas exploitation. The Guidelines provide that full exemption from basic customs duty and additional duty of customs for specified goods required in connection with petroleum operations undertaken under petroleum licences or mining leases issued on a nomination basis would be available for exploration and exploitation of shale gas and oil. The

Guidelines also provide that the holder of the PEL/PML will be responsible for ensuring health, safety and environment, site restoration, and adoption of best industry practices and follow statutory requirements for all purposes under licence and mining lease. Royalty, cess and taxes for shale gas and oil would be payable as par with conventional gas/oil being produced from the respective areas, at the prevailing rates, as applicable.

Policy for grant of extension to the PSCs for small, medium sized and discovered fields

Twenty eight small, medium sized fields discovered by national oil companies were awarded to Private Joint Ventures through PSCs during 1994-1998 for periods varying from 18 to 25 years. These PSCs are effective from different points of time. The earliest of the PSCs were signed in the year 1994. Out of 28 PSCs, two fields in which the duration of the PSC had expired in 2013 had been granted extension up to 2018. The remaining PSCs would start expiring from 2018.

For many of these fields the recoverable reserves are not likely to be produced within the remaining duration of contract. Further, in certain fields where additional recovery of hydrocarbons can be obtained only through capital intensive Enhanced Oil Recovery/Improved Oil Recovery (EOR/IOR) Projects, the payback period would extend beyond the current duration of the contract.

A uniform and transparent policy for extension of the remaining reserves is required to be put in place to enable the contractors to take investment decisions for exploitation of the remaining reserves. It is expected to expedite decision-making, enable timely planning by the contractors, and lead to increased oil and gas production.

The following process and guidelines for extension of contracts for small and medium sized discovered fields are being put in place by the Government:

- The contractor should submit the application for extension of contract at least two years in advance of the expiry date, but not more than six years in advance. The Director General Hydrocarbons (**DGH**) will make a recommendation within six months of submission of application by the contractor. The Government will take a decision on the request for extension within three months of receipt of the proposal from the DGH.

- The Government share of petroleum profit during the extended period of contract shall be 10.00 per cent. higher than the share as calculated using the normal PSC provisions in any year during the extended period. For example, if the current profit shares are 10.00 per cent. or 20.00 per cent., it shall become 20.00 per cent. or 30.00 per cent., respectively.

- During the extended period of contract, the royalty and cess shall be payable at prevailing rates and not at concessional rates stipulated in the contracts.

- The extension of these PSCs would be considered.

GUIDELINES FOR MANAGEMENT OF OIL AND GAS RESOURCES

The MoPNG issues guidelines for management of oil and gas resources. These guidelines give broad powers to the Directorate General of Hydrocarbons for management of oil and gas resources. The powers of the Directorate General of Hydrocarbons include, among other things, monitoring the exploration programme for nomination blocks, monitoring the development of hydrocarbon discoveries, and monitoring oil and gas reservoir management.

Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (Territorial Waters Act)

The Territorial Waters Act empowers the Government to extend the application of any Central Government legislation to the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India. Accordingly, the Territorial Waters Act provides for the grant of PELs and PMLs by the Government (and in respect of land vested in a state government, by that state government with prior approval of the Government) to explore and exploit resources of the continental shelf and the exclusive economic zone.

Coastal Regulation Zone Notifications

The Ministry of Environment, Forest and Climate Change (**MoEF**) has issued certain notifications on 19 February 1991, which were consequently amended by various regulations issued from time to time to declare coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action (in the landward side) up to 500 metres from the high tide line as "Coastal Regulation Zones" (**CRZs**) and to impose restrictions on the set up and the expansion of industries, operations or processes in the CRZ. The prohibited activities include the manufacturing and handling of oil or disposal of hazardous substances as specified in earlier notifications, excluding facilities for receipt and storage of petroleum products and LNG as specified in the CRZ Notification, 2011 (**2011 Notification**) and facilities for regasification of LNG in areas not classified as CRZ-1.

As per the 2011 Notification, the coastal stretches of India and the water area up to its territorial water limit, excluding the islands of Andaman and Nicobar and Lakshadweep and the marine areas surrounding these islands up to its territorial limit were declared as CRZs. Moreover, more specifically, the 2011 Notification declared the following areas as CRZs:

- the land area from High Tide Line (hereinafter referred to as the **HTL**) to 500 metres on the landward side along the sea front;

- the land area between the HTL to 100 metres or width of the creek whichever is less on the landward side along the tidal influenced water bodies that are connected to the sea and the distance up to which development along such tidal influenced water bodies is to be regulated and shall be governed by the distance up to which the tidal effects are experienced which shall be determined based on salinity concentration of five parts per thousand (ppt) measured during the driest period of the year and distance up to which tidal effects are experienced shall be clearly identified and demarcated accordingly in the Coastal Zone Management Plans (CZMPs);

- the land area falling between the hazard line and 500 metres from the HTL on the landward side, in case of seafront and between the hazard line and the 100 metre line in case of a tidal influenced water body; 'hazard line' denotes the line demarcated by the MoEF through the Survey of India taking into account tides, waves, sea level rise and shoreline changes;

- the land area between the HTL and Low Tide Line (the **LTL**) will be termed as the intertidal zone; and

- the water and the bed area between the LTL and the territorial water limit (12 Nautical Miles), in case of sea and the water and the bed area between the LTL at the bank and the LTL on the opposite side of the bank, of tidal influenced water bodies.

Guidelines for Management of Oil and Gas Resources for Nomination Blocks (Oil and Gas Nomination Block Management Guidelines)

The Oil and Gas Nomination Block Management Guidelines were announced by the MoPNG in 2007 to regulate nomination blocks which were awarded to national oil companies prior to the introduction of NELP and PSC. Under the Oil and Gas Nomination Block Management Guidelines, national oil companies are required to, among other things, prepare an appraisal programme of their discoveries made under nomination blocks after having consulted the DGH under a specific time frame that is similar to the requirement set out in NELP. In addition, national oil companies are required to prepare development plans of their discoveries made under nomination blocks in consultation with the DGH.

The Oil and Gas Nomination Block Guidelines prescribes the constitution of a management committee comprised of the DGH, representatives from the MoPNG and a director-level representative from the relevant national oil company. The Director General, DGH will act as chairman and the DGH is required to review and monitor the progress and performance of national oil companies in accordance with each PEL and international practice. Similar to the PSC requirements, the DGH could also frame procedures for the announcement of hydrocarbon discoveries and the reporting of hydrocarbon reserves. Furthermore, the DGH is responsible for monitoring the development of hydrocarbon discoveries of nomination blocks and health of reservoirs of all producing fields operated by national oil companies.

National Resettlement and Rehabilitation Policy, 2007

The National Rehabilitation and Resettlement Policy, 2007 was notified by the Government on 31 October 2007 to rehabilitate and resettle persons (i) affected by the acquisition of land for projects of public purpose or (ii) displaced involuntary due to any other reason. The Government will establish a Rehabilitation and Resettlement Committee to monitor the implementation progress of any scheme or rehabilitation and resettlement of affected families in cases where the involuntary displacement involves (i) 400 or more families *en masse* in plain areas or (ii) 200 or more families *en masse* in tribal or hilly areas, blocks of the Desert Development Programme of the Government (the **DDP**) or areas mentioned in the Fifth or Sixth Schedule to the Constitution of India of the Government. The DDP is a programme set up by the Government which aims to (i) combat drought and desertification, (ii) mitigate the adverse effect of drought and desertification on crop production, livestock and people and (ii) encourage restoration of the ecological balance by harnessing, conserving and developing natural resources. The Rehabilitation and Resettlement Committee will also carry out post-implementation social audits.

The National Rehabilitation and Resettlement Policy, 2007 is a revised and improved version of the National Policy on Resettlement and Rehabilitation for Project Affected Families, 2003. Under the National Rehabilitation and Resettlement Policy, 2007, project promoters are required to consider alternative sites before submitting requests for land acquisitions. The area of land to be acquired will also be limited to a minimum size to commensurate with the purpose of the project. Projects should, as far as possible, be set up on wasteland, degraded land or un-irrigated land. The Government should consider options that would minimise the number of people being displaced, the total area of land to be acquired and the acquisition of agricultural land for non-agricultural projects. In addition, a social impact assessment is required where an involuntary displacement will involve at least 400 families *en masse* in plain areas and 200 families *en masse* in hills.

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFTLA Act)

The RFTLA Act has received the assent of the President of India on 27 September 2013 and came into force from 1 January 2014. The key provisions of the RFTLA Act are as follows, viz: (i) the RFTLA Act completely replaces the Land Acquisition Act, 1894; (ii) the process for land acquisition involves a social impact assessment and environmental impact assessment survey, preliminary notification stating the intent for acquisition, a declaration of acquisition, and compensation to be given by a certain time; (iii) all acquisitions require rehabilitation and resettlement to be provided to the people affected by the acquisition; (iv) compensation for the owners of the acquired land shall be four times the market value in case of rural areas and two times in case of urban areas; (v) in case of acquisition of land for use by private companies or public private partnerships, consent of 70 per cent. of the displaced people will be required – purchase of large pieces of land by private companies will require provision of rehabilitation and resettlement; and (vi) the provisions of the RFTLA Act shall not apply to acquisitions under 13 existing legislations including, *inter alia*, the Electricity Act, 2003, the Atomic Energy Act, 1962 and the Railways Act, 1989.

Explosives Act, 1884 (Explosives Act)

Under the Explosives Act, the Government has the power to regulate the manufacture, possession, use, sale, transport and importation of explosives and grant of licence for the same activities. The Government may prohibit the manufacture, possession or importation of especially dangerous explosives. Any contravention of the Explosives Act or rules made under it, being the Explosives Rules, 1983, may lead to an arrest without warrant and imprisonment for three years, including a fine which may extend up to Rs.5,000.

ENVIRONMENTAL REGULATIONS

The Environment Protection Act, 1986 (**Environment Protection Act**), Water (Prevention and Control of Pollution) Act, 1974 (**Water Act**) and the Air (Prevention and Control of Pollution) Act, 1981 (**Air Act**) provide for the prevention, control and abatement of pollution. Pollution Control Boards (**PCBs**) have been constituted in all the states in India to exercise the authority provided under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain approvals of the relevant State PCBs for emissions and discharge of effluents into the environment.

The Hazardous Waste (Management and Handling) Rules, 1989 (**Hazardous Waste Rules**) include waste oil and oil emulsions under the definition of hazardous waste and impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such hazardous waste properly, including proper collection, treatment, storage and disposal. Every occupier and operator of a facility generating hazardous waste is required to obtain an approval from the PCB for collecting, storing and treating the hazardous waste. In addition, the Merchant Shipping Act, 1956 provides for liability arising out of loss or damage caused outside the ship by contamination resulting from escape or discharge of oil from such ship.

Further, the approval of the MoEF is required under the Environment Protection Act and/or the Forest (Conservation) Act, 1980 (**Forest Conservation Act**) for any diversion of forest land in relation to a project or in case the project value exceeds certain specified limits for a new project or expansion of an existing project.

The Government has formulated legislation for exploration and production and refining and manufacturing companies that have operations in environmentally sensitive areas. A detailed environmental impact assessment study is required to be carried out in phases before commencement of certain operations so that the impact on biodiversity and ecological sensitivity can be reduced through mitigating measures. The EPA, the Water Act and the Air Act provide for the prevention, control and abatement of pollution. PCBs have been established in all states in India to exercise the powers under these statutes in order to prevent and control pollution. Companies must obtain the prior clearance of the relevant state PCBs for emissions and discharge of effluents into the environment. If the project value exceeds Rs.1 billion for a new project or Rs.500 million for the expansion of an existing oil and gas exploration and production project, the project also requires the approval of the MoEF.

The Hazardous Waste (Management, Handling and Trans-boundary Movement) Rules, 2016 enlist processes such as petrochemical processes and pyrolytic operations, crude oil and natural gas production, petroleum refining or re-processing of used oil or recycling of waste oil as processes which generate hazardous waste. The hazardous waste generated by each of these processes is specified in Schedule 1 of the aforementioned rules which on account of their physical, chemical, reactive, toxic, flammable, explosive or corrosive characteristics cause danger to health or the environment. These rules impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous waste in accordance with the steps delineated in the aforementioned rules. It also imposes obligations in respect of the collection, treatment and storage of hazardous waste on the relevant state government, occupier, operator of a facility or any association of occupiers. Each occupier and operator of any facility generating hazardous waste is required to obtain an authorisation from the relevant state Pollution Control Board for collecting, storing, handling and treating the hazardous waste. Moreover, the relevant state Pollution Control Board is required to monitor the setting up and operation of the common or captive treatment, storage and disposal facility regularly. Further, registration has to be obtained by any person desirous of recycling or reprocessing hazardous waste. These rules also impose restrictions on import and export of hazardous waste. The MoEF is the nodal Ministry to deal with trans-boundary movement of hazardous waste.

Furthermore, the MoEF has by way of the 2011 Notification, declared coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action up to 500 metres from the high tide line, and the land between the low tide line and high tide line, as coastal regulation zones and has imposed restrictions on setting up and expanding industries, operations or processes in these zones. In addition, the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 regulates the exploration and exploitation of resources of the continental shelf and exclusive economic zone. The exploration activities of the offshore blocks acquired may also be subject to this statute.

In addition, the Merchant Shipping Act, 1958 provides for liability in respect of loss or damage caused outside the ship by contamination resulting from the escape or discharge of oil from the ship, wherever such escape or discharge occurs. Under the Indian Forest Act, 1927, state governments have the power to declare any land covered by forests or any wasteland in a state a “reserved forest”, “village forest” or “protected forest”. The conduct of upstream operations for petroleum or natural gas in such areas requires prior approval of the competent authority. Furthermore, exploration, development or production operations for petroleum and natural gas is not permitted in areas designated as sanctuaries or reserves under the Indian Wildlife (Protection) Act, 1972. The Indian Forest (Amendment) Bill, 2012 (**Forest Bill**) was introduced in the Rajya Sabha, the Upper House of the Parliament of India, on 26 March 2012. The Forest Bill consolidates the law related to forests and forest produce. It prohibits certain activities, some of which are punishable with imprisonment of up to six months or a fine of Rs.500. These include making fresh clearances in forests and setting fire to a reserved forest. These offences can be compounded by officers empowered by the state government. However, the Forest Bill has been withdrawn from the Rajya Sabha, the Upper House of the Parliament of India, on 23 December 2015.

Forest Conservation Act

The Forest Conservation Act has been enacted to protect forests and for matters connected therewith or ancillary or incidental thereto in India. The Forest Conservation Act requires prior approval of the Government, through MoEF, for any land covered by forest to be leased or used for industrial purposes and the de-reservation of any land notified as a "Reserved Forest" by a state government under the Indian Forest Act, 1927. However, the Forest Bill was withdrawn from the Rajya Sabha. Under the Forest (Conservation) Rules, 2003, issued by the Government pursuant to the Forest Conservation Act, a party wishing to carry out operations in a block covered by forests or in areas that have been declared "Reserved Forest" under the Indian Forest Act, 1927 are required to submit an application for approval to the MoEF. Clearance under the Forest Conservation Act typically requires undertakings and payments to be made for the cost of re-forestation, in accordance with schemes notified by the state government, in the relevant areas.

Environment Protection Act and the Environment (Protection) Rules, 1986 (EPR)

The Environment Protection Act is the umbrella legislation in respect of the various environmental protection laws in India. The Environment Protection Act vests the Government with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, *inter alia*, laying down the quality of environment; standards for emission of discharge of environment pollutants from various sources; prevention of accidents; inspection of any premises, plant, equipment, machinery; examination of manufacturing processes; laying down procedures and safeguards for the handling of hazardous substances; preparation of manuals, codes or guides relating to the prevention, control and abatement of environmental pollution; and materials likely to cause pollution. The Environment Protection Act contains provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

The EPR prescribes standards for emission or discharge of environmental pollutants from industries. It also contains provisions relating to prohibition and restriction on location of industries and the carrying on of processes and operations in different areas. The EPR also mandates submission of an annual environmental statement to the concerned State Pollution Control Board by every person carrying on an industry, operation or process requiring consents under the Air Act and Water Act, or authorisation under the Hazardous Waste Rules.

PENALTIES FOR VIOLATION OF THE ENVIRONMENT PROTECTION ACT INCLUDE FINES AND/OR IMPRISONMENT

The Environment Impact Assessment Notification S.O. 1533(E) (EIA Notification)

The EIA Notification issued under the Environment Protection Act and the Environment (Protection) Rules, 1986, as amended, provides that the prior environmental clearance of the MoEF or State Environment Impact Assessment Authority, as the case may be, is required for the establishment of any new project and for the expansion or modernisation of existing projects specified in the EIA Notification. The EIA Notification states that the obtaining of prior environmental clearance includes a maximum of four stages, including screening, scoping, public consultation and appraisal.

An application for prior environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the State Environment Impact Assessment Authority may not require an Environment Impact Assessment Report. For projects that require preparation of an Environment

Impact Assessment Report, public consultation involving both public hearing for ascertaining concerns of local affected persons and obtaining written responses from other concerned persons having a plausible stake in the environmental aspects of the project or activity is conducted by the State PCB. The Expert Appraisal Committee or State Level Expert Appraisal Committee, as the case may be, makes an appraisal of the project only after a Final EIA Report is submitted addressing the questions raised in the public consultation process. The prior environmental clearance granted for a project or activity is valid for the life of a project as estimated by the Expert Appraisal Committee or State Level Expert Appraisal Committee subject to a maximum of 30 years for mining projects and five years in the case of all other projects and activities. This period of validity may be extended by the regulatory authority concerned (the MoEF or the State Environment Impact Assessment Authority, as the case may be) by a maximum period of five years.

OVERSEAS DIRECT INVESTMENT REGULATIONS (FEMA ODI REGULATIONS)

Pursuant to the FEMA ODI Regulations of India under the Master Direction "Master Direction-Direct Investment by Residents in Joint Venture (**JV**)/Wholly Owned Subsidiary (**WOS**) Abroad", dated 1 January 2016 (as amended, modified and updated from time to time) (recently updated by the RBI as of 25 January 2017), loans and guarantees can be extended to an overseas entity only if there is an already existing equity or compulsorily convertible preference shares participation by way of direct investment. However, based on the business requirements of the Indian Party and legal requirements of the host country in which the JV or WOS is located, proposals from the Indian Party for undertaking financial commitment without equity contribution in the JV or WOS may be considered by the Reserve Bank of India (**RBI**) under an approval route.

The RBI has enlarged the scope of guarantees covered under the automatic route in the FEMA ODI Regulations. Accordingly, Indian entities may offer any forms of guarantee, including corporate or personal, primary or collateral, guarantee by the promoter company, guarantee by a group company or sister concern or associate company in India, *inter alia*, provided that:

(a) all 'financial commitments' (as defined in the FEMA ODI Regulations) including all forms of guarantees are within the overall prescribed ceiling for overseas investment of the Indian Party;

(b) no guarantee is 'open ended', i.e. the amount of the guarantee should be specified upfront; and

(c) as in the case of corporate guarantees, all guarantees (including performance guarantees and bank guarantees or standby letters of credit) are required to be reported to the RBI in Form ODI-Part II.

Additionally, a guarantee, which has been issued on behalf of the overseas JV or WOS or step-down subsidiary, may be allowed to be rolled over under the automatic route without subjecting the rollover to FEMA compliance again, provided only the validity period of the existing guarantee is undergoing change. Any change in the end use of guarantee or overseas lender or rate of interest or amount or any other terms and conditions of the guarantee shall subject the rollover of the guarantee to the extent of FEMA compliance again. In case, however, the overseas entity is a first level step-down operating subsidiary of the Indian Party, guarantee may be issued by the Indian Party on behalf of such step-down operating subsidiary, provided such guarantee is considered for the purpose of computing the total financial commitment of the Indian Party. Further, the issuance of a corporate guarantee on behalf of second generation or subsequent level step-down operating subsidiaries will be considered under the approval route, provided the party located in India indirectly holds 51 per cent. or more stake in the overseas subsidiary for which such guarantee is intended to be issued.

An Indian Party is permitted to issue performance guarantees and 50 per cent. of the amount of the performance guarantees will be considered for the purpose of computing financial commitment to its JV or WOS overseas which should be within the limit prescribed by the RBI from time to time. Further, the time specified for the completion of the contracts will be the validity period of the related performance guarantees. In cases where invocation of the performance guarantees breach the limit of the prescribed financial commitment, the Indian Party is required to seek prior approval of the RBI before remitting funds from India, on account of such invocation.

Under the approval route, the Indian Party is permitted to issue a corporate guarantee on behalf of second generation or subsequent level step-down operating subsidiaries, provided the Indian Party indirectly holds 51 per cent. or more stake in the overseas second level step-down operating subsidiary for which such guarantee is intended to be issued.

FOREIGN INVESTMENT IN PETROLEUM AND NATURAL GAS SECTOR IN INDIA

Foreign investment in Indian securities is primarily regulated through the Industrial Policy, 1991 of the Government and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Foreign Direct Investment in Petroleum and Natural Gas Sector

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry (**DIPP**) has issued the 'Consolidated FDI Policy', with effect from June 2016 (the **FDI Circular**), which consolidates the policy framework on foreign direct investment (**FDI**).

The consolidation in the FDI Circular supersedes all press notes, press releases, clarifications and circulars issued by DIPP, which were in force as of 6 June 2016 and reflects the FDI Policy as of 7 June 2016 and will remain in force until superseded in full or in part thereof.

In accordance with the FDI Circular, FDI up to 100 per cent. under the automatic route is permitted in exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas, LNG regasification infrastructure, market study and formulation and petroleum refining in the private sector. Such investment is subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies. Furthermore, FDI up to 49 per cent. under the automatic route is permitted for petroleum refining by the public sector undertakings without any disinvestment or dilution of domestic equity in the existing public sector undertakings.

Investment by Foreign Portfolio Investor

Apart from investment under the FDI route, registered foreign portfolio investors (**RFPI**) are permitted to purchase and sell shares and convertible debentures of an Indian company through registered brokers on recognised stock exchanges in India as well as purchase shares and convertible debentures which are offered to the public in terms of relevant SEBI guidelines or regulations.

The individual and aggregate investment limits for the RFPIs shall be below 10 per cent. or 24 per cent., respectively, of the total paid up equity capital or 10 per cent. or 24 per cent., respectively, of the paid up value of each series of convertible debentures issued by an Indian company. Further, where there is composite sectoral cap under FDI policy, these limits for RFPI investment shall also be within such overall FDI sectoral caps.

As per the RBI notification titled 'Foreign Portfolio Investor – investment under Portfolio Investment Scheme, Government and Corporate debt' dated 25 March 2014, any foreign institutional investor who holds a valid certificate of registration from SEBI shall be deemed to be a registered foreign portfolio investor (**RFPI**) until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. A Qualified Foreign Investor (**QFI**) may continue to buy, sell or otherwise deal in securities subject to the SEBI (FPI) Regulations, 2014 for a period of one year from the date of commencement of these regulations, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

Pursuant to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Twelfth Amendment) Regulations, 2016, RFPIs are allowed to invest even in unlisted non-convertible debentures/bonds issued by an Indian company.

FOREIGN EXCHANGE LAWS

The current laws relating to overseas foreign currency borrowings, commonly referred to as external commercial borrowings (**ECBs**), by Indian companies are embodied in the Master Direction – External Commercial Borrowings, Trade Credit, Borrowing and Lending in Foreign Currency by Authorised Dealers and Persons other than Authorised Dealers dated 1 January 2016 issued by the RBI, as amended, modified and updated from time to time (**ECB Guidelines**). ECBs can be accessed under two routes: (i) the automatic route; and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route refers to circumstances where prior RBI approval is mandatory before raising an ECB. The ECB Guidelines of India are subject to amendment from time to time.

Under the ECB Guidelines of India (updated by RBI as of 23 February 2017), the revised ECB framework shall comprise of the following three tracks:

- Track I: Medium-term foreign currency denominated ECB with Minimum Average Maturity (**MAM**) of three/five years;

- Track II: Long-term foreign currency denominated ECB with MAM of ten years; and

- Track III: Indian Rupee denominated ECB with MAM of three/five years.

Some of the key restrictions on ECBs are as follows:

- the maximum amount of ECBs which can be raised under the automatic route by companies in infrastructure and manufacturing structures, Non-Banking Financial Companies-Infrastructure Finance Companies (**NBFC-IFCs**), NBFCs-Asset Finance Companies (**NBFC-AFCs**), Holding Companies and Core Investment Companies is U.S.$750 million or its equivalent during a fiscal year; and

- in view of the special funding needs of the infrastructure sector, a scheme of take-out finance has been put in place. Accordingly, take-out financing arrangements through ECBs, under the approval route, are permitted for the refinancing of Rupee loans availed from domestic banks to eligible borrowers for new infrastructure projects in the sea port, airport, roads (including bridges) and power sectors.

Considering the specific needs of the infrastructure sector, the following changes have been made to the ECB Policy under the approval route:

- Under Track I, the all-in-cost ceiling is prescribed through a spread over the bench mark as follows: for ECBs with minimum average maturity period of three to five years, 300 basis points per annum over six-month LIBOR or applicable bench mark for the respective currency; and for ECBs, with average maturity period of more than five years, 450 basis points per annum over six-month LIBOR or applicable bench mark for respective currency.

- Under Track II, the maximum spread over the bench mark will be 500 basis points per annum, and the remaining conditions will be as provided under Track I.

- Under Track III, the all-in-cost ceiling would be in line with the market conditions.

Non-Banking Finance Companies (**NBFCs**) categorised as Infrastructure Finance Companies (**IFCs**) by the RBI and complying with the norms prescribed are permitted avail of ECBs under Track I subject to the following: (i) the borrowings must have a MAM of five years; (ii) the borrowings must be 100 per cent. hedged; and (iii) the borrower companies must have a board approved risk management policy in place. Infrastructure companies may use the funds borrowed for any of the permissible end uses under Track I (including import or local sourcing of capital goods, new projects or modernisation of existing projects, overseas investments and refinancing existing ECBs). However, NBFC-IFCs must use such funds only for financing infrastructure.

Procedure in relation to Any Change to the Terms and Conditions of the Notes

Any change in the Terms and Conditions of the Notes after obtaining the LRN require the prior approval of the authorised dealer bank. The ECB borrower is required to apply to the RBI via its authorised dealer bank to obtain such approvals. Certain changes (such as amendments to the repayment date, currency, the name of the borrower, recognised lender, the purpose for which the ECB is utilised or any change to the authorised dealer bank) may be approved by the authorised dealer bank under a delegated authority from the RBI subject to certain conditions being complied with (except for FCCBs/FCEBs).

As per the RBI guidelines, while permitting changes under the delegated powers, the authorised dealer banks are obligated to ensure that:

- the revised average maturity or, where applicable, the all-in-cost are in conformity with the applicable ceilings and guidelines, and the ECB continues to be in compliance with applicable guidelines. It should also be ensured that if the ECB borrower has availed of credit facilities from the Indian banking system, including overseas branches or subsidiaries, any extension of tenure of the ECB (whether matured or not) shall be subject to applicable prudential guidelines issued by the Department of Banking Regulation of RBI including guidelines on restructuring; and

- the changes in the terms and conditions of ECBs allowed by the ADs under the powers delegated and/or changes approved by the RBI should be reported to the DSIM/RBI through revised Form 83 as soon as possible, and in any case not later than seven days from the changes effected. While submitting revised Form 83 to the DSIM/RBI, the changes should be specifically mentioned in the communication. Further, these changes should also get reflected in the ECB 2 returns appropriately.

The Companies Act, 2013

The Companies Act, 2013 (**New Companies Act**) has been notified by the Government on 30 August 2013 (**Notification**). The provisions of the New Companies Act will be effective on such date as is appointed by the Government by notification in the Official Gazette and different dates may be appointed for different provisions. Under the Notification, Section 1 of the New Companies Act deals with the commencement and application of the New Companies Act and, among others, sets out the types of companies to which the New Companies Act applies, has come into effect. Further, the Ministry of Corporate Affairs has by its notification dated 12 September 2013 (**September 12 Notification**) notified 98 sections of the New Companies Act which came into force from 12 September 2013. The Government has reserved for itself the power to notify different provisions of the New Companies Act from time to time. The MCA also implemented on 27 February 2014 the corporate social responsibility (**CSR**) provisions (Section 135 and Schedule VII) of the New Companies Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (**CSR Rules**), which have come into effect from 1 April 2014. Subsequently, provisions of clause (iv) of sub-section (29) of Section 2, Sections 435 to 438 (both sections inclusive) and Section 440 of the New Companies Act as well as the sections pertaining to the National Company Law Tribunal (**NCLT**) have come into force as a result of a notification dated 18 May 2016 (**May 18 Notification**) and a notification dated 1 June 2016 (**June 1 Notification**), respectively. Further, the MCA has by its notification dated 26 March 2014 (**March 26 Notification**) provided that 183 sections and Schedule I to VI of the New Companies Act have come into effect from 1 April 2014. The New Companies Act seeks to overhaul the Companies Act, so as to make it more adaptable to the changing circumstances and make it comprehensive. The substantial operative part of the legislation will be in the rules (**Rules**), and the Rules for implementation of the majority of the chapters of the New Companies Act have also been notified on 26 March 2014 and have become effective on 1 April 2014, the date of publication in the Official Gazette.

Further, the sections of the New Companies Act that have been notified under the September 12 Notification, among others, include the provisions in relation to private and public companies, public offers and private placements, refunds of share application money, civil and criminal liability for misstatements in a prospectus, allotment of securities, buyback of securities, capital redemption reserve account, calling of extraordinary general meeting, ordinary and special resolutions, appointment of directors, loans to directors, restrictions on powers of the board of directors, prohibition of insider trading, and forward dealings, foreign companies and offences under the New Companies Act.

The New Companies Act has introduced various sections including those related to layering restrictions, CSR, class actions, outbound mergers, minority exits and vesting of jurisdiction with the National Company Law Tribunal, which when enforced in its entirety, will significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies including HPCL. For transition purposes, the New Companies Act encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered and registers maintained under the Companies Act (unless contrary to the New Companies Act) will continue to be valid under the New Companies Act.

The New Companies Act intends to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures, such as: (i) increasing accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability, including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights, including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards, including establishment of the Serious Fraud Investigation Office for investigation of frauds relating to companies and special courts for summary trial of offences under the New Companies Act; (ix) creating a better framework for insolvency regulation; and (x) making CSR mandatory for every company having a net worth of Rs.5 billion or more, or turnover of Rs.10 billion or more or a net profit of Rs.5 billion or more during any fiscal year.

The provisions of the New Companies Act which require statutory or regulatory consultation or functioning of new bodies or prescription of relevant rules or forms will be brought in force after the preparatory action is completed. The New Companies Act has introduced various sections, including those related to layering restrictions, CSR, class actions, outbound mergers, minority exits and vesting of jurisdiction with the National Company Law Tribunal, which when enforced in its entirety, will significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies. For transition purposes, the New Companies Act encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered and registers maintained under the Companies Act, 1956 (unless contrary to the New Companies Act) will continue to be valid under the New Companies Act.

Additionally, Section 465 (yet to be notified) of the New Companies Act provides for repeals and savings where under anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of the New Companies Act, be deemed to have been done or taken under the corresponding provisions of the New Companies Act.

Under the New Companies Act, every company having a net worth of Rs.5 billion or more, or turnover of Rs.10 billion or more or a net profit of Rs.50 million or more during any fiscal year shall formulate a corporate social responsibility policy. Further, the board of every such company shall ensure that the company spends, in every fiscal year, at least 2 per cent. of the average net profits of the company made during the three immediately preceding fiscal years in pursuance of its corporate social responsibility policy.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A "mark" may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark, once applied for, is advertised in the trademarks journal; oppositions, if any, are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of a prescribed renewal fee.

The Insolvency and Bankruptcy Code, 2016 (the IBC)

The Insolvency and Bankruptcy Code, 2016 is one of the biggest legal reforms in the economic sector and received the assent of the President and was notified in the Official Gazette on 28 May 2016.

The IBC primarily consolidates the existing insolvency law, *inter alia*, relating to companies and corporate entities with the objective of providing clarity and consistency in the treatment of all the stakeholders in the insolvency process. The IBC classifies creditors into financial creditors and operational creditors, which include creditors in respect of financial loans for interest and loans arising from the operational nature of the debtor, respectively. The IBC proposes to appoint specialised insolvency professionals to assist companies and corporate entities through the insolvency process. The IBC provides a 180-day timeline which may be extended by an additional 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals must be approved by 75 per cent. of the financial creditors and further sanction from the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. The National Company Law Tribunal (**NCLT**) will be the adjudicating authority with jurisdiction over companies and limited liability entities.

The objective of the IBC is to promote entrepreneurship, availability of credit, and balance the interests of all stakeholders by consolidating and amending the laws relating to reorganisation and insolvency resolution of corporate persons, partnership firms and individuals in a timely manner and for maximisation of value of assets of such persons and matters connected therewith or incidental thereto.

The IBC aims to consolidate the laws relating to insolvency of companies and limited liability entities (including limited liability partnerships and other entities with limited liability), unlimited liability partnerships and individuals, presently contained in a number of legislations, into a single legislation. Such consolidation will provide for a greater clarity in law and facilitate the application of consistent and coherent provisions to different stakeholders affected by business failure or inability to pay debt. The vision of the new law is to encourage entrepreneurship and innovation.

The IBC is a comprehensive and systemic reform, which will have a significant effect on the functioning of the credit market.

Key features of the IBC are as follows:

- Speedy process for early identification of financial distress and insolvency resolution of companies and limited liability entities when the underlying business is found to be viable.

- Two distinct processes for reorganisation and insolvency resolutions of individuals, namely "Fresh Start" and "Insolvency Resolution". Debt Recovery Tribunal and National Company Law Tribunal to act as adjudicating authority and to deal with the cases related to insolvency, liquidation and bankruptcy processes in respect of individuals, unlimited partnership firms and in respect of companies and limited liability entities, respectively. Establishment of an Insolvency and Bankruptcy Board of India to exercise regulatory oversight over insolvency professionals, insolvency professional agencies and any person who is registered with the Board as an information utility under Section 210 of the IBC (**Information Utilities**). Insolvency professionals shall handle the commercial aspects of the insolvency resolution process. Insolvency professional agencies will develop professional standards, a code of ethics and be the first level regulator for insolvency professional members leading to development of a competitive industry for such professionals. Information Utilities shall collect, collate, authenticate and disseminate financial information to be used in insolvency, liquidation and bankruptcy proceedings. Specific provisions shall be implemented to deal with cross border insolvency.

A key innovation of the IBC is the incorporation of four pillars of institutional infrastructure, which have been delineated as follows:

- The first pillar of institutional infrastructure is a class of regulated persons categorised as the 'Insolvency Professionals'. They would play a key role in the efficient working of the bankruptcy process. They would be regulated by 'Insolvency Professional Agencies'.

- The second pillar of institutional infrastructure is a new industry of 'Information Utilities'. These would store facts about lenders and terms of lending in electronic databases. This would eliminate delays and disputes about facts when default does take place.

- The third pillar of institutional infrastructure is adjudication. The NCLT will be the forum where firm insolvency will be heard and DRTs will be the forum where individual insolvencies will be heard. These institutions, along with their Appellate bodies, viz, NCLAT and DRATs, will be adequately strengthened so as to achieve world class functioning of the bankruptcy process.

- The fourth pillar of institutional infrastructure is regulation, 'The Insolvency and Bankruptcy Board of India'. This body will have regulatory oversight over the Insolvency Professional, Insolvency Professional, Agencies and information utilities.

The Financial Resolution and Deposit Insurance Bill, 2017

The Government recently approved the proposal to introduce the Financial Resolution and Deposit Insurance Bill, 2017 **(Finance Bill)**. The Finance Bill provides for a comprehensive framework for resolution of bankruptcy situations of certain specified financial sector entities including, among others, banks and insurance companies.

The Finance Bill when enacted, will pave the way for setting up of the 'Resolution Corporation', and repeal or amend related provisions provided by various legislations. It will also repeal the Deposit Insurance and Credit Guarantee Corporation Act, 1961 and transfer the deposit insurance powers and responsibilities to the Resolution Corporation.

The Resolution Corporation would protect the stability and resilience of the financial system, protecting the consumers of covered obligations up to a reasonable limit and protecting public funds, to the extent possible. Furthermore, the Government has also recently enacted the Insolvency and Bankruptcy Code, 2016 **(Code**) for the insolvency resolution of non-financial entities. The proposed Finance Bill complements the Code by providing a resolution framework for the financial sector. Once implemented, the Finance Bill together with the Code will provide a comprehensive resolution framework for the economy.

The Finance Bill seeks to give comfort to the consumers of financial service providers in financial distress. It also aims to inculcate discipline among financial service providers in the event of financial crisis by limiting the use of public money to bail out distressed entities. It will help in maintaining financial stability in the economy by ensuring presence of adequate preventive measures as well as providing the necessary instrument for dealing with crisis events. The Finance Bill aims to strengthen and streamline the current framework of deposit insurance for the benefit of a large number of retail depositors. The Finance Bill also seeks to decrease the time and costs involved in resolving distressed financial entities.

Implementation of The Foreign Account Tax Compliance Act (FATCA)

The SEBI announced the implementation of the Multilateral Competent Authority Agreement and FATCA on 26 August 2015. Moreover, the Government published a "Guidance Note on Implementation of Reporting Requirements under Rules 114F to 114H of the Income-Tax Rules", updated on 31 December 2015. This note provides regulatory guidance to financial institutions, regulators and officers of the tax department for ensuring compliance with the reporting requirements under the said Rules. It intends to explain the complex reporting requirements and provide further guidance wherever required. Among other things, it enshrines guidelines for new global standards on Automatic Exchange of Information (**AEOI**), enactment of FATCA and signing of the Inter-Governmental Agreement (**IGA**) with the U.S., commitment to implement CRS on AEOI, etc.

FATCA was enacted in 2010 by the United States Department of the Treasury to target non-compliance by U.S. taxpayers using foreign accounts. FATCA requires foreign financial institutions (**FFIs**) to report to the IRS information about financial accounts held by U.S. taxpayers, or by foreign entities in which U.S. taxpayers hold a substantial ownership interest. FFIs are encouraged to either directly register with the IRS to comply with the FATCA regulations (and FFI agreement, if applicable) or comply with the FATCA intergovernmental agreements treated as in effect in their jurisdictions.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The disclosure norms for companies accessing the debt and equity capital market are prescribed in detail in various regulations. In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (**Listing Regulations**), the Listing Regulations will consolidate and streamline the provisions of existing listing agreements for different capital markets.

The Listing Regulations have been sub-divided into two parts: (a) substantive provisions incorporated into the main body of the Listing Regulations; and (b) procedural requirements in the form of schedules to the Listing Regulations. The main features of the Listing Regulations include, among others: (i) principles for providing periodic disclosures by listed entities that are in line with the International Organisation of Securities Commission and the principles for corporate governance that are in line with the principles of the Organisation for Economic and Co-operation Development; (ii) obligations for all the listed entities to appoint common compliance officers and complete filings on electronic platforms; (iii) obligations with respect to specific types of securities; (iv) alignment of related provisions under a single framework; (v) aligning the provisions of the Listing Regulations in line with that of the 2013 Act; (vi) incorporation of pre-listing requirements in the SEBI Debt Regulations and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, in each case as amended; (vii) responsibility being given to the stock exchanges for monitoring of compliance of the provisions of the Listing Regulations and to take action for non-compliance; and (viii) prescribing of an abridged version of the Listing Agreement for signing by the companies who are getting their securities listed on the stock exchanges.

HPCL, being a listed entity, is required to comply with the Listing Regulations.

TAX REFORMS

The Government has proposed two major reforms in Indian tax laws, namely the goods and services tax (the **GST**) and provisions relating to general anti-avoidance rules (**GAAR**).

Goods and Services Tax

The Lower House of the Parliament passed the Central GST Bill, 2017, the Integrated GST Bill, 2017, the GST (Compensation to States) Bill, 2017 and the Union Territory GST Bill, 2017 (collectively, the **GST Bills**) on 29 March 2017. The GST Bills aim, among others, to create a GST regime to tax supply of goods and services and a regulatory framework for its administration and regulation. The Government also, *inter alia*, lays down the procedure for levy and collection of GST, registration, filing of returns and payment of tax under the GST regime. These legislations also deal with taxability of interstate supply of goods and services and disbursement of tax to states and union territories by the Government. The GST Bills have been passed by the Upper House of the Indian Parliament on 6 April 2017 and are yet to receive the presidential assent. As regards the implementation of the GST, the Government has indicated 1 July 2017 as the date of implementation of the GST.

General Anti-Avoidance Rules

GAAR is being implemented from 1 April 2017. According to the notification dated 23 September 2013 issued by the Central Board of Direct Taxes, provisions for GAAR have been introduced by the Finance Act, 2012, which came into effect from 1 April 2017. The GAAR provisions are intended to catch arrangements declared as “impermissible avoidance arrangements”, which is defined in the Finance Act, 2012 as any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm’s length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance under Section 97 of the Finance Act, 2012, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transition is an “impermissible avoidance agreement’ is on the tax authorities. If GAAR provisions are invoked, then the tax authorities have wide powers, including the denial of tax benefit or the denial of a benefit under a tax treaty.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Notes. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws applicable in India or the country of which they are residents.

Prospective investors must inform themselves as to any tax laws or regulations in force relating to the purchase, holding or disposition of the Notes in their country of residence, citizenship or in which they purchase, hold or dispose of the Notes.

Indian Taxation

The following summary describes certain Indian tax consequences applicable to the ownership and disposal of Notes by persons who are not resident for tax purposes in India and who do not hold Notes in connection with a trade, business or permanent establishment in India.

The following is a summary of the existing principal Indian tax consequences for non-resident investors subscribing to the Notes issued by the relevant Issuer. The summary is based on existing Indian taxation law and practice in force at the date of this Offering Circular and is subject to change, possibly with retroactive effect. The summary does not constitute legal or tax advice and is not intended to represent a complete analysis of the tax consequences under Indian law of the acquisition, ownership or disposal of the Notes. Prospective investors should, therefore, consult their own tax advisers regarding the Indian tax consequences, as well as the tax consequences under any other applicable taxing jurisdiction, of acquiring, owning and disposing of the Notes. This summary does not cover all tax matters that may be of importance to a particular purchaser.

Payments through India

Any payments by the Issuer on the Notes including any additional amounts, made through India, would be subject to the regulations of RBI.

Taxation of interest

Interest on the Bonds may not be subject to taxes in India if the proceeds of the issuance of the Notes are used for purposes of business carried on by the relevant Issuer outside India. However, should the proceeds be used for the purposes of the business of the relevant Issuer in India, non-resident investors would be liable to pay tax on the interest paid on the Notes at the rate of 5 per cent. under Section 115A of the Income Tax Act, 1961 (the **Income Tax Act**) (plus applicable surcharge and education cess including secondary and higher education cess in the case of non-resident companies, and non-resident individuals) subject to and in accordance with the existing conditions contained in the Income Tax Act, 1961. In the case the relevant criteria in Section 115A (read together with Section 194LC) is not fulfilled, the tax rate on interest under the Income Tax Act is 20 per cent. (plus surcharge and education cess).

The rates of tax stand reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting relief of tax or for avoidance of double taxation (each a **Tax Treaty**) and the provisions of such treaty, which provide for the taxation in India of income by way of interest at a rate lower than that stated above, and the relevant provisions of the Income Tax Act (including conditions pertaining to the Tax Treaty benefits such as the requirement to submit a Tax Residency Certificate and other documents) are fulfilled.

In case there is any difference between amounts withheld in respect of interest paid on the Notes and the ultimate Indian tax liability for such interest, the non-resident investor would be obligated to pay the additional income tax or claim refund, as the case may be, subject to and in accordance with the provisions of the Income Tax Act.

Taxation of gains arising on disposal

Any gains arising to a non-resident investor from disposal of the Notes held (or deemed as held) as a capital asset will be chargeable to income tax in India if the Notes are regarded as property situated in India. A non-resident investor generally will not be chargeable to income tax in India from disposal of the Notes held as a capital asset provided that the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as being situated is not free from doubt. The ultimate decision, however, will depend on the view taken by Indian tax authorities on the position with respect to the situs of the rights being offered in respect of the Notes. There is a possibility that the Indian tax authorities may treat the Notes as being situated in India as the Issuer is incorporated in and a resident in India.

If the Indian tax authorities treat the Notes as being located in India, as the Issuer is incorporated and resident in India, upon disposal of the Notes:

(a) a non-resident investor who has held the Notes for a period of more than 36 months immediately preceding the date of their disposal would be liable to pay capital gains tax at rates ranging up to 20 per cent. of the capital gains (plus applicable surcharge and educational cess and secondary and higher education cess). These rates are subject to any lower tax implications under an applicable Tax Treaty;

(b) a non-resident investor who has held the Notes for a period of 36 months or less would be liable to pay capital gains tax at rates ranging from 30 per cent. to 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess) of capital gains depending on the legal status of the non-resident investor and his taxable income in India, subject to any lower tax implications under an applicable Tax Treaty; and

(c) any gains arising to a non-resident investor from disposal of the Notes held as stock-in-trade would be subject to income tax in India to the extent, if any, that the gains are attributable to a "business connection in India" or, in the case where a Tax Treaty is applicable, to a "permanent establishment" of the non-resident investor in India. A non-resident investor would be liable to pay Indian tax on such gains at rates of tax ranging from 30 per cent. to 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess in the case of non-resident companies and non-resident individuals) depending upon the legal status of the non-resident investor and his taxable income in India, subject to any lower rate of tax provided for by an applicable Tax Treaty. The taxation, if any, of capital gains would also depend upon the provisions/benefits available under the relevant Tax Treaty, subject to fulfilment of the conditions prescribed.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Withholding of taxes

Since the interest payable on the Notes is subject to tax in India (where the proceeds of the issuance of the Notes are used for the purposes of business carried on in India), there is a requirement to withhold tax at the applicable rate, being 20 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess), subject to any lower rate of tax provided by an applicable Tax Treaty. However, pursuant to Section 194LC of the Income Tax Act, the Notes will be subject to a reduced withholding tax rate of 5 per cent. (plus applicable surcharge, education cess and secondary and higher education cess) if certain conditions are met. Pursuant to the Conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes, will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 8.1, the relevant Issuer will pay any additional amount as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction of tax shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, subject to certain exceptions. With respect to interest on the Notes that is not subject to taxes in India (where the proceeds of the issuance of the Notes are used for the purposes of business carried on by the relevant Issuer outside India or otherwise), the Issuer may be required to apply annually for an exemption from withholding tax under Section 195(2) of the Income Tax Act.

Taxation of persons ordinarily resident in India

Any income received in respect of the Notes by a person ordinarily resident in India under the provisions of the Income Tax Act may generally be subject to tax in India according to the personal or corporate rate of tax applicable, subject to and in accordance with the provisions of any applicable Tax Treaty.

Wealth tax

No wealth tax is payable at present in relation to the Notes.

Estate duty

No estate duty is payable at present in relation to the Notes. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift tax

No gift tax is payable at present in relation to the Notes in India.

Stamp duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless brought into India. Stamp duty would be payable if the Notes are brought into India for enforcement or for any other purpose. This stamp duty will have to be paid within a period of three months from the date the Notes are first received in India (including via electronic mode). The amount of stamp duty payable would depend on the applicable Stamp Act of the relevant state of India into which the Notes are brought.

The proposed financial transactions tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes is expected to be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

CLEARING AND SETTLEMENT ARRANGEMENTS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream (together, the **Clearing Systems**) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer or the Joint Lead Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Registration and Form

Book-entry interests in the Notes held through Euroclear and Clearstream will be represented by the Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear or Clearstream to reflect the amounts of Notes held through Euroclear and Clearstream, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream and/or if individual Certificates are issued in the limited circumstances described under "The Global Certificate – Registration of Title", holders of Notes represented by those individual Certificates. The Principal Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream are credited to Euroclear or Clearstream, as the case may be.

The Issuer will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream.

Clearing and Settlement Procedures

Initial Settlement

Upon their original issue, the Notes will be in global form represented by a Global Certificate. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream participants' securities clearance accounts on the business day following the Closing Date against payment (value the Closing Date).

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear or Clearstream, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream and between Euroclear and Clearstream in accordance with procedures established for these purposes by Euroclear and Clearstream. Transfer of book-entry interests in the Notes between Euroclear or Clearstream may be effected in accordance with procedures established for this purpose by Euroclear and Clearstream.

General

None of Euroclear or Clearstream is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

None of the Issuer, the Trustee or any of their agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

SUBSCRIPTION AND SALE

Each of Citigroup Global Markets Limited, DBS Bank Ltd., MUFG Securities EMEA plc, SBICAP (Singapore) Limited and Standard Chartered Bank has, pursuant to a Subscription Agreement (the **Subscription Agreement**) dated 5 July 2017, severally agreed to subscribe or procure subscribers for the respective principal amount of Notes set out opposite its name below, subject to the provisions of the Subscription Agreement:

Name of Joint Lead Manager	Amount (U.S.$)
Citigroup Global Markets Limited	100,000,000
DBS Bank Ltd.	100,000,000
MUFG Securities EMEA plc	100,000,000
SBICAP (Singapore) Limited	100,000,000
Standard Chartered Bank	100,000,000

Notes will be so subscribed at the issue price of 4.00 per cent. of the principal amount of Notes. The Issuer will be paying an arrangement fee to the Joint Lead Managers and will reimburse the Joint Lead Managers in respect of certain of their expenses. The Issuer has also agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

If a jurisdiction requires that the Offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the Offering shall be deemed to be made by the underwriters or such affiliate on behalf of the relevant Issuer in such jurisdiction.

SELLING RESTRICTIONS

United States

Each of the Joint Lead Managers has represented and warranted (as to itself only) that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. The Joint Lead Managers represent, warrant and agree that they have not offered or sold, and will not offer or sell, any Notes within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither the Joint Lead Managers, their affiliates, nor any persons acting on their or their affiliates' behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

European Economic Area

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each of the Joint Lead Managers represents and agrees that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Joint Lead Manager nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each of the Joint Lead Managers has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Italy

Each of the Joint Lead Managers has represented, warranted and undertaken that the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Offering Circular or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and

(ii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, here applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each of the Joint Lead Managers has represented and agreed that any Notes will only be offered in the Netherlands to Qualified Investors (as defined in the EU Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

India

Each of the Joint Lead Managers has represented and agreed that: (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether as a prospectus in respect of a public offer or information memorandum or any other offering material in respect of any private placement under the Companies Act, as amended, supplemented or re-enacted from time to time, or the Companies Act, 2013, as amended, supplemented or re-enacted from time to time, and the rules framed thereunder, or any other applicable Indian laws for the time being in force) with the Registrar of Companies or the Securities and Exchange Board of India or the Reserve Bank of India, any Indian stock exchanges or any other statutory or regulatory body of like nature in India, except for any information from any part of this Offering Circular which is mandatorily required to be disclosed or filed in India with any statutory or regulatory body under any applicable Indian laws; (b) the Notes will not be offered or sold, and have not been offered or sold to any person in India by means of any document, other than to persons permitted to acquire the Notes under Indian law, whether as a principal or agent; and (c) this Offering Circular or any other offering document or material relating to the Notes will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or to the public or any member of the public in India or otherwise generally distributed or circulated in India such that it would constitute an advertisement, invitation, offer, sale, or solicitation of, or offer to subscribe for, or purchase, any securities in violation of applicable Indian laws for the time being in force.

The Notes have not been offered or sold and will not be offered or sold in India in circumstances which would constitute an advertisement, invitation, sale, or solicitation of, or offer to subscribe for, or purchase securities (whether to the public or by way of private placement) within the meaning of the Companies Act, 1956, as amended, supplemented or re-enacted from time to time, the Companies Act, 2013, as amended, supplemented or re-enacted from time to time and the rules framed thereunder, or in violation of any other applicable Indian laws for the time being in force.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore, and each Joint Lead Manager acknowledges that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each

Joint Lead Manager represents, warrants and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations, 2005 of Singapore.

Hong Kong

Each of the Joint Lead Managers has represented and agreed that:

(a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong) (the **SFO**) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

Each of the Joint Lead Managers has represented, warranted and undertaken that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the **FIEA**) and that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Joint Lead Manager has represented, warranted and undertaken that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee, any agent nor any of the other Joint Lead Managers shall have any responsibility therefor.

None of the Issuer, the Trustee, the agents, the Arrangers and the Joint Lead Managers represent that the Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Joint Lead Manager will be required to comply with such other restrictions as the Issuer and the relevant Joint Lead Manager shall agree and as shall be set out in the applicable Pricing Supplement.

Certain Relationships

The Joint Lead Managers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer and its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, and its affiliates in the ordinary course of their business. The Joint Lead Managers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

The Joint Lead Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Joint Lead Managers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer, or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Joint Lead Managers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity as investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer, or its subsidiaries, jointly controlled entities or associated companies, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. The Notes issued may be purchased by or be allocated to any Joint Lead Manager or an affiliate for asset management and/or proprietary purposes but not with a view to distribution.

The Joint Lead Managers or their respective affiliates may purchase Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes and/or other securities of the Issuer or its subsidiaries or associates, at the same time as the offer and sale of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of Notes).

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for the Joint Lead Managers by Allen & Overy as to matters of English law and for the Issuer by J. Sagar Associates as to matters of Indian law.

INDEPENDENT ACCOUNTANTS

The audited consolidated financial statements as of and for the fiscal years ended 31 March 2015, 2016 and 2017 included in this Offering Circular have been audited by CVK & Associates and G.M. Kapadia & Co., independent auditors, in accordance with the standard on auditing generally accepted in India.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, IFRS AND IND-AS

*The financial information included herein is prepared and presented in accordance with Indian GAAP, except for the audited consolidated financial results for the year ended 31 March 2017 and comparative figures thereof under Ind-AS and included in this Offering Circular. Certain differences exist between Indian GAAP, IFRS and Ind-AS which might be material to the financial information herein. The matters described below summarise certain differences between Indian GAAP, IFRS and Ind-AS that may be material. HPCL is responsible for preparing the Summary below. HPCL has not prepared a reconciliation of its consolidated financial statements and related footnote disclosures included in the Offering Circular from Indian GAAP and Ind-AS to international financial reporting standards (**IFRS**) and has not quantified such differences. Accordingly, no assurance is provided that the following Summary of differences between Indian GAAP, IFRS and Ind-AS is complete. In making an investment decision, investors must rely upon their own examination of HPCL, the terms of the offering and the financial information. Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP, IFRS and Ind-AS, and how those differences might affect the financial information herein.*

	Indian GAAP	**IFRS**	**Ind-AS**
Revenue definition	Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities. Revenue is disclosed net of excise duty.	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Amounts collected on behalf of third parties such as sales taxes and service taxes and value added taxes are excluded from revenues.	Similar to IFRS. Additionally, Excise duty is not netted off from revenue and is presented as part of Other Expenses.
Revenue measurement	Revenue is recognised at the nominal amount of consideration receivable.	Revenue shall be measured at the fair value of the consideration received or that which may become receivable.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
Revenue recognition	Revenue from sale of goods is recognised when: (a) the seller of goods has transferred to the buyer the property in the goods for a price or all significant risks and rewards of ownership have been transferred to the buyer and the seller retains no effective control of the goods transferred to a degree usually associated with ownership; and (b) no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods. In a transaction involving the rendering of services, performance should be measured either under the completed service contract method or under the proportionate completion method, whichever relates the revenue to the work accomplished. Such performance should be regarded as being achieved when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service.	Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied: (a) the entity has transferred to the buyer the significant risks and rewards of ownership of the goods; (b) the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the entity; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably. In case of rendering of services, revenue is recognised by reference to the transaction's stage of completion at the balance sheet date.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
Accounting treatment for changes in Accounting Policies	The impact of a material change in accounting policies must be recorded in the income statement of the period in which the change is made. No restatement of past years' figures is required. If a change is made to a company's accounting policies that has no material effect on the financial statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted. Up to 31 March 2016, changes in the method of depreciation for existing assets is considered as a change in accounting policy and the cumulative effect thereof is accounted. For accounting period beginning 1 April 2016, any change in the method of depreciation will be accounted for as change in accounting estimate in accordance with AS-5.	Retrospective application of changes in accounting policies is done by adjusting the opening balance of the affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy were always applied. If retrospective application is impracticable for a particular prior period, or for a period before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied needs to be stated.	Similar to IFRS.
Consolidation – Investment in Subsidiaries	Reporting date differences between the parent and the subsidiary cannot be more than six months. Adjustments should be made for effects of significant transactions occurring between two dates.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months.	Similar to IFRS.
	Consolidated financial statements should be prepared using uniform accounting policies. If not practicable, the items accounted for using the different accounting policies should be disclosed.	Uniform accounting policies should be followed. No exception is provided.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
Control – Investment in Subsidiary	Control exists if the corporation has ownership, directly or indirectly through subsidiary(ies), of more than one half of the voting power of an enterprise; or control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.	Investor controls an investee if the investor has the following: (a) power over the investee exposure; (b) rights, to variable returns from its investment with the investee; and (c) the ability to use power over the investee to affect the amount of investor's returns.	Similar to IFRS.
Consolidation – Investment in Associates and Joint Ventures	Significant influence is the power to participate in the financial and/or operating policy decisions of the investee but not control over those policies.	Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.	Similar to IFRS.
	Joint Control: It is the contractually agreed sharing of control over an economic activity.	Joint Control: The contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.	Similar to IFRS.
	In consolidated financial statements, interest in jointly controlled entities is to be accounted for using proportionate consolidation.	In consolidated financial statements, interest in a joint venture is to be accounted for using the equity method, as described in IAS 28.	Similar to IFRS.
	Consolidated financial statements should be prepared using uniform accounting policies. If not practicable, the items accounted for using the different accounting policies should be disclosed.	Uniform accounting policies should be followed. No exception is provided.	Similar to IFRS; however, in case of accounting of interest in associate companies, uniform accounting policies to be followed unless impracticable to do so.
Impairment of Indefinite Life Intangible Assets	IGAAP presumes that there can be no intangible asset with indefinite useful life. Accordingly, corporation is required to estimate the useful life of each intangible asset and amortise them over that useful life.	Indefinite life intangible assets need not be amortised but are required to be tested for impairment at least on an annual basis or earlier if there is an impairment indication.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
Financial instruments – Initial measurement	No specific guidance.	All financial instruments are initially measured at fair value plus or minus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component should initially be measured at transaction price as defined in IAS 18.	Similar to IFRS.
	An enterprise should assess the provision for doubtful debts at each period end which, in practice, is based on relevant information such as past experience, actual financial position and cash flow of debtors. Different methods are used for making provision for bad debts including ageing analysis, individual assessment of recoverability. Impairment losses recognised in profit or loss for equity investments are reversed through profit or loss.	Impairment model in IFRS 9 is based on expected credit losses and it applies equally to debt instruments measured at amortised cost FVTOCI (the loss allowance is recognised in Other Comprehensive Income and not reduced from carrying amount of financial asset), Expected credit losses (with the exception of purchased or original credit impaired financial assets) are required to be measured through a loss allowance at an amount equal to (a) 12 months expected credit losses, or (b) lifetime expected credit losses if credit risk has increased significantly since initial recognition of financial instrument. Loss allowance in case of trade receivables or contract assets within the scope of IAS 18/IAS 11 is measured at lifetime expected credit losses.	Similar to IFRS.
	Transaction costs incurred in connection with long-term borrowings is considered as prepaid asset and charged to statement of profit and loss over the period of loan.	The transaction costs are amortised to profit or loss using the effective interest method.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
Property, Plant and Equipment	Spares are charged to Profit and Loss as and when consumed. However, if such spares can be used only in connection with an item of Fixed Asset and their use is expected to be irregular, it may be appropriate to allocate the total cost on a systematic basis over a period not exceeding the useful life of the principal item.	Under IFRS, items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with IAS 16 when they meet the definition of Property, Plant and Equipment. Otherwise, such items are classified as inventory.	Similar to IFRS.
Deferred Taxation	Deferred tax is generally recognised for all timing differences. Timing differences are the differences between taxable income and accounting income for a period that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the enacted or the substantially enacted tax rate.	Deferred income taxes are recognised for all taxable temporary differences between accounting and tax base of assets and liabilities except to the extent they arise from (a) initial recognition of goodwill or (b) the initial recognition of asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither the accounting nor the tax profit.	Similar to IFRS.
	A deferred tax asset should be recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on unabsorbed depreciation and carried forward losses under tax laws should be recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.	Deferred tax asset is recognised for carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
	Current tax and deferred tax is recognised in the statement of profit and loss.	Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside profit or loss. Therefore, the tax on items recognised in other comprehensive income, or directly in equity, is also recorded in other comprehensive income or in equity, as appropriate.	Similar to IFRS.
Foreign Exchange Differences	All exchange differences relating to monetary assets and liabilities are required to be charged to profit and loss account. However an option is available in respect of long-term monetary items in relation to acquisition of fixed assets, wherein the exchange difference can be adjusted to the carrying value of such fixed assets or for other long-term monetary items, in which case the exchange difference is transferred to “Foreign Currency Monetary Item Translation Difference Account” and amortised over the balance period of the loan.	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit or loss in the period in which they arise, except when hedge accounting is applied.	Similar to IFRS. However, an entity may continue the policy adopted as per IGAAP for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind-AS financial reporting period.

	Indian GAAP	IFRS	Ind-AS
First time adoption	There is no specific standard dealing with the preparation of the first Indian GAAP financial statements. Thus, full retrospective application of Indian GAAP is required.	IFRS 1 gives detailed guidance on preparation of the first IFRS financial statements. To help overcome a number of practical challenges for a first-time adopter, there are certain mandatory exemptions/ voluntary exemptions from the full retrospective application.	Ind-AS 101 gives detailed guidance on preparation of the first Ind-AS financial statements. To help overcome a number of practical challenges for a first-time adopter, there are certain mandatory exemptions/ voluntary exemptions from the full retrospective application. Ind-AS 101 gives few additional voluntary exemptions as compared to IFRS. For example, it gives an exemption whereby an entity can continue using its Indian GAAP carrying value of all its property, plant and equipment as deemed cost at transition date, provided that there is no change in functional currency. It also gives an exemption whereby a company can continue using its accounting policy under previous GAAP for capitalisation/deferral of exchange differences arising on long-term foreign currency monetary items recognised in financial statements for the period ending immediately before the beginning of the first Ind-AS financial reporting period.
Presentation of financial statements	Financial statements in relation to a company includes:	A complete set of financial statements under IFRS comprises:	A complete set of financial statements under Ind-AS comprises:
	1. Balance sheet as at the end of the financial year;	1. Statement of financial position as at the end of the financial year;	1. Balance sheet as at the end of the financial year;
	2. Profit or loss account for the financial year;	2. Statement of profit or loss and other comprehensive income for the financial year – either as single statement or two separate statements;	2. Single statement of profit or loss, with profit or loss and other comprehensive income for the financial year presented in two sections;
	3. Cash flow statement for the financial year; and	3. Statement of changes in equity;	3. Statement of changes in equity;

	Indian GAAP	IFRS	Ind-AS
	4. Explanatory notes annexed to, or forming part of, any document referred to above.	4. Statement of cash flows for the financial year; and 5. Notes comprising significant accounting policies and other explanatory information.	4. Statement of cash flows for the financial year; and 5. Notes comprising significant accounting policies and other explanatory information.
Comparative figures	Comparative figures are presented for one year as per the requirements of Schedule III of the Companies Act 2013.	Comparative figures are presented for minimum one year.	Comparative figures are presented for minimum one year.
		However, when a change in accounting policy has been applied retrospectively or items in financial statements have been restated/reclassified which has an impact beyond the comparative period, a statement of financial position is required as at the beginning of the earliest comparative period.	However, when a change in accounting policy has been applied retrospectively or items in financial statements have been restated/reclassified which has an impact beyond the comparative period, a balance sheet is required as at the beginning of the earliest comparative period.
Formats for presentation of financial statement	IGAAP does not prescribe any specific format for presentation of financial statement.	IAS 1 does not prescribe any specific format for presentation of financial statement.	Similar to IFRS.
	However, Schedule III of the Companies Act 2013 prescribes the minimum requirements for disclosure on the face of the balance sheet and profit and loss account and notes.	However, it specifies the minimum line items to be presented in the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity.	The Ministry of Corporate Affairs has issued an Ind-AS-compliant Schedule III under the Companies Act 2013 which specifies the line items to be presented in the balance sheet, statement of profit and loss, statement of changes in equity and notes.
	AS 3 provides guidance on the line items to be presented in the statement of cash flows.	IAS 7 provides guidance on the line items to be presented in the cash flow statement.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
Presentation of income statement	Schedule III of the Companies Act 2013 requires an analysis of expenses by nature.	An analysis of expenses is presented using a classification based either on the nature of expenses or their function whichever provides information that is reliable and more relevant. If presented by function, specific disclosure by nature are provided in the notes. When items of income or expense are material, their nature and amount are separately disclosed.	Entities should present an analysis of expenses recognised in profit or loss using a classification based only on the nature of expense. Ind-AS-compliant Schedule III of the Companies Act 2013 also requires an analysis of expenses by nature.
Statement of profit or loss and other comprehensive income	No concept of other comprehensive income prevails under IGAAP. Some items such as revaluation surplus which are treated as 'other comprehensive income' under IFRS/Ind-AS are recognised directly in equity under Indian GAAP.	The Statement of Profit or Loss and Other Comprehensive Income includes all items of income and expense (i.e. all 'non-owner' changes in equity) including (a) components of profit and loss and (b) other comprehensive income (i.e. items of income and expense that are not recognised in profit and loss as required or permitted by other IFRSs). These items may be presented either: 1. In a single Statement of Profit or Loss and Other Comprehensive income; or 2. In a separate statement of Profit or Loss (displaying components of Profit and Loss) and Statement of Profit or Loss and Other Comprehensive Income (beginning with profit or loss and displaying components of other comprehensive income). Some of the components of Other Comprehensive Income are: 1. Changes in the revaluation surplus; 2. Foreign exchange translation differences;	Similar to IFRS. An entity is required to present all items of income and expense including components of other comprehensive income in a period in a single statement of profit and loss.

	Indian GAAP	IFRS	Ind-AS
		3. Re-measurements of post-employment benefit obligations; 4. Gains or losses arising on fair valuation of financial assets; 5. Effective portion of gains or losses on hedging instruments in cash flow hedge; 6. Share of other comprehensive income of investments accounted for using the equity method; and 7. Foreign currency exchange gains and losses arising on translation of net investment in a foreign operation. These components are grouped into those that, in accordance with other IFRSs (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met.	
Presentation of Statement of Changes in Equity	A statement of changes in equity is not required. Movements in share capital, retained earnings and other reserves are to be presented in the notes to accounts.	The statement of changes in equity includes the following: 1. Total comprehensive income for the period; 2. The effects on each component of equity of retrospective application/restatement in accordance with IAS 8; and 3. For each component of equity, a reconciliation between the opening and closing balances, separately disclosing each change.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
Presentation of profit or loss attributable to non-controlling interests	Profit or loss attributable to the minority interests are disclosed as allocation from the profit or loss for the period as an item of income or expense.	Profit or loss attributable to non-controlling interest and equity holders of the parent are disclosed in the statement of profit or loss and other comprehensive income as allocations of profit or loss and total comprehensive income for the period.	Similar to IFRS.
Extraordinary items	Extraordinary items are disclosed separately in the statement of profit and loss and are included in the determination of net profit or loss for the period.	Presentation of any items of income or expense as extraordinary is prohibited.	Similar to IFRS.
Correction of prior period items	These are reported as a prior period adjustment in the current year results. Comparative information of the earlier years is not restated.	Material prior period errors are corrected retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred, or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.	Similar to IFRS.
Disclosure of critical judgements and capital disclosures	There is no such requirement in IGAAP or Schedule III of the Companies Act 2013.	IAS 1 requires disclosure of critical judgements made by the management in applying accounting policies and key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The nature of uncertainty and the carrying amounts of such assets and liabilities at the end of the reporting period are required to be disclosed.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
		It also requires disclosure of information that enables the users of financial statements to evaluate an entity's objectives, policies and processes for managing capital.	
Measurement of investments	Under Indian GAAP, current investments are measured at lower of cost or market value. Accordingly, fair value loss is recognised in the statement of profit and loss, and gain, if any, is ignored. Long-term investments are measured at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.	Under IFRS 9, the investments are categorised as financial assets and can be classified in the following three categories based on the conditions mentioned therein: 1. Amortised cost; 2. Fair value through profit or loss; and 3. Fair value through other comprehensive income.	Similar to IFRS.
Functional currency	Under Indian GAAP, there is no concept of functional currency. Generally, the books and records are maintained in the currency of the country in which the company is incorporated.	IAS 21 requires the assessment of functional currency on the basis of the conditions specified therein. Functional currency is defined as the currency of the primary economic environment in which the entity operates. The functional currency could be different from the currency of the country in which the company is incorporated.	Similar to IFRS.
Employee benefits – actuarial gains and losses and discount rate	Actuarial gains/losses for net defined benefit liability (asset) are recognised in profit and loss.	IAS 19, Employee Benefits requires the impact of re-measurement in net defined benefit liability (asset) of post-employment benefit plans to be recognised in other comprehensive income (**OCI**). Re-measurement of net defined benefit liability (asset) comprises actuarial gains or losses, return on plan assets (excluding interest to net asset/liability). Further, the amount recognised in OCI is not reclassified to the Statement of Profit and Loss.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
	Market yield at the balance sheet date on government bonds are used as discount rates.	Discount rate is determined by reference to market yields at the end of reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yield on government bonds denominated in that currency should be used.	Discount rate is determined by reference to market yield on market yields at the end of reporting period on government bonds. However, subsidiaries, associates, joint ventures and branches domiciled outside India should use rate determined by reference to market yields on high quality corporate bonds at the end of reporting period. In case such subsidiaries, associates, joint ventures and branches are domiciled in countries where there is no deep market in such bonds, market yield at the end of reporting period on government bonds of that country should be used. The currency and term of government bonds or corporate bonds should be consistent with the currency and estimated term of post-employment benefits.
Business Combination – Goodwill	Excess of consideration over the value of net assets of transferor company acquired by the transferee company is recognised as goodwill in the financial statement of transferee company. If the amount of consideration is lower than value of net assets acquired, the difference is recognised as capital reserve.	Goodwill is measured as the difference between: • Aggregate of: (a) the acquisition date fair value of the consideration transferred; (b) amount of non-controlling interest; (c) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree; and (d) net of acquisition date fair values of the identifiable assets acquired and the liabilities assumed. If the above difference is negative, resultant gain is recognised as bargain purchase in profit and loss.	Similar to IFRS. However, any gain on bargain purchase is recognised in equity as capital reserve.

	Indian GAAP	IFRS	Ind-AS
Business Combination – Achieved in stages	If two or more investments are made over a period of time, the equity of the subsidiary at date of investment is generally determined on a step by step basis. However, if small investments are made over a period of time and then an investment is made that results in control, the date of the latest investment, as a practical measure, may be considered as the date of investment.	For business combinations achieved in stages, if the acquirer increases an existing equity interest so as to achieve control of the acquiree, the previously held equity interest is remeasured at acquisition date fair value and any resulting gain or loss is recognised in profit and loss or other comprehensive income, as appropriate.	Similar to IFRS.
Dividend adjustment	As per requirements of AS 4, dividends proposed or declared after the balance sheet date but before approval of the financial statements are recorded as a provision in the balance sheet. For accounting period beginning 1 April 2016, liability for dividends declared to holders of equity instruments is recognised in the period in which the same is approved by appropriate authority. It is a non-adjusting event.	Liability for dividends declared to holders of equity instruments is recognised in the period in which the same is approved by appropriate authority. It is a non-adjusting event.	Similar to IFRS.
Government Grant – recognition	Two broad approaches may be followed – the capital approach or the income approach.	Government grants are recognised as income to match them with expenses in respect of the related costs for which they are intended to compensate on a systematic basis.	Similar to IFRS, except grants related to assets, including non-monetary grants at fair value, which should be presented in the balance sheet only by setting up the grant as deferred income.
	Government grants in the nature of promoters' contribution (i.e. they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected) are credited directly to shareholders' funds.	Government grants are not directly credited to shareholders' interests.	

	Indian GAAP	IFRS	Ind-AS
	Grants related to revenue are recognised in the statement of profit and loss on a systematic and rational basis over the periods necessary to match them with the related costs. Grants related to non-depreciable Assets are credited to capital reserve. If such grants require fulfilment of some obligation, such grants should be credited to income over the period over which the cost of meeting the obligation is charged to income. Grants related to depreciable assets are either treated as deferred income and transferred to the statement of profit and loss in proportion to depreciation, or deducted from the cost of the asset.	Grants related to assets are presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of asset.	
Borrowing costs	A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use or sale. A period of 12 months is considered a substantial period unless a shorter or longer period can be justified.	Similar to Indian GAAP. However, unlike Indian GAAP, there is no bright line for the term 'substantial period'.	Similar to IFRS.
Provisions	A provision shall be recognised when all of the following conditions are met: (a) an enterprise has a present obligation as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.	A provision is recognised only when a past event has created a legal or constructive obligation, an outflow of resources is probable, and the amount of the obligation can be estimated reliably. A constructive obligation is an obligation that derives from an entity's actions where, by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities; and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.	Similar to IFRS.

	Indian GAAP	IFRS	Ind-AS
	Discounting of liabilities is not permitted and provisions are carried at their full values except for decommissioning/ restructuring liabilities with effect from 1 April 2016.	When the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liability.	Similar to IFRS.
Segment reporting	AS 17 requires an entity to identify two sets of segments (business and geographical), using a risk and rewards approach for identification of such segments.	Operating segments are identified based on financial information that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in accessing performance.	Similar to IFRS.
Land lease	No specific guidance provided under IGAAP for land lease. Treatment is given as per provisions of AS-10, Fixed Assets.	Land leases are specifically covered under IAS 17 and accordingly land lease has to be categorised either as finance lease or operating lease and treated accordingly.	Similar to IFRS.
Derivative Instruments	Foreign exchange forward contracts are covered under AS 11 wherein premium/discount arising from such contracts are recognised over the period of contract.	IFRS 9 requires all derivatives (including forward exchange contracts) to be measured at fair value on the reporting date with both unrealised gains and unrealised losses being recognised in the income statement for the period in which such changes arise.	Similar to IFRS.
Non-Current Assets held for Sale	No specific requirement under IGAAP.	IFRS 5 requires non-current assets and disposal group identified as held for sale to be presented separately on face of balance sheet as current asset/liability at lower of cost or fair value less cost to sell.	Similar to IFRS.
Service Concession Arrangements	No specific requirement under IGAAP.	IAS 11 requires arrangement with grantor that qualifies as Service Concession Arrangements to recognise the consideration as Financial Asset or Intangible Asset, as the case maybe.	Similar to IFRS.

GENERAL INFORMATION

Authorisation

1. HPCL has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes, including without limitation, requisite consents and approvals from the RBI. The entering into of the trust deed dated 12 July 2017 governing the Notes and the issue of the Notes have been authorised by a resolution of the Board dated 13 February 2017.

Listing

2. Approval-in-principle has been received for the listing of the Notes on the SGX-ST. Approval-in-principle for the listing and quotation of the Notes is not to be taken as an indication of the merits of the Notes or the Issuer. Permission will be granted when the Notes have been admitted to the Official List of the SGX-ST. So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Certificates in the definitive form. In addition, in the event that the Global Certificate is exchanged for Certificates in definitive form, announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.

Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream. The ISIN for the Notes is XS1637846616. The Common Code for the Notes is 163784661. Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.

No Significant or Material Adverse Change

4. There has been no significant change in the financial or trading position of HPCL since 31 March 2017 and there has been no material adverse change in the financial position or prospects of HPCL since 31 March 2017.

Litigation

5. Unless otherwise disclosed in the Offering Circular, HPCL is not, nor has been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position of HPCL.

Auditors

6. CVK & Associates and G.M. Kapadia & Co. served as statutory auditors of HPCL for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 and audited HPCL's consolidated and non-consolidated accounts in accordance with generally accepted auditing standards in India for the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017.

Documents Available

7. So long as Notes are outstanding, copies of the following documents will be available for inspection from the registered office of HPCL and from the specified office of the Principal Paying Agent for the time being at Citibank, N.A., London Branch, c/o Citibank, N.A., Dublin, Ground Floor, 1 North Wall Quay, Dublin 1, Ireland, free of charge during normal business hours on any weekday (except public holidays):

   (a) the Memorandum and Articles of Association of HPCL;

   (b) the consolidated audited financial statements of HPCL in respect of the financial years ended 31 March 2015, 31 March 2016 and 31 March 2017 (in each case with the audit reports in connection therewith). HPCL currently prepares audited consolidated accounts on an annual basis; and

   (c) the Trust Deed and the Agency Agreement.

Joint Lead Managers transacting with the Issuer

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to HPCL and its affiliates in the ordinary course of business.

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INDEX TO FINANCIAL STATEMENTS

Audited Consolidated Financial Statements

Audited Non-consolidated Financial Statements

G M Kapadia & Co.
Chartered Accountants,
1007 Raheja Chambers,
213 Nariman Point,
Mumbai 400 021

CVK & Associates
Chartered Accountants
2, Samarth Apartments,
D. S. Babrekar Road,
Dadar (West),
Mumbai 400 028

Independent Auditors' Report

TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **HINDUSTAN PETROLEUM CORPORATION LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and its jointly controlled entities comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statements of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance consolidated cash flows and consolidated statements of changes in equity of the Group including its Associates and its Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies / governing bodies included in the Group, its associates and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, associates and its jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and jointly controlled entities, the aforesaid consolidated Ind AS 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, of the consolidated state of affairs of the Group, its associates and its jointly controlled entities as at March 31, 2017, and their consolidated profit (including other comprehensive income) and their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to note no. 1.3.4 to the financial results which describes the reasons for considering joint venture interest lower than the percentage of shareholding in a joint venture known as Bhagyanagar Gas Limited.

Our opinion is not modified in respect of these matters.

Other Matters

a) We refer to note no. 56 in connection with 21 Un-incorporated Jointly Controlled Entities (UJCEs) involved in exploration activities, of which majority of UJCEs are under relinquishment. The attached standalone Ind AS financial statements include Company's proportionate share in Assets and Liabilities, Income and Expenditure amounting to Rs. 20.02 crores and Rs. 12.29 crores, Rs. Nil crores and Rs. 15.25 crores respectively, as at March 31, 2017. In respect of these UJCEs, the audited accounts are not available with the Company. The financial information has been incorporated based on un-audited Ind AS financial statements / data received from the respective operators.

b) We did not audit the Ind AS financial statements of 2 subsidiaries (and its step-down subsidiary) included in the consolidated financial statement, whose Ind AS financial statements reflects total assets of Rs. 1,106 crores and net assets of Rs. (153.03) as at March 31, 2017, total revenues of Rs. 472 crores and net cash flows of Rs. (28) crores for the year ended on that date, as considered in the consolidated financial Statement. The consolidated Statement also includes Group's share of net profit of Rs. 2,319 crores for the year ended March 31, 2017, as considered in the consolidated financial Statement, in respect of 11 jointly controlled entities (and its step-down subsidiary), and 3 associates (and its step-down subsidiary and jointly controlled entity), whose Ind AS financial statements have not been audited by us. These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries jointly controlled entities and associate, and our report in terms of sub-section (3) of section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, jointly controlled entities and associates is based solely on the reports of the other auditors. The Statement also includes Group's share of net loss of Rs. 0.23 crores for the year ended March 31, 2017, as considered in the consolidated financial Statement, in respect of 1 jointly controlled entity whose Ind AS financial statements are unaudited. These Ind AS financial statement has been incorporated based on un-audited financial statement from the respective management.

Our opinion on the consolidated financial statement, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

As required by section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and jointly controlled entities, as noted in the ‘other matter’ paragraph, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account and workings maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standard) (Amendment) Rules, 2016;

(e) As per notification no: G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 164(2) of the Act, accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section. On the basis the reports of the statutory auditors of its subsidiary companies, associates and jointly controlled companies incorporated in India other than Government companies, none of the directors of the subsidiary, associates and jointly controlled companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164 (2) of the Act.

(f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Holding Company, its subsidiary companies, associate companies and jointly controlled entities and the operating effectiveness of such controls, refer to our separate report in Annexure I.

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with rule 11 of the Companies (Audit and Auditor’s) Rules, 2014 as amended by the Companies (Audit and Auditors) Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and jointly controlled entities, as noted in the 'Other matter' paragraph :

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and its jointly controlled entities – Refer note 63(I) to the consolidated Ind AS financial statements.

ii. The Holding Company and the individual entities have made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Group except minor delay involving sum of Rs. 3,430 by the Holding Company, which has been regularized post the date of balance sheet; and

iv. The group has provided requisite disclosures in the consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures by the respective auditors of the group and relying by the respective management representations, we report that the disclosures are in accordance with respective books of account maintained by each of the entities of the Group. – Refer Note 64 to the consolidated Ind AS financial statements;

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Rajen Ashar
Partner
Membership No.: 048243

A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 26th May 2017

Annexure I - referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **HINDUSTAN PETROLEUM CORPORATION LIMITED** ('the Holding Company') and its subsidiaries together referred to as 'the Group'), its associates and its Jointly controlled entities as of March 31, 2017 in conjunction with our audit of the consolidated Ind AS financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its Subsidiaries, its Associates and Jointly Controlled Entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiaries, 11 Jointly Controlled Entities and 3 Associates, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. We are unable to comment on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 1 unaudited Jointly Controlled Entity.

For G. M. Kapadia & Co.	**For CVK & Associates**
Chartered Accountants	**Chartered Accountants**
Firm Registration No.: 104767W	**Firm Registration No.: 101745W**
Rajen Ashar	**A.K. Pradhan**
Partner	**Partner**
Membership No.: 048243	**Membership No.: 032156**

Place: New Delhi
Dated: 26th May 2017

HINDUSTAN PETROLEUM CORPORATION LIMITED

Consolidated Balance Sheet as on 31st March, 2017

₹ / crores

	Notes	31.03.2017	31.03.2016	01.04.2015
ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment	3	36,438.56	33,654.83	29,283.44
(b) Capital Work-in-Progress	4	1,794.54	1,852.77	3,472.99
(c) Goodwill on Consolidation		16.69	16.69	16.69
(d) Other Intangible Assets	5	421.01	414.80	387.19
(e) Intangible Assets under development	5a	72.95	61.68	88.36
(f) Investment in Joint ventures and Associates	6	6,069.75	3,773.73	2,597.99
(g) Financial Assets				
(i) Investments	7	594.95	419.35	611.82
(iii) Loans	8	406.63	481.17	392.06
(iii) Other Financial Assets	9	-	-	2.00
(h) Other Non-Current Assets	10	1,437.88	1,086.71	1,177.99
Total Non Current Assets		**47,252.96**	**41,761.73**	**38,030.53**
(2) Current assets				
(a) Inventories	11	18,629.16	13,354.83	13,514.91
(b) Financial Assets				
(i) Investments	12	5,108.73	4,991.44	5,376.16
(ii) Trade Receivables	13	4,091.66	3,776.28	3,217.70
(iii) Cash and Cash Equivalents	14	111.47	138.25	104.76
(iv) Bank Balances other than (iii) above	15	24.93	15.90	9.67
(v) Loans	16	125.49	55.81	176.87
(vi) Other Financial Assets	17	4,317.23	4,867.82	4,791.27
(c) Other Current Assets	18	653.45	585.63	574.38
		33,062.12	**27,785.96**	**27,765.72**
(d) Assets classified as held for Sale / Disposal		3.96	5.32	2.00
Total Current Assets		33,066.08	27,791.28	27,767.72
Total Assets		**80,319.04**	**69,553.01**	**65,798.25**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	19	1,016.27	339.01	339.01
(b) Other Equity				
Reserves and Surplus	20a	20,018.19	16,467.64	13,671.46
Other Reserves	20b	36.97	(142.88)	44.89
Total equity		**21,071.43**	**16,663.77**	**14,055.36**
Liabilities				
(1) Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	7,117.80	11,358.76	15,488.75
(ii) Other Financial Liabilities	22	10,997.27	9,398.18	8,254.23
(b) Provisions	23	183.33	164.64	99.79
(c) Deferred Tax Liabilities (Net) (Refer note 42)		6,149.27	5,034.20	4,239.67
(d) Other Non-Current Liabilities	24	23.61	28.21	20.46
Total Non Current Liabilities		**24,471.28**	**25,983.99**	**28,102.90**
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	25	10,914.38	3,991.28	2,262.98
(ii) Trade Payables	26	12,699.66	9,464.80	11,582.70
(iii) Other Financial Liabilities	27	4,844.71	7,681.92	4,120.05
(b) Other Current Liabilities	28	3,974.40	3,758.59	3,634.08
(c) Provisions	29	2,270.57	1,646.64	1,678.91
(d) Current Tax Liabilities (Net)	30	72.61	362.02	361.27
Total Current Liabilities		**34,776.33**	**26,905.25**	**23,639.99**
Total Equity and Liabilities		**80,319.04**	**69,553.01**	**65,798.25**
Significant Accounting Policies		1 & 2		

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

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director - Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

Place : New Delhi
Date : 26th May, 2017

FOR CVK & Associates
Chartered Accountants
FRN - 101745W

A K Pradhan
Partner
Membership No. 032156

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Rajen Ashar
Partner
Membership No.048243

HINDUSTAN PETROLEUM CORPORATION LIMITED

Consolidated Statement of Profit and Loss for the year ended 31th March, 2017

	Notes	FY 2016-17	FY 2015-16
		(₹ / crores)	
Revenue			
Revenue From Operations			
Gross Sale of Products	31	213,904.15	197,655.81
Other Operating Revenues	32	317.86	308.51
		214,222.01	**197,964.32**
Other Income	33	1,451.03	1,082.62
Total Income		**215,673.04**	**199,046.94**
Expenses			
Cost of Materials Consumed	34	45,273.13	40,918.92
Purchases of Stock-in-Trade		122,731.74	115,948.43
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	35	(4,362.52)	64.16
Excise Duty		26,795.76	20,054.10
Transportation Expenses		5,317.83	5,262.23
Exploration Cost		15.61	21.28
Employee Benefits Expense	36	2,969.35	2,339.31
Finance Costs	37	609.24	723.18
Depreciation & Amortization Expense	3&5	2,776.37	2,846.09
Other Expenses	38	4,668.09	5,076.41
Total Expenses		**206,794.60**	**193,254.11**
Profit before share in profit of Joint ventures and associates and tax		**8,878.44**	**5,792.83**
Share in Profit of Joint Ventures and Associates		2,318.98	942.27
Profit Before Tax		**11,197.42**	**6,735.10**
Tax expense:			
Current tax		2,236.24	1,433.56
Deferred tax		777.84	747.23
Provision for tax for Earlier years written back (net)		(52.48)	(120.38)
Total Tax Expenses		**2,961.60**	**2,060.41**
Profit/(loss) for the period		**8,235.82**	**4,674.69**
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans		(23.65)	(5.57)
Equity Instruments through Other Comprehensive Income;		175.61	(187.52)
Share in Other comprehensive Income of Joint Venture and Associates		(1.33)	0.02
Income tax relating to items that will not be reclassified to profit or loss		8.20	1.93
		158.83	**(191.14)**
Items that will be reclassified to profit or loss			
Foreign Currency Translation Reserve		4.24	(0.25)
		4.24	**(0.25)**
Other Comprehensive Income for the period, net of tax		**163.07**	**(191.39)**
Total Comprehensive Income for the period, net of tax		**8,398.89**	**4,483.30**
Earning per share [Basic & Diluted earnings per share (₹)]	44	81.07	46.02
Significant Accounting Policies	1 & 2		
See accompanying notes to the financial statements			

FOR AND ON BEHALF OF BOARD
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675
J RAMASWAMY
Director - Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

FOR CVK & Associates
Chartered Accountants
FRN - 101745W

A K Pradhan
Partner
Membership No. 032156

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Rajen Ashar
Partner
Membership No.048243

Place : New Delhi
Date : 26th May, 2017

HINDUSTAN PETROLEUM CORPORATION LIMITED

Consolidated Cash Flow Statement For The Year Ended 31st March, 2017

		₹ / Crores
	FY 2016-17	**FY 2015-16**
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	11,197.42	6,735.10
Adjustments to reconcile profit before tax to net cash used in operating activities:		
Depreciation / impairment of property, plant and equipment	2,776.37	2,846.09
(Gain)/loss on sale of property, plant and equipment	6.54	19.45
Remeasurement of Defined benefit plans Gain / (Loss)	(15.49)	(3.63)
Amortisation of Foreign Currency Monetary Item Translation Difference	354.38	248.82
Amortisation of Capital Grant	(0.89)	(0.89)
Amortisation of Lease premium	1.50	1.50
Spares Written off	12.14	0.41
Fair value gain on Current Investments carried at FVTPL	(221.77)	(16.49)
(Profit)/Loss on Sale of Current Investment	(32.36)	35.86
Finance Costs	567.40	677.91
Unrealised exchange Rate difference	(195.83)	241.85
Provision for Doubtful Debts & Receivables	1.94	15.51
Bad Debts written off	5.26	9.62
Interest Income	(374.80)	(383.19)
Share of Profit from Petroleum India International	(0.94)	(0.77)
Dividend Received	(27.64)	(37.08)
Share of Profit from Associates or Joint Ventures	(2,318.98)	(942.27)
Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}	**11,734.25**	**9,447.80**
(Increase) / Decrease in Assets and Liabilities :		
Trade Receivables	(317.12)	(580.45)
Loans and Advances and Other Assets	375.79	(91.30)
Inventories	(5,286.48)	159.68
Liabilites and Other Payables	5,886.59	(1,069.59)
Sub Total - (ii)	**658.78**	**(1,581.66)**
Cash Generated from Operations (i) + (ii)	**12,393.03**	**7,866.14**
Less : Direct Taxes / FBT refund / (paid) - Net	2,180.27	1,214.69
Net Cash from Operating Activities (A)	**10,212.76**	**6,651.45**
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (including CWIP / excluding interest capitalised)	(5,907.00)	(4,840.12)
Sale of Property, Plant & Equipment	52.81	15.86
Purchase of Investments (Including share application money pending allotment/Advance towards Equity)	(42.12)	(280.04)
Sale Proceeds of Oil bonds	136.84	352.42
Capital refunded from PII	-	4.95
Interest received	374.96	387.61
Dividend received from Associate or Joint Venture companies	52.72	50.37
Dividend received - Others	27.64	37.08
Net Cash Flow generated from / (used in) investing activities (B)	**(5,304.15)**	**(4,271.87)**
C. Cash Flow From Financing Activities		
Long term Loans raised	-	4,988.29
Long term Loans repaid	(7,053.83)	(6,609.92)
Short Term Loans raised / (repaid) during the year	7,579.92	381.24
Capital Grant Received	2.17	13.28
Finance Cost paid	(548.00)	(698.02)
Dividend paid (including dividend distribution tax)	(4,177.14)	(1,749.18)
Net Cash Flow generated from / (used in) Financing Activities (C)	**(4,196.88)**	**(3,674.31)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**711.73**	**(1,294.73)**
Cash and cash equivalents at the beginning of the year	**(2,363.96)**	**(1,069.23)**
Cash and cash equivalents at the end of the year	**(1,652.23)**	**(2,363.96)**

HINDUSTAN PETROLEUM CORPORATION LIMITED

Consolidated Cash Flow Statement For The Year Ended 31st March, 2017

		₹ / Crores
	31.03.2017	**31.03.2016**
Details of cash and cash equivalents at the end of the year:		
Cash / cheques on hand	**7.70**	**7.79**
Balances with scheduled banks		
On current accounts	**5.85**	**14.53**
Others	**0.01**	**0.01**
Balances with other banks	**97.91**	**115.92**
Less :Cash Credit	**(1,763.70)**	**(2,502.21)**
Cash and cash equivalents at the end of the year	**(1,652.23)**	**(2,363.96)**

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director - Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

Place : New Delhi
Date : 26th May, 2017

FOR CVK & Associates
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A K Pradhan
Partner
Membership No. 032156

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Rajen Ashar
Partner
Membership No.048243

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

CORPORATE OVERVIEW

Hindustan Petroleum Corporation Limited referred to as "HPCL" or "the Corporation" was incorporated on 5th July, 1952. HPCL is a Government of India Enterprise listed on the Bombay Stock exchange Limited and National Stock Exchange of India Limited. The Group (Comprising the Corporation, its subsidiaries, Joint venture entities and associates) is mainly engaged, primarily in the business of refining of crude oil and marketing of petroleum products, production of hydrocarbons as well as providing services for management of E&P Blocks.

AUTHORIZATION OF FINANCIAL STATEMENTS

The Financial Statements were authorized for issue in accordance with a resolution of the directors on 26th May 2017.

1. BASIS OF PREPARATION

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

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015; and the other relevant Provisions of Companies Act, 2013 and Rules thereunder.

The Financial Statements have been prepared under historical cost convention basis except for certain assets and liabilities measured at fair value.

The Group's presentation currency is INR, which is also the functional currency of the Corporation. All values are rounded to the nearest crores (₹ Crores), except where otherwise indicated.

Use of judgements, estimates & assumptions

While preparing financial statements in conformity with Ind AS, we make certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date. Financial reporting results rely on our estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecast and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. We continually evaluate these estimates and assumptions based on the most recently available information.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Assessment of functional currency;
- Financial instruments;
- Useful lives of property, plant and equipment and intangible assets;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Assets and obligations relating to employee benefits;

- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

In particular these CFS are prepared in accordance with Indian Accounting Standards on "Consolidated Financial Statements" (Ind AS-110), "Joint Arrangements" (Ind AS-111) and "Investments in Associates and Joint Ventures" (Ind AS – 28) notified under Companies (Indian Accounting Standards) Rules, 2015.

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 financial statements of Joint Ventures and associates have been consolidated using equity method whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income after eliminating unrealized profits or losses.

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

1.3 Companies included in Consolidation

The CFS comprise the Audited Financial Statements (except as mentioned otherwise) of HPCL, its Subsidiaries, Joint ventures and Associates for the year ended 31st March 2017, which are as under;

Name of the Company	Country of Incorporation	HPCL's Ownership Interest		
		31.03.2017	**31.03.2016**	**01.04.2015**
(i) Subsidiaries (refer note No 1.3.1)				
HPCL Biofuels Ltd. (HBL)	India	**100.00%**	100.00%	100.00%
Prize Petroleum Company Ltd. (PPCL) (refer note no 1.3.2)	India	**100.00%**	100.00%	100.00%
(ii) Joint Ventures				
HPCL Rajasthan Refinery Ltd. (HRRL)	India	**74.00%**	74.00%	74.00%
CREDA - HPCL Biofuels Ltd. (CHBL)	India	**74.00%**	74.00%	74.00%

HPCL - Mittal Energy Ltd. (HMEL) (refer note no 1.3.2)	India	**48.99%**	48.99%	48.94%
Hindustan Colas Pvt. Ltd. (HINCOL)	India	**50.00%**	50.00%	50.00%
South Asia LPG Co. Pvt. Ltd. (SALPG)	India	**50.00%**	50.00%	50.00%
Bhagyanagar Gas Ltd. (BGL) (refer note no. 1.3.4)	India	**24.99%**	24.99%	24.99%
Godavari Gas Pvt Ltd. (GGPL) (refer note no 1.3.3)	India	**26.00%**	N.A.	N.A.
Petronet India Ltd. (PIL)	India	**16.00%**	16.00%	16.00%
Petronet MHB Ltd. (PMHBL)	India	**32.72%**	28.77%	28.77%
Aavantika Gas Ltd. (AGL)	India	**49.97%**	49.97%	49.97%
HPCL Shapoorji Energy Pvt Ltd. (HSEL)	India	**50.00%**	50.00%	50.00%
Mumbai Aviation Fuel Farm Facility Pvt. Ltd. (MAFFFL)	India	**25.00%**	25.00%	25.00%
(iii) Associates				
Mangalore Refinery and Petrochemicals Ltd. (MRPL) (refer note no 1.3.2)	India	**16.96%**	16.96%	16.96%
GSPL India Gasnet Ltd. (GIGL)	India	**11.00%**	11.00%	11.00%
GSPL India Transco Ltd. (GITL)	India	**11.00%**	11.00%	11.00%

1.3.1 The company has two subsidiaries: Prize Petroleum Company Ltd. is engaged in the business of exploration and production of hydrocarbons as well as providing services for management of E&P Blocks. HPCL Biofuels Ltd is engaged in the business of manufacturing sugar and ethanol from crushing of sugarcane and generation of power from the bagasse generated in the process.

1.3.2 Consolidated Financial Statements have been considered for consolidation of the following:

a) Mangalore Refinery and Petrochemical Limited has one subsidiary namely ONGC Mangalore Petrochemicals limited (MRPL is holding 51%) and two joint ventures namely Shell MRPL Aviation Fuels & Services Limited (MRPL is holding 50%) and Mangalam Retail Services Limited (MRPL is holding 49.98%).

b) Prize Petroleum Company Limited has wholly owned subsidiary namely Prize Petroleum International PTE Limited.

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

1.3.3 Unaudited Financial statements have been considered.

1.3.4 As of 31st March 2014, paid up equity capital of BGL was Rs 5 lacs, in which HPCL and GAIL were holding 24.99% each. Balance 50.02% of shares were held by Kakinada Seaports Ltd (KSPL) on warehousing basis. In addition, each one of HPCL and GAIL had paid Rs. 22.49 crores as Advance against Equity / Share application money (totaling to Rs. 44.98 crores) in earlier years. On 20th August 2014, BGL allotted 2,24,87,500 shares on preferential basis to each of HPCL and GAIL towards the money paid earlier. Meanwhile there are certain issues pending adjudication with another shareholder. Accordingly, keeping in view financial prudence, HPCL's share has been considered at 24.99% (considered as 24.99% in F.Y. 2015-16 & 2014-15).

2. Significant Accounting Policies

2.1. Property, Plant and Equipment

2.1.1. Freehold lands are carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

2.1.2. The initial cost of an asset comprises its purchase price or construction cost (including import duties and non-refundable taxes); any costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; initial estimated present value of any of any contractual decommissioning obligation; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

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

2.1.4. Expenditure during construction period: Direct expenses incurred during construction period on capital projects are capitalised.

2.1.5. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

2.1.6. Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.

2.1.7. An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal; or when the Property, Plant Equipment has been re-classified as ready for disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised.

2.1.8. The residual values and useful lives of Property, Plant and Equipment are reviewed at each financial year end and changes are accounted for as a change in accounting estimates on a prospective basis.

2.1.9. The Group has chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

2.2. Depreciation / amortization

2.2.1. Depreciation on Property, Plant & Equipment is provided on straight line method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, the Company has assessed the estimated useful lives of its Property, Plant & Equipment and has adopted the useful lives and residual value as prescribed in Schedule II except for the following which are based on internal technical assessment:

Plant and Machinery relating to Retail Outlets (other than Storage tanks and related equipment)	15 years
Cavern Structure	60 years
LPG cylinders & regulators	15 years

2.2.2. The Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components is assessed by considering historical experience, internal technical inputs and any other relevant factor.

2.2.3. Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition except LPG Cylinders and Pressure Regulators which are depreciated over a useful life of 15 years based on the technical assessment.

2.2.4. Depreciation on spare parts specific to an item of Property, Plant and Equipment is based on life of the related Property, Plant and Equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment.

2.2.5. Depreciation is charged on additions / deletions on pro-rata monthly basis including the month of addition / deletion.

2.3. Intangible assets

2.3.1. Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding development costs, are not capitalised and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Development costs are capitalised if technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Group has an intention and ability to complete and use or sell the asset and the costs can be measured reliably.

2.3.2. Assets where entire output generated is committed to be sold to a public sector entity (including Government body) for almost entire useful life of the asset are classified as intangible assets as per the requirements of Ind AS and are amortised (after retaining the residual value, if applicable) over their useful life.

2.3.3. In cases where, the Group has constructed assets and the Group has only a preferential right to use, these assets are classified as intangible assets and are amortised (after retaining the residual value, if applicable) over their useful life or the period of the agreement, whichever is lower.

2.3.4. The useful lives of intangible assets are assessed as either finite or indefinite.

2.3.5. Intangible assets with finite lives are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end. The amortisation expense on intangible assets with finite lives and impairment loss is recognised in the statement of Profit & Loss.

2.3.6. Intangible assets with indefinite useful lives, such as right of way which is perpetual and absolute in nature, are not amortised, but are tested for impairment annually. The useful lives are reviewed at each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If not, the change in useful life from indefinite to finite is made on a prospective basis. The impairment loss on intangible assets with indefinite life is recognised in the Statement of Profit and Loss.

2.3.7. Technical know-how / license fee relating to production process and process design are recognized as Intangible Assets.

2.3.8. Estimated lives of intangible assets (acquired) are as follows:

- Software – 2 to 4 years
- Technical know-how/license fees – 2 to 10 years
- Right to use – wind mills – 22 years

2.3.9. The Group has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

2.4. Borrowing Cost

2.4.1. Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing cost also includes exchange rate variation to the extent regarded as an adjustment to interest cost.

2.4.2. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. All other borrowing costs are expensed in the period in which they are incurred.

2.5. Non-currents assets held for sale

2.5.1. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met, only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

2.5.2. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.5.3. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

2.6. Lease

2.6.1. Finance Lease
Lease arrangements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Leases arrangements in respect of land for lease period above threshold limit are classified as a finance lease

2.6.2. Operating Lease
Lease arrangements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Statement of Profit and Loss with reference to lease terms and other relevant considerations. Lease incentives received / lease premium paid (if any) are recognised as an integral part of the total lease expense, over the term of the lease. Payments made under Operating Leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation.

2.7. Impairment of Non-Financial Assets
Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of assets of cash generating unit (CGU) exceeds their recoverable amount.

2.8. Inventories

2.8.1. Valuation of inventories of different categories is as under: -

a) Crude oil is valued at cost on First in First Out (FIFO) basis or at net realisable value, whichever is lower. Crude oil is not written down below cost except in cases where their prices have declined subsequently and it is estimated that the cost of the finished goods will exceed their net realisable value.
b) Raw materials for 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) Finished products (lubricants) are valued at weighted average cost or at net realisable value, whichever is lower.
f) Empty packages are valued at weighted average cost.
g) Stores and spares which do not meet the recognition criteria under Property, Plant and Equipment are valued at weighted average cost. Surplus, obsolete and slow moving stores and spares, if any, are valued at cost of net realizable value whichever is lower. Surplus items, when transferred from completed projects are valued at cost / estimated value, pending periodic assessment / ascertainment of condition. Stores and Spares in transit are valued at cost.

2.8.2. Customs duty on Raw materials/Finished goods lying in bonded warehouse are provided for at the applicable rates except where liability to pay duty is transferred to consignee.

2.8.3. Excise duty on finished stocks lying at manufacturing locations is provided for at the assessable value applicable at each of the locations based on applicable duty.

2.8.4. The net realisable value of finished goods and stock in trade are final selling prices for sales to oil marketing companies and depot prices applicable to the locations. For the purpose of stock valuation, the proportion of sales of oil marketing companies and consumer sales are determined on location wise and product wise sales of subsequent period.

2.9. Revenue recognition

2.9.1. Sale of goods

Revenue from the sale of goods is recognised when the:

a) significant risks and rewards of ownership of the goods are passed to the buyer,

b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
c) revenue can be measured reliably,
d) it is probable that economic benefits associated with the transaction will flow to the Group, and
e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, taxes or duties collected on behalf of the government and applicable trade discounts or rebates.

Revenue is allocated between loyalty programs and other components of the sale. The amount allocated to the loyalty program is deferred, and is recognised as revenue when the Group has fulfilled its obligation to supply the products under the terms of the program or when it is no longer probable that the points under the program will be redeemed.

Where the Group acts as an agent on behalf of a third party, the associated income is recognised on a net basis.

Claims, including subsidy on LPG and SKO, from Government of India are booked on in principle acceptance thereof on the basis of available instructions / clarifications, subject to final adjustments as stipulated.

2.9.2. Interest income is recognised taking into account the amount outstanding and the applicable effective interest rate.

2.9.3. Dividend is recognised when right to receive the payment is established.

2.10. Accounting/ classification of expenditure and income

2.10.1. Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit are corrected retrospectively.

2.10.2. Prepaid expenses upto threshold limit in each case, are charged to revenue as and when incurred.

2.10.3. Insurance claims are accounted on acceptance basis.

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

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

2.11. Employee benefits

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

2.11.2. Post-employment benefits

Defined Contribution Plans:
Obligations for contributions to defined contribution plans are expensed in the Statement of Profit & Loss of the year in which the related services are rendered by the employees.

Defined Benefit Plans:

Post-employment benefits
Liability towards defined employee benefits (gratuity, pension, post – retirement medical benefits, ex-gratia and resettlement allowance) are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

Other long-term employee benefits
Liability towards other long term employee benefits (leave encashment, long service awards, provident fund contribution to trust and death benefits) are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.

Re-measurements gains and losses are recognized in the Statement of Profit and Loss in the period in which they arise.

2.11.3. Termination benefits
Expenditure on account of Voluntary Retirement Schemes are charged to Statement of Profit & Loss, as and when incurred.

2.12. Foreign currency transactions

2.12.1. Monetary items:
Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March 2016) are recognised in Statement of Profit and Loss either as ‘Exchange Rate Variation’ or as ‘finance costs’ (to the extent regarded as an adjustment to borrowing costs), as the case maybe.

In case of long term foreign currency monetary items outstanding as of 31st March 2016, foreign exchange differences arising on settlement or translation of long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in case of other long term foreign currency monetary items, if any, accumulated in ‘Foreign Currency Monetary Item Translation Difference Account’ and amortised over the balance period of the asset / liability.

2.12.2. Non – Monetary items:
Non-monetary items, other than those measured at fair value, denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

2.13. Investment in Subsidiary, associates and joint ventures
Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each reporting date.

The Group has chosen the carrying value of the investment in Subsidiaries, associates and joint ventures existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

2.14. Government Grants

2.14.1. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

2.14.2. When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

2.14.3. When the grant relates to property, plant and equipment, the cost of property, plant and equipment is shown at gross value and grant thereon is treated as liability (deferred income) and are credited to statement of profit and loss on a systematic basis over the useful life of the asset.

2.15. Exploration & production expenditure

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

2.15.1. Cost of surveys, studies, carrying and retaining undeveloped properties are expensed out in the year of incurrence.

2.15.2. 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.

2.15.3. Accumulated costs on exploratory wells in progress are expensed out in the year in which they are determined to be dry.

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

2.16. Provisions and contingent liabilities

2.16.1. Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.16.3. If the effect of the time value of money is material, provisions are discounted using an appropriate discount rate. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.16.4. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

2.16.5. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

2.16.6. Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

2.16.7. Contingent Liabilities are considered only when show-cause notice is converted into demand.

2.17. Fair value measurement

2.17.1. Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability also reflects its non-performance risk.

2.17.2. While measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

Financial Instruments

2.18. Financial Assets

2.18.1. Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

2.18.2. Subsequent measurement
Subsequent measurement is determined with reference to the classification of the respective financial assets. The Group classifies financial assets (other than equity instruments) as under;

(a) subsequently measured at amortised cost;
(b) fair value through other comprehensive income; or
(c) fair value through profit or loss

on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is
- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.

Debt instruments at Fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for measurement of debt instruments.

After initial measurement, any fair value changes including any interest income, impairment loss and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI).

Equity instruments included within the FVTPL category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss.

2.18.4. Impairment of financial assets

In accordance with Ind-AS 109, the Group applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortised cost.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date.

2.19. Financial Liabilities

2.19.1. Initial recognition and measurement

All financial liabilities (not measured subsequently at fair value through profit or loss) are recognised initially at fair value net of transaction costs that are directly attributable to the respective financial liabilities.

2.19.2. Subsequent measurement

The Group classifies all financial liabilities as subsequently measured at amortised cost by using the Effective Interest Rate Method ("EIR") and such amortisation is recognised in the Statement of Profit and Loss.

2.20. Financial guarantees

Financial guarantee contracts are recognised initially at fair value. Subsequently on each reporting date, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation.

2.21. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at each measurement date at fair value with the fair value changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.22. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.23. Taxes on Income

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

2.23.2. Deferred tax liability/asset on account of temporary difference is recognised using tax rates and tax laws enacted or substantively enacted as at the Balance Sheet date.

2.23.3. Deferred tax assets are recognised and carried forward for all deductible temporary differences only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary difference can be utilized.

2.23.4. The carrying amount of deferred tax assets/Liabilities is reviewed at each Balance Sheet date.

2.23.5. 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 Group.

2.24. Earnings per share

2.24.1. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

2.24.1. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

2.25. Cash and Cash equivalents

Cash and cash equivalents includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.26. Cash Flows

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.27. Business combination

The acquisition method of accounting is used to account for business combination by the Group. In this method, acquiree's identifiable assets, liabilities and contingent liabilities that meet condition for recognition are recognized at their fair values at the acquisition date. Non-controlling interest is measured at proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired. The transaction costs incurred in connection with business combination are recognised in the consolidated statement of profit and loss.

When a business combination is achieved in stages, the Group’s previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

Notes forming part of Consolidated financial statements as on 31st March, 2017

Note 3: Property, Plant and Equipments

The following are the carrying values of Property, Plant& Equipment : (₹ / Crores)

Particulars	Land -Freehold	Leasehold Property - Land	Buildings	Plant & Equipment	Furniture & Fixtures	Transport Equipment	Office Equipment	Roads and Culverts	Railway Siding & Rolling Stock	E&P Producing Properties	Total
Gross Block											
As on 01.04.2015	**692.25**	**29.76**	**3,688.06**	**21,413.13**	**93.36**	**50.19**	**897.38**	**1,800.49**	**201.39**	**417.43**	**29,283.44**
Additions/ Reclassifications	20.52	1.61	739.21	6,079.07	30.86	11.62	632.70	287.77	64.81	132.47	8,000.64
Deductions/ Reclassifications	17.51	-	20.26	739.32	8.50	0.20	64.17	10.52	0.10	(24.06)	836.52
As on 31.03.2016	**695.26**	**31.37**	**4,407.01**	**26,752.88**	**115.72**	**61.61**	**1,465.91**	**2,077.74**	**266.10**	**573.96**	**36,447.56**
Additions/ Reclassifications	48.15	12.71	526.77	4,220.50	54.62	19.09	447.53	227.55	18.75	2.61	5,578.28
Deductions/ Reclassifications	12.20	0.57	3.62	141.27	2.85	1.00	12.25	0.16	0.02	11.98	185.92
As on 31.03.2017	**731.21**	**43.51**	**4,930.16**	**30,832.11**	**167.49**	**79.70**	**1,901.19**	**2,305.13**	**284.83**	**564.59**	**41,839.92**
											-
Depreciation/ Amortisation											-
As on 01.04.2015	-	-	-	-	-	-	-	-	-	-	-
For the year 2015-16	-	0.02	124.59	1,766.77	18.09	12.65	349.69	336.72	21.14	165.49	2,795.16
Deductions/ Reclassifications	-	-	0.07	2.55	0.09	0.01	0.16	0.11	0.01	(0.57)	2.43
As on 31.03.2016	**-**	**0.02**	**124.52**	**1,764.22**	**18.00**	**12.64**	**349.53**	**336.61**	**21.13**	**166.06**	**2,792.73**
For the year 2016-17	-	0.04	140.44	1,717.96	19.89	11.97	295.16	324.17	22.13	212.15	2,743.91
Deductions/ Reclassifications	-	-	1.57	117.80	0.93	0.83	8.21	0.12	0.02	5.80	135.28
As on 31.03.2017	**-**	**0.06**	**263.39**	**3,364.38**	**36.96**	**23.78**	**636.48**	**660.66**	**43.24**	**372.41**	**5,401.36**
Net Block as on 01.04.15	**692.25**	**29.76**	**3,688.06**	**21,413.13**	**93.36**	**50.19**	**897.38**	**1,800.49**	**201.39**	**417.43**	**29,283.44**
Net Block as on 31.03.16	**695.26**	**31.35**	**4,282.49**	**24,988.66**	**97.72**	**48.97**	**1,116.38**	**1,741.13**	**244.97**	**407.90**	**33,654.83**
Net Block as on 31.03.17	**731.21**	**43.45**	**4,666.77**	**27,467.73**	**130.53**	**55.92**	**1,264.71**	**1,644.47**	**241.59**	**192.18**	**36,438.56**

1. Includes assets costing Rs.0.007 crores /- (2015-2016 :Rs.0.007 crores; 2014-15 : Rs.0.007 crores) 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 Rs. 464.72 Crores (2015-2016: Rs. 477.90 Crores ; 2014-15 : Rs. 153.60 crores) towards Building, Other Machinery, Pipelines, Railway Sidings, Right of Way etc. being the Corporation's Share of Cost of Land & Other Assets jointly owned with other Companies.

3. Includes Rs.35.28 Crores (2015-2016 : Rs 35.28 Crores ; 2014-15: Rs. 35.99 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 amortized at the rate of depreciation specified in Schedule II of Companies Act, 2013.

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

	Orignal Cost (₹/ Crores)		
Description	**31.03.2017**	**31.03.2016**	**01.04.2015**
Roads & culverts	0.13	0.13	0.13
Buildings	1.62	1.62	1.62
Plant & Equipment	2.55	2.65	2.79
Total	**4.30**	**4.40**	**4.54**

b) Includes assets held under PAHAL (DBTL) scheme against which financial assistance is being provided by MOP&NG.

	Orignal Cost (₹/ Crores)		
Description	**31.03.2017**	**31.03.2016**	**01.04.2015**
Computer Software	6.93	3.31	NIL
Computers/ End use devices	4.45	5.85	NIL
Office Equipment	0.01	0.01	NIL
Automation, Servers & Networks	1.55	-	NIL
Total	**12.94**	**9.17**	**NIL**

Notes forming part of Consolidated financial statements as on 31st March, 2017

5. Deduction/ reclassification includes assets Rs. 3.96 crores as on 31.03.17 (31.03.16 : Rs. 5.32 crores ; 01.04.15 Rs. 2.00 crores) for which management has given consent for disposal & hence classified as Assets held for sale.

6. Leasehold Land includes Rs.27.57 Crores (2015-16: Rs. 26.87 Crores 2014-15 : Rs. 25.25 crores) for land acquired on lease-cum-sale basis from Karnataka Industrial Area Development Board (KIADB) which is capitalized without being amortised over the period of lease. Lease shall be converted into Sale on fulfillment of certain terms and conditions, as per allotment letter.

Note 5: Intangible Assets

The following are the carrying values of Other Intangible assets : (₹ / Crores)

Particulars	**Right of Way**	**Technical / Process Licenses**	**Software**	**Wind Energy Equipments**	**Total**
Gross Block					
As on 01.04.2015	**147.22**	**42.44**	**21.47**	**176.06**	**387.19**
Additions/ Reclassifications	11.08	27.04	15.14	12.50	65.76
Deductions/ Reclassifications	-	9.70	-	-	9.70
As on 31.03.2016	**158.30**	**59.78**	**36.61**	**188.56**	**443.25**
Additions/ Reclassifications	12.55	1.92	23.40	-	37.87
Deductions/ Reclassifications	-	-	-	-	-
As on 31.03.2017	**170.85**	**61.70**	**60.01**	**188.56**	**481.12**
					-
Depreciation/ Amortisation					-
As on 01.04.2015	**-**	**-**	**-**	**-**	**-**
For the year 2015-16	-	6.92	11.53	10.00	28.45
Deductions/ Reclassifications	-	-	-	-	-
As on 31.03.2016	**-**	**6.92**	**11.53**	**10.00**	**28.45**
For the year 2016-17	-	9.29	12.04	10.33	31.66
Deductions/ Reclassifications	-	-	-	-	-
As on 31.03.2017	**-**	**16.21**	**23.57**	**20.33**	**60.11**
Net Block as on 01.04.15	**147.22**	**42.44**	**21.47**	**176.06**	**387.19**
Net Block as on 31.03.16	**158.30**	**52.86**	**25.08**	**178.56**	**414.80**
Net Block as on 31.03.17	**170.85**	**45.49**	**36.44**	**168.23**	**421.01**

(₹/crores)

	Notes	31.03.2017	31.03.2016	01.04.2015
4: Capital Work-in-Progress				
Unallocated Capital Expenditure and Materials at Site		1,597.58	1,602.43	2,693.42
Capital Stores lying with Contractors		6.25	9.00	304.92
Capital goods in transit		24.95	4.63	1.22
	A	**1,628.78**	**1,616.06**	**2,999.56**
Construction period expenses pending apportionment (Net of recovery)				
Opening balance		236.71	473.42	704.66
Add: Expenditure during the year				
Establishment charges including Salaries & Wages		79.73	81.29	107.05
Interest		68.16	109.92	266.12
Loss / (gain) on foreign currency transactions and translations		(193.78)	576.61	347.38
Others		0.03	0.33	9.60
		190.85	**1,241.57**	**1,434.81**
Less: Allocated to assets capitalised during the year / charged off		25.09	1,004.86	961.38
Closing balance pending allocation	B	**165.76**	**236.71**	**473.43**
	A + B	**1,794.54**	**1,852.77**	**3,472.99**
5a: Intangible Assets Under Development *				
ONGC onshore marginal fields		1.36	1.36	1.36
Discovered Field (Permit T/18P)		18.48	18.88	17.81
Yolla Field (License: T/L 1)		53.11	41.44	69.19
		72.95	**61.68**	**88.36**

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

	Notes	31.03.2017	31.03.2016	01.04.2015
6: Investments in Joint Ventures and Associates				
Investments in Equity Instruments				
Associates				
Quoted				
Mangalore Refinery and Petrochemicals Ltd. 29,71,53,518 (31.03.2016 : 29,71,53,518 ; 01.04.2015 : 29,71,53,518) Equity Shares of ₹ 10 each fully paid up		1,606.25	1,019.92	883.38
Un - Quoted				
GSPL India Transco Ltd 2,25,50,000 (31.03.2015 : 1,81,50,000 ; 01.04.2015 : 1,54,00,000) Equity Shares of ₹ 10 each fully paid up		23.15	18.65	15.81
GSPL India Gasnet Ltd 3,04,72,128 (31.03.2016 : 2,33,22,128 ; 01.04.2015 : 2,05,72,128) Equity Shares of ₹ 10 each fully paid up		31.09	23.82	20.95
Joint Ventures				
Un - Quoted				
HPCL-Mittal Energy Ltd. 3,93,95,55,200 (31.03.2016 : 3,93,95,55,200 ; 01.04.2015 : 3,69,07,35,200) Equity Shares of ₹ 10 each fully paid up		3,681.42	2,109.59	1,172.66
Hindustan Colas Pvt. Ltd. 47,25,000 (31.03.2016 : 47,25,000 ; 01.04.2015 : 47,25,000) Equity Shares of ₹ 10 each fully paid-up		131.18	105.10	95.15
CREDA HPCL Biofuel Ltd. 1,60,99,803 (31.03.2016 : 1,60,99,803 ; 01.04.2015 : 1,60,99,803) Equity Shares of ₹ 10 each fully paid up		0.01	2.79	8.09
HPCL Rajasthan Refinery Ltd (refer note 6.1) 37,000 (31.03.2016 : 37,000 ; 01.04.2015 : 37,000) Equity Shares of ₹ 10 each fully paid-up		72.50	72.51	72.51
Petronet India Ltd. 1,60,00,000 (31.03.2016 : 1,59,99,999 ; 01.04.2015 : 1,59,99,999) Equity Shares of ₹ 10 each fully paid up		16.91	11.84	16.00
Less:- Provision for Impairment		-	-	(16.00)
Petronet MHB Ltd. 17,95,11,020 (31.03.2016 : 15,78,41,000 ; 01.04.2015 : 15,78,41,000) Equity Shares of ₹ 10 each fully paid up		217.55	166.75	148.48
South Asia LPG Co. Pvt. Ltd. 5,00,00,000 (31.03.2016 : 5,00,00,000 ; 01.04.2015 : 5,00,00,000) Equity Shares of ₹ 10 each fully paid up		155.89	134.91	120.41
Bhagyanagar Gas Ltd. 2,25,00,000 (31.03.2016 : 2,24,99,997 ;01.04.2015 : 2,24,99,997) Equity Shares of ₹ 10 each fully paid up		32.71	29.44	28.25
Aavantika Gas Ltd 2,25,00,000 (31.03.2016 : 2,24,99,998 ; 01.04.2015 : 2,24,99,998) Equity Shares of ₹ 10 each fully paid up		45.39	35.85	27.36
HPCL Shapoorji Energy Pvt. Ltd. 1,30,00,000 (31.03.2016 : 1,15,00,000 ; 01.04.2015 : 50,00,000) Equity Shares of ₹ 10 each fully paid up		12.51	11.17	4.94

(₹/crores)

	Notes	31.03.2017	31.03.2016	01.04.2015
Godavari Gas Pvt Ltd.				
26,00,000 Equity Shares of ₹ 10 each fully paid up		2.37	-	-
Mumbai Aviation Fuel Farm Facility Pvt. Ltd.				
3,82,71,250 (31.03.2016 : 3,82,71,250 ; 01.04.2015 : 45,02,500) Equity Shares of ₹ 10 each fully paid up		40.82	31.39	-
		6,069.75	**3,773.73**	**2,597.99**

6.1 : Includes amount of ₹ 73.96 Crores (31.03.2016 : ₹ 73.96 crores, 01.04.2015 : ₹ 73.96 Crores) towards subscribed, but not paid shares of HPCL Rajasthan Refinery Limited being part of MOA / AOA for which liability is created under Section 10 (2) of the Companies Act, 2013.

₹ / Crores

Disclosure towards Cost / Market Value	31.03.2017	31.03.2016	01.04.2015
a Aggregate amount of Quoted Investments (Market Value)	3,169.14	1,992.41	1,995.39
b Aggregate amount of Quoted Investments (Cost)	471.68	471.68	471.68
c Aggregate amount of Unquoted Investments (Cost)	4,436.21	4,394.46	4,099.88

7: Investments

	31.03.2017	31.03.2016	01.04.2015
Investment in equity instruments carried at fair value through other comprehensive income			
Quoted			
Oil India Ltd. (refer note 7.1)			
1,78,33,700 (31.03.2016 : 1,33,75,275 ; 01.04.2015 : 1,33,75,275) Equity Shares of ₹ 10 each fully paid up	594.84	419.25	606.77
Scooters India Ltd.(refer note 7.1)			
10,000 (31.03.2016 : 10,000 ; 01.04.2015 : 10,000) Equity Shares of ₹ 10 each fully paid up	0.04	0.03	0.03
Investment in equity instruments designated at fair value through Profit and Loss Account			
Un - Quoted			
Shushrusha Citizen Co-operative Hospital Limited			
100 (31.03.2016 : 100 ; 01.04.2015 : 100) Equity Shares of ₹ 100/- each fully paid	0.00	0.00	0.00
Total Investments in Equity Instruments	594.88	419.28	606.80
Investment in Government securities carried at amortized cost			
Government Securities of the face value of ₹ 0.02 Crores			
- Deposited with Others	0.02	0.02	0.02
- On hand - ₹ 0.25 lakhs	0.00	0.00	0.00
Government Securities of the face value of ₹ 0.24 lakhs			
- Deposited with Others - ₹ 0.10 lakhs	0.00	0.00	0.00
- On hand - ₹ 0.14 lakhs	0.00	0.00	0.00
Less: Impairment	0.00	0.00	0.00
Total Investments in Government Securities	0.02	0.02	0.02
Investment in Debentures or bonds carried at amortized cost			
East India Clinic Ltd.			
- 1/2% Debenture of face value of - ₹ 0.15 lakhs	0.00	0.00	0.00
- 5% Debenture of face value of - ₹ 0.07 lakhs	0.00	0.00	0.00
Total Investments in Debentures or Bonds	0.00	0.00	0.00
Other investments carried at fair value thru Profit and Loss Account			
Structured Entities			
Un - Quoted			
Petroleum India International (Association of Persons) contribution towards Seed Capital (refer note 7.2)	0.05	0.05	5.00
Total Investments in Structured Entities	0.05	0.05	5.00
	594.95	**419.35**	**611.82**

7.1 : The Company has designated these investment at fair value through other comprehensive income because these investments represent the investments that the Company intends to hold for long-term strategic purposes. No strategic investments were disposed of during the year. There have been no transfers of the cumulative gains or losses on these investments

7.2 : 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 Indian Oil Corporation which is holding 30% and Bharat Petroleum Corporation Ltd. which is holding 20%.

HINDUSTAN PETROLEUM CORPORATION LIMITED

Notes to the Consolidated Financial Statements as at 31st March, 2017

	31.03.2017	31.03.2016	01.04.2015
		₹ / Crores	
Disclosure towards Cost / Market Value			
a Aggregate amount of Quoted Investments - Market Value	594.88	419.28	606.80
b Aggregate amount of Quoted Investments - Cost	561.77	561.77	561.77
c Aggregate amount of Unquoted Investments - Cost	0.07	0.07	5.02
d Aggregate amount of impairment in value of investments.	0.00	0.00	0.00
8: Loans			
Secured, considered good			
Employee loans and advances & Interest thereon	283.58	290.57	280.17
Unsecured, considered good			
Deposits	90.02	83.26	73.73
Loans to related parties	-	75.00	-
Other Loans	33.03	32.34	38.16
	406.63	**481.17**	**392.06**
9: Other Financial Assets			
Share application money pending allotment	-	-	2.00
	-	**-**	**2.00**
10: Other Non Current Assets			
Balances with Excise, Customs, etc.	180.62	234.77	233.81
Deposits	42.17	30.13	8.20
Advance tax (net of provisions)	255.68	188.34	194.65
Capital advances	221.12	27.03	164.81
Prepaid employee cost	129.67	126.70	130.46
Prepaid lease rental	585.50	468.94	444.25
Others Prepaid Expenses	23.12	10.80	1.81
	1,437.88	**1,086.71**	**1,177.99**

	Notes	31.03.2017	31.03.2016	01.04.2015
		₹ / Crores		
11: Inventories				
Raw materials (Including in transit 31.03.2017 : ₹ 1,420.99 crores; 31.03.2016 : ₹ 1,229.77 Crores, 01.04.2015 : ₹ 1,083.53 Crores)		3,312.86	2,365.36	2,320.39
Work-in-progress		443.67	229.40	457.28
Finished goods (Including in transit 31.03.2017 : ₹ 559.47crores ,31.03.2016 : ₹ 534.67 Crores, 01.04.2015 : ₹ 460.68 Crores)		6,032.39	6,778.26	6,565.40
Stock-in-trade (Including in transit 31.03.2017 : ₹ 472.00 crores ,31.03.2016 : ₹ 202.81 Crores, 01.04.2015 : ₹ 149.11 Crores)		8,456.30	3,562.18	3,611.32
Stores and spares (Including in transit 31.03.2017 : ₹ 13.90 crores; 31.03.2016 : ₹ 8.81 Crores, 01.04.2015 : ₹ 105.82 Crores)		380.43	405.96	542.61
Less : provision for stores and spares		9.49		
Packages		13.00	13.67	17.91
		18,629.16	**13,354.83**	**13,514.91**

11.1. The write-down of inventories to net realisable value during the year amounted to ₹ 212.09 crores (31.03.2016 : ₹ 58.32 crores; 01.04.2015 : ₹ 192.77 crores). The reversal of write downs during the year amount to ₹ Nil (31.03.2016 : ₹ Nil; 01.04.2015 : ₹ Nil). The write downs and reversal are included in cost of materials consumed or changes in inventories of finished goods and work in progress.

12: Investments

	Notes	31.03.2017	31.03.2016	01.04.2015
Investments carried at Fair Value Through Profit or Loss				
Quoted				
6.90% Oil Marketing Companies' GOI Special Bonds, 24,71,36,000 (31.03.2016 : 27,71,36,000 ; 01.04.2015 : 31,76,36,000) ₹ 100 each face value*		2,388.88	2,560.38	2,949.25
8.00% Oil Marketing Companies' GOI Special Bonds, 24,41,000 (31.03.2016 : 24,41,000 (01.04.2015 : 24,41,000) ₹ 100 each face value		25.13	24.43	24.51
8.20% Oil Marketing Companies' GOI Special Bonds, 1,23,49,000 (31.03.2016 : 1,23,49,000 ; 01.04.2015 : 1,23,49,000) ₹ 100 each face value		128.64	125.35	125.59
6.35% Oil Marketing Companies' GOI Special Bonds, 25,32,33,000 (31.03.2016 : 25,32,33,000 ; 01.04.2015 : 25,32,33,000) ₹ 100 each face value		2,364.43	2,277.39	2,276.81
7.59% Government of India, G - Sec Bonds, 1,85,00,000, ₹ 100 each face value (refer note 12.1)		193.87	-	-
	A	**5,100.95**	**4,987.55**	**5,376.16**
Un - Quoted				
Sai Wardha Power Ltd 77,83,468 (31.03.2016 : 38,91,734) Equity Shares of ₹ 10 each fully paid up		7.78	3.89	-
	A+B	**5,108.73**	**4,991.44**	**5,376.16**

12.1 : 6.90% Special Bonds of face value of ₹ 2,178.64 Crores and 7.59% G - Sec Bonds of face value of ₹ 90 crores are pledged with Clearing Corporation of India Limited against CBLO Loan.

HINDUSTAN PETROLEUM CORPORATION LIMITED

Notes to the Consolidated Financial Statements as at 31st March, 2017

₹ / Crores

	31.03.2017	31.03.2016	01.04.2015
Disclosure towards Cost / Market Value			
a Aggregate amount of Quoted Investments - Market Value	5,100.95	4,987.55	5,376.16
b Aggregate amount of Quoted Investments - Cost	5,343.23	5,451.59	5,856.59
c Aggregate amount of Unquoted Investments - Cost	7.78	3.89	-
d Aggregate amount of impairment	-	-	-
13: Trade Receivables			
Unsecured considered good	4,113.35	3,791.97	3,253.32
Doubtful	143.08	147.79	131.27
Less: Allowances for Bad and Doubtful Debts	21.69	15.69	35.62
Less: Impairment Provision (Expected Credit Loss Model)	143.08	147.79	131.27
	4,091.66	**3,776.28**	**3,217.70**
14: Cash and Cash Equivalents			
Balances with Banks:			
- on current accounts	5.85	14.53	59.31
- on non-operative current accounts	0.01	0.01	0.01
Cheques awaiting deposit	0.06	0.12	1.06
Cash on hand	7.64	7.67	7.82
Current account with Municipal Co-operative Bank Ltd.	-	-	0.00
Fixed Deposits with original maturity less than 3 months	97.91	115.92	36.56
	111.47	**138.25**	**104.76**
15: Other Bank Balances			
Earmarked balances with banks*	15.01	6.56	3.20
Fixed Deposits with 3 - 12 months maturity	9.92	9.34	6.47
Earmarked for DBTL Claim		415.11	-
Less : DBTL Buffer Liability (refer note 15.1)		415.11	-
	24.93	**15.90**	**9.67**

*Includes Earmarked for unclaimed dividend

15.1 : Represents amount as of 31.03.2016 out of funds remitted by GOI in Connection with Direct Benefit Transfer of LPG Scheme and held on behalf of Government of India.

	31.03.2017	31.03.2016	01.04.2015
16: Loans			
Secured, considered good			
Employee loans and advances & Interest thereon	33.13	33.82	36.45
Unsecured, considered good			
Deposits	0.03	0.03	-
Loans to related parties	75.00	-	75.00
Other Loans	17.33	21.96	65.42
	125.49	**55.81**	**176.87**
17: Other Financial Assets			
Amounts recoverable under subsidy schemes	1,218.25	2,028.43	744.96
Interest accrued on investments	74.39	74.54	80.25
Derivative Assets	58.41	-	0.10
Delayed payment charges receivable from customers	205.68	209.91	219.97
Less : Provision for doubtful receivables	78.85	83.66	66.72
Receivables from Govt of India towards DBTL	1,195.08	1,663.17	2,835.27
Receivables from LIC	826.52	759.81	697.84
Other Receivables	829.46	221.56	283.57
Less:Provision for doubtful	11.71	5.94	3.97
	4,317.23	**4,867.82**	**4,791.27**
18: Other Current Assets			
Advance recoverable in kind for value to be received	9.65	19.97	20.45
Balances with Excise, Customs, etc.	484.13	451.12	460.61
Prepaid employee cost	13.67	12.95	12.20
Prepaid lease rental	38.03	30.09	20.58
Other Prepaid Expenses	85.51	50.66	24.99
Gold Coins in hand	5.32	5.32	5.18
Other Current Assets	17.14	15.52	30.37
	653.45	**585.63**	**574.38**

HINDUSTAN PETROLEUM CORPORATION LIMITED

Notes to the Consolidated Financial Statements as at 31st March, 2017

(₹/ crores)

	Notes	31.03.2017	31.03.2016	01.04.2015
19: Equity Share capital				
A. Authorised:				
75,000 (31.03.2016 : 75,000; 01.04.2015 : 75,000) Cumulative Redeemable Preference Shares of ₹ 100/- each		0.75	0.75	0.75
2,49,92,50,000 (31.03.2016 : 34,92,50,000; 01.04.2015 : 34,92,50,000) Equity Shares of ₹ 10/- each		2,499.25	349.25	349.25
		2,500.00	**350.00**	**350.00**
B. Issued:				
1,01,65,84,500 (31.03.2016 : 33,93,30,000; 01.04.2015 : 33,93,30,000) Equity Shares of ₹ 10 each		1,016.58	339.33	339.33
C. Subscribed & Fully Paid up :				
1,015,881,750 (31.03.2016 : 33,86,27,250; 01.04.2015 : 33,86,27,250) Equity Shares of ₹ 10 each fully paid up		1,015.88	338.63	338.63
D. Shares Forfeited :				
7,02,750 (31.03.2016 : 7,02,750; 01.04.2015: 7,02,750) Shares Forfeited (money received)		0.39	0.39	0.39
		1,016.27	**339.01**	**339.01**

E. Reconciliation of number of shares outstanding at the beginning and end of the year :

Equity share :	31.03.2017	31.03.2016
Outstanding at the beginning of the year	338,627,250	338,627,250
Equity shares allotted as fully paid bonus shares (refer note # H)	677,254,500	
Outstanding at the end of the year	**1,015,881,750**	**338,627,250**

F. Rights and Restrictions on Equity / preference 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.

G. Details of shareS held by each shareholder holding more than 5% shares in the company:

	31.03.2017	
Name of shareholders	**% Holding**	**No. of Shares**
President of India	51.11	519,230,250
Life Insurance Corporation of India	2.17	22,027,765

	31.03.2016	
Name of shareholders	**% Holding**	**No. of Shares**
President of India	51.11	17,30,76,750
Life Insurance Corporation of India	2.60	88,16,223

	01.04.2015	
Name of shareholders	**% Holding**	**No. of Shares**
President of India	51.11	17,30,76,750
Life Insurance Corporation of India	5.18	1,75,31,442

H. During Financial Year 2016-17, the Corporation had issued Bonus Shares in the ratio of 2:1 by capitalization of Reserve. The total number of Bonus Shares issued is 67,72,54,500 equity shares having face value of ₹ 10 each.

		31.03.2017	31.03.2016	01.04.2015
20a: Reserves and Surplus				
Capital Redemption Reserve	(i)	1.56	1.56	1.56
Share Premium Account	(ii)	360.81	1038.06	1038.06
Debenture Redemption Reserve	(iii)	265.13	265.13	413.30
Capital Reserve	(iv)	0.52	0.44	0.44
Foreign Currency Monetary Item Translation Difference Account	(v)	(0.44)	(194.80)	(62.79)
General Reserve	(vi)	1859.17	1859.17	1859.17
Surplus	(vii)	17531.44	13498.08	10421.72
		20018.19	**16467.64**	**13671.46**

	31.03.2017	31.03.2016
(i) Capital Redemption Reserve :		
As per last Balance Sheet	**1.56**	**1.56**
(ii) Share Premium Account		
As per last Balance Sheet	1038.06	1038.06
Less:- Bonus shares issued during the year	677.25	0.00
	360.81	**1038.06**
(iii) Debenture Redemption Reserve		
As per last Balance Sheet	265.13	413.30
Less: Transfer to Surplus in the Statement of Profit and Loss	0.00	148.17
	265.13	**265.13**
(iv) Capital Reserve		
As per last Balance Sheet	0.44	0.44
Add: Transfer during the year	0.08	0.00
	0.52	**0.44**

(₹/ crores)

	Notes	31.03.2017	31.03.2016	01.04.2015
(v) Foreign Currency Monetary Item Translation Difference Account				
As per last Balance Sheet		(194.80)	(62.79)	
Add : Additions during the year		(160.02)	(380.83)	
Less : Amortised during the year		(354.38)	(248.82)	
		(0.44)	**(194.80)**	
(vi) General Reserve				
As per last Balance Sheet		1859.17	1859.17	
		1859.17	**1859.17**	
(vii) Surplus				
As per last Balance Sheet		13,498.08	10,421.72	
Add : Profit for the year		8,235.82	4,674.69	
Add : Transfer from Debenture Redemption Reserve		-	148.17	
Less : Profit appropriated to Interim / Proposed Dividend		3,477.70	1,456.10	
Less : Profit appropriated to Tax on Distributed Profits		707.98	296.43	
Add : Reversal of Provision for dimunition in value of Investment on Consolidation*		-	9.65	
Add: Share in Other comprehensive Income of equity accounted investees		(1.33)	0.02	
Add : Restetment Gain / Loss on Defined Benefit Plans		(15.45)	(3.64)	
		17,531.44	**13,498.08**	
		20,018.19	**16,467.64**	

*On Account of first time consolidation of Petronet India Ltd., excess of provision over the absorption of losses is transferred to reserves.

20b: Other Reserves		31.03.2017	31.03.2016	01.04.2015
Equity Instruments through Other Comprehensive Income	(i)	33.11	(142.50)	45.02
Foreign Currency Translation Reserve	(ii)	3.86	(0.38)	(0.13)
		36.97	**(142.88)**	**44.89**

	31.03.2017	31.03.2016
(i) Equity Instruments through Other Comprehensive Income		
As per last Balance Sheet	(142.50)	45.02
Add : Additions during the year	175.61	(187.52)
	33.11	**(142.50)**
(ii) Foreign Currency Translation Reserve		
As per last Balance Sheet	(0.38)	(0.13)
Add : Additions during the year	4.24	(0.25)
	3.86	**(0.38)**

21: Borrowings

	31.03.2017	31.03.2016	01.04.2015
Bonds or Debentures			
Secured			
8.77% Non-convertible debentures (refer note 21.1)	975.00	975.00	975.00
8.75% Non-convertible debentures (refer note 21.1)	-	-	545.00
Term loans			
Secured			
Oil Industry Development Board (refer note 21.2)	283.75	348.25	258.00
Other Loans (refer note 21.4)	309.42	324.12	307.55
Un - secured			
Syndicated Loans from Foreign Banks (repayable in foreign currency) (refer note 21.3)	9,647.52	9,813.56	10,186.01
Oil Industry Development Board (refer note 21.2)	-	125.00	325.00
Syndicated Working Capital Loans from Foreign Banks (repayable in foreign currency) (refer note 21.3)	-	6,583.00	6,162.56
	11,215.69	**18,168.93**	**18,759.12**
Less: Current Maturities of Long Term Borrowings	4,097.89	6,810.17	3,270.37
	7,117.80	**11,358.76**	**15,488.75**

(₹/ crores)

	Notes	31.03.2017	31.03.2016	01.04.2015

In respect of Secured Loans :

21.1 Debentures

(a) The Group has issued the following Secured Redeemable Non-convertible Debentures:

With respect to debentures issued by Hindustan Petroleum Corporation Ltd. (HPCL)

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 first legal mortgage by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Visakh Refinery. The value of such assets is ₹ 1,111.87 Crs as on 31/03/2017, ₹ 1,072.98 Crs. as on 31/03/2016 and ₹ 1,126.39 Crs. as on 01/04/2015. During the year ended March, 2017 an amount of ₹ 975.00 crores of 8.77% Non-Convertible Debentures is repayable within one year and shown in note # 27.

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, by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Mumbai Refinery. The value of such assets as on 01/04/2015 is ₹ 936.15 Crores. During the year ended March, 2017 an amount of Nil (31.03.2016 : Nil; 31.03.2015 : ₹ 545.00 crores) of 8.75% Non-Convertible Debentures is repayable within one year and shown in note # 27. These Debentures Matured on 9th November, 2015.

21.2 Term Loans from Oil Industry Development Board

Repayable during	Amount in (₹) Crores		
	31.03.2017	**31.03.2016**	**01.04.2015**
2015-16	-	-	234.50
2016-17	-	189.50	189.50
2017-18	95.69	95.69	64.50
2018-19	95.69	95.69	64.50
2019-20	61.19	61.19	30.00
2020-21	31.19	31.19	0.00
Total	**283.75**	**473.26**	**583.00**
Secured	283.75	348.25	258.00
Unsecured	-	125.00	325.00

Security has been created with first charge on the facilities of Awa Salawas Pipeline, Manglore Hasan Mysore LPG Pipeline, Uran - Chakan / Shikarpur LPG Pipeline & Rewari Project Pipeline. ₹ 95.69 Crores (31.03.2016 : ₹ 189.50 crores; 31.03.2015 : ₹ 234.50 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 27.

Repayable during	Range of Interest Rate		
	31.03.2017	**31.03.2016**	**01.04.2015**
2015-16	-	-	7.20%-9.27%
2016-17	-	8.07 %-9.27 %	8.07%-9.27%
2017-18	7.86%-9.27%	7.86 %-9.27 %	8.78%-9.27%
2018-19	7.86%-9.27%	7.86 %-9.27 %	8.78%-9.27%
2019-20	7.86%-9.11%	7.86 %-9.11 %	8.78%-9.11%
2020-21	7.86%-8.09%	7.86 %-8.09 %	

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

With respect to Loan taken by Hindustan Petroleum Corporation Ltd.

The Corporation has availed Long Term Foreign Currency Syndicated Loans from banks at 3 months floating LIBOR plus spread (spread range : 65 to 155 basis point p.a.). These loans are taken for the period of 5 years. ₹ 3,008.46 Crores (31.03.2016 :₹ 6,583.00 crores; 31.03.2015 : ₹ 2,490.87 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 27.

With respect to Loan taken by Prize Petroleum International Pte Ltd.

The bank loan bear interest at 1.2% + 6-months LIBOR per annum (2016: 3.65% + 6- months LIBOR per annum), which is ranging from 2.46% to 2.60% (2016: 3.98% to 4.10%) p.a. for the financial year ended 31st March 2017. The bank loan is repayable on the 7th anniversary of the utilisation date on 28th October, 2023.

21.4 : Other Loans

With respect to Loan taken by HPCL Biofuels Ltd. (HBL)

Soft loan of ₹ 10.14 crores (which was availed through SBI during 2015-16 through SBI with interest subvention to the extent of 10%, as announced by Government of India) has been fully settled during 2016-17.

Government Of Bihar (GOB) Soft Loan of ₹ 16.48 crores was availed through SBI during FY 2015-16 with interest subvention to the extent of 10%. Four installments amounting to ₹ 3.30 crores was paid during FY 2016-17 (P.Y. Nil) The Balance of GoB Soft Loan as on 31.03.2017 was ₹ 13.14 crores (P.Y. ₹ 16.41 crores)

Term Loan of ₹ 308.80 crores was availed through SBI during FY 2014-15. Three installments amounting to ₹ 11.58 crores was paid during the current FY 2016-17 (P.Y. Nil) The Balance of term loan as on 31.03.2017 was ₹ 29.63 crores (₹ 307.71 crores) as on 31.03.2016).

The term loan as well as the soft loans under GOI and GOB schemes are secured by equitable mortgage of Land, Building & Fixed Assets.

22: Other Financial Liabilities

	31.03.2017	31.03.2016	01.04.2015
Deposits from Consumers (refer note 22.1)	10,996.83	9,397.77	8,253.85
Other Liabilities	0.44	0.41	0.38
	10,997.27	**9,398.18**	**8,254.23**

22.1: Amount reflected towards depoosits received from customers / dealers have been presented as non-current Financial Liabilities. In view of the Group, such presentation would reflect an appropriate classification on commercial practice as these are generally not claimed in short term.

Amount includes deposits received towards Rajiv Gandhi Gramin LPG Vitrak Yojana and Prime Minister Ujjavala Yojana of ₹ 941.61 crores (31.03.2016 : ₹ 219.64 crores; 01.04.2015 : ₹ 34.07 crores). The deposit against these schemes have been funded from CSR fund or by Government of India.

HINDUSTAN PETROLEUM CORPORATION LIMITED
Notes to the Consolidated Financial Statements as at 31st March, 2017

(₹/ crores)

	Notes	31.03.2017	31.03.2016	01.04.2015
23: Provisions				
Provision for employee benefits		183.26	164.58	99.73
Others		0.07	0.06	0.06
		183.33	**164.64**	**99.79**
24: Other Non Current Liabilities				
Capital grant		23.61	28.21	20.46
		23.61	**28.21**	**20.46**
25: Borrowings				
Loans repayable on demand				
Secured				
from banks				
Cash Credit (Secured by hypothecation of Inventories in favour of Banks on pari passu basis)		1,763.70	2,502.21	1,173.99
from other parties				
Collateral Borrowing and Lending Obligation (Secured by Pledge of 6.90 % Oil Marketing Companies' GOI Special Bonds, 2026)		1,489.51	1,489.07	1,088.99
Unsecured				
Clean Loans		1,200.00	-	-
from other parties				
Commercial papers		6,461.17	-	-
		10,914.38	**3,991.28**	**2,262.98**
26: Trade Payables				
Micro, Small and Medium Enterprises (MSME) (refer note 26.1)		22.76	18.55	15.19
Other than MSME		12,676.90	9,446.25	11,567.51
		12,699.66	**9,464.80**	**11,582.70**

26.1 : 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.

	Notes	31.03.2017	31.03.2016	01.04.2015
27: Other Financial Liabilities				
Current Maturities of Long Term Borrowings		4,097.89	6,810.17	3,270.37
Interest accrued but not due on loans		30.02	41.96	58.51
Unpaid Dividend (refer note 27.1)		14.90	6.36	3.02
Preference share capital redeemed remaining unclaimed/unencashed		-	0.01	0.01
Unpaid matured Fixed Deposits		-	-	0.02
Derivative liability		1.75	22.39	1.96
Other Deposits		12.44	10.87	9.53
Other Current Financial liabilities		687.71	790.16	776.63
		4,844.71	**7,681.92**	**4,120.05**

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

	Notes	31.03.2017	31.03.2016	01.04.2015
28: Other Current Liabilities				
Revenue received in advance		726.98	703.53	833.42
Capital Grant		4.39	3.81	1.10
Statutory Payables		3,051.25	2,859.07	2,686.07
Other Liabilities		191.78	192.18	113.49
		3,974.40	**3,758.59**	**3,634.08**
29: Provisions				
Provision for employee benefits		1,585.03	978.95	1,520.15
Provision for probable obligations (refer Note No 66)		685.54	667.69	158.76
		2,270.57	**1,646.64**	**1,678.91**
30: Current Tax Liabilities (Net)				
Provision for tax (net of advance tax)		72.61	362.02	361.27
		72.61	**362.02**	**361.27**

Notes to the Consolidated Financial Statements as at 31st march, 2017

(₹/ Crores)

	Notes	FY 2016-17	FY 2015-16
31: Gross Sale of Products			
Sale of Products (refer note 31.1)		212,611.57	195,882.78
Recovery under Subsidy Schemes		1,292.58	1,773.03
		213,904.15	**197,655.81**

31.1 : Net of discount of ₹ 1,920.07 crores (2015 - 16 : ₹ 1,805.78 crores) and includes amount towards additional SSC of ₹ 57.21 Crores (2015 - 16 : ₹ 430.14 Crores).

	Notes	FY 2016-17	FY 2015-16
32: Other Operating Revenues			
Rent Recoveries		116.96	114.10
Net Recovery for LPG Filling Charges		2.40	3.08
Miscellaneous Operating Income		198.50	191.33
		317.86	**308.51**
33: Other Income			
Interest Income on Financial Assets carried at amortized cost:			
On Deposits		8.65	3.94
On Staff Loans		35.06	34.32
On Customers' Accounts		135.47	117.71
Interest On Current Investments carried at fair value through P&L		366.75	379.66
Interest on Others assets carried at amortized cost		162.68	133.08
		708.61	**668.71**
Dividend Income from non-current equity instruments at FVOCI		27.64	24.08
Dividend Income from current investments at FVTPL		-	13.01
Gain or Loss on sale of Current Investment (net)		32.36	-
Gain or Loss on Foreign Currency Transaction & Translation (net)		147.44	-
Fair value gain on Current Investments carried at FVTPL		221.77	16.49
Write on of Stores and Spares		-	0.65
Share of Profit from Petroleum India International (AOP)		0.94	0.77
Miscellaneous Income		312.27	358.91
		742.42	**413.91**
		1,451.03	**1,082.62**
34: Cost of Materials Consumed			
Cost of Raw Materials Consumed		45,013.15	40,629.21
Packages Consumed		259.98	289.71
		45,273.13	**40,918.92**
35: Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in -Trade (Increase)/ Decrease			
Closing Stock:			
Work-in-progress		443.67	229.40
Finished Goods		6,032.39	6,778.26
Stock-in-trade		8,456.30	3,562.18
		14,932.36	**10,569.84**
Opening Stock:			
Work - in - Progress		229.40	457.28
Finished Goods		6,778.26	6,565.40
Stock - in - Trade		3,562.18	3,611.32
		10,569.84	**10,634.00**
		(4,362.52)	**64.16**
36: Employee Benefits Expense			
Salaries, Wages, Bonus, etc.		2,007.70	1,653.56
Contribution to Provident Fund		130.84	122.09
Pension, Gratuity and Other Employee Benefits		516.55	179.24
Employee Welfare Expenses		314.26	384.42
		2,969.35	**2,339.31**

Notes to the Consolidated Financial Statements as at 31st march, 2017

(₹/ Crores)

	Notes	FY 2016-17	FY 2015-16
37: Finance costs			
Interest		490.05	553.84
Exchange differences regarded as an adjustment to borrowing costs		-	58.33
Other Borrowing Costs (refer note 37.1)		119.19	111.01
		609.24	**723.18**

37.1 : Includes interest u/s 234B / 234C of Income Tax Act, 1961 for an amount ₹ 26.73 crores (2015 - 16 : ₹ 31.86 crores).

	Notes	FY 2016-17	FY 2015-16
38: Other Expenses			
Consumption of Stores, Spares and Chemicals		304.47	228.83
Power and Fuel		2,260.73	2,294.46
Less : Fuel of own production consumed		2,118.83	2,061.09
		141.90	233.37
Repairs and Maintenance - Buildings		50.71	55.07
Repairs and Maintenance - Plant & Machinery		839.05	781.26
Repairs and Maintenance - Other Assets		324.48	289.71
Insurance		64.87	55.87
Rates and Taxes		174.42	185.07
Irrecoverable Taxes and Other Levies		376.42	339.07
Equipment Hire Charges		1.53	7.87
Rent		338.72	556.02
Travelling and Conveyance		203.75	185.66
Printing and Stationery		18.44	16.88
Electricity and Water		733.94	778.16
Corporate Social Responsibility (CSR) Expenses		108.11	71.80
Stores & spares written off		12.14	0.41
Loss on Sale of Current Investment		-	35.86
Provision for Doubtful Receivables		5.48	1.98
Provision for Doubtful Debts		(3.25)	13.53
Bad Debts written off		5.26	9.62
Loss on Sale/ write off of Fixed Assets/ CWIP (Net)		6.54	19.45
Security Charges		165.61	140.26
Advertisement & Publicity		156.92	70.25
Loss on revaluation of NCAHS		-	-
Sundry Expenses and Charges (Not otherwise classified)		570.20	650.33
Consultancy & Technical Services		66.56	44.73
Exchange Rate Variation (Net)		0.74	304.43
Payments to the auditor for:			
- Audit Fees		0.75	0.60
- Other Services		0.24	0.23
- Reimbursement of expenses		0.09	0.09
		4,668.09	**5,076.41**

39: First-time adoption of Ind AS
Transition to Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.
For the year ended 31.03.2016, the Group had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2014, notified under Section 133 of the Companies Act 2013 and other relevant provisions of the Act ('IGAAP').
The accounting policies set out in Note 2 have been applied in preparing the Financial Statements for the year ended 31.03.2016 onwards and the opening Ind AS Balance Sheet on the date of transition (i.e. 01.04.2015).
In preparing its Ind AS Balance Sheet as at 01.04.2015 and in presenting the comparative information for the year ended 31.03.2016, the Group has adjusted amounts previously reported in the Financial Statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Group in restating its Financial Statements prepared in accordance with IGAAP, and how the transition from IGAAP to Ind AS has impacted the Group's financial position, financial performance and cash flows.

A. Exemptions and exceptions availed

In preparing the Financial Statements, the Group has availed the below mentioned optional exemptions and mandatory exceptions.

A.1 Optional exemptions

A.1.1 Property, plant and equipment and Intangible assets

The Group has availed the exemptions available under Ind AS 101 to continue the carrying value for all of its Property, Plant and Equipment and Intangible Assets as recognised in the Financial Statements as at the date of transition to Ind ASs, measured as per the IGAAP and use that as its deemed cost as at the date of transition (1 April 2015).

A.1.2 Intangible Assets accounted for in accordance with Service Concession Arrangements

The Group has reclassified from its Property, plant and equipment certain Wind Mill Assets forming part of Service Concession Arrangements under Ind AS to Intangible assets on the date of transition. The Corporation has availed exemption available under Ind AS 101 to carry such wind mill assets at its IGAAP carrying values on the date of transition since it is impracticable to apply the requirements of Appendix C, Service Concession Arrangements to Ind AS 11 retrospectively.

A.1.3 Designation of previously recognised financial instruments

As per Ind AS 101, the Group has designated its investment in equity shares held as at 1 April 2015 as fair value through other comprehensive income (FVTOCI) based on facts and circumstances on the date of transition to Ind AS (i.e. 1 April 2015).
The Group has availed this exemption for its investment in equity shares other than Subsidiaries, Joint Ventures and Associates.

A.1.4 Business Combinitions

The group has elected not to restate business combinations that occurred before the date of transition and apply Ind AS 103 prospectively to business combinations occurring after its transition date. The group has applied the same exemption for investment in associates and joint ventures.

A.1.5 Long term foreign currency monetary items

For borrowings taken upto 31 March 2016, the Group has availed the exemption under Ind AS 101 to continue recognising foreign exchange differences on long-term foreign currency monetary items. Accordingly, exchange difference relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortised over the balance period of the Borrowings.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with IGAAP. Corporation has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under IGAAP:
- Investment in equity instruments carried at FVPL or FVOCI;
- Impairment of financial assets based on expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

A.2.2 Classification and measurement of financial assets

As permited under Ind AS 101, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

HINDUSTAN PETROLEUM CORPORATION LIMITED

B: Reconciliations between previous GAAP and Ind AS

Reconciliation of equity as at 31 March 2016 and 1 April 2015 (date of transition):

(₹ / Crores)

	31.03.2016				01.04.2015			
		Ind AS Adjustments				Ind AS Adjustments		
	I-GAAP	Application of equity method for accounting for JV and associates	Other Ind AS adjustment	Ind AS	I-GAAP	Application of equity method for accounting for JV and associates	Other Ind AS adjustment	Ind AS
ASSETS								
(1) Non-Current Assets								
(a) Property, Plant and Equipment	48,772.98	(15,092.58)	(25.57)	33,654.83	44,410.68	(15,054.84)	(72.40)	29,283.44
(b) Capital Work-in-Progress	2,255.59	(402.82)		1,852.77	3,866.00	(393.01)		3,472.99
(c) Investment Property	0.13	(0.13)			0.02	(0.02)		
(c) Goodwill on Consolidation	120.35	(103.66)		16.69	118.56	(101.87)		16.69
(d) Other Intangible Assets	449.89	(36.51)	1.42	414.80	437.48	(50.29)		387.19
(e) Intangible Assets under development	61.68	-		61.68	87.86	(1.39)	1.89	88.36
(f) Investment in Joint ventures and Associates	-	4,215.84	(442.11)	3,773.73	-	2,944.91	(346.92)	2,597.99
(g) Financial Assets	-			-	-			-
(i) Investments	669.07	(107.22)	(142.50)	419.35	658.07	(91.27)	45.02	611.82
(iii) Loans	500.03	(18.86)		481.17	410.60	(18.54)		392.06
(iv) Other Financial Assets	19.73	(19.73)		-	9.45	(7.45)		2.00
(h) Other Non current Assets	1,271.37	(256.46)	71.80	1,086.71	1,344.17	(240.95)	74.77	1,177.99
Total Non Current Assets	**54,120.82**	**(11,822.13)**	**(536.96)**	**41,761.73**	**51,342.89**	**(13,014.72)**	**(297.64)**	**38,030.53**
(2) Current assets				-				-
(a) Inventories	14,917.99	(2,091.09)	527.93	13,354.83	15,995.75	(2,922.73)	441.89	13,514.91
(b) Financial Assets	-							
(i) Investments	4,995.20	(5.64)	1.88	4,991.44	5,529.78	(155.82)	2.20	5,376.16
(ii) Trade Receivables	5,425.11	(1,044.20)	(604.63)	3,776.28	4,957.55	(1,214.59)	(525.26)	3,217.70
(iii) Cash and Cash Equivalents	540.17	(401.92)		138.25	491.81	(387.05)		104.76
(iv) Bank Balances other than (iii) above	2,236.05	(2,220.15)		15.90	1,767.42	(1,757.75)		9.67
(v) Loans	57.06	(1.25)		55.81	178.05	(1.18)		176.87
(vi) Other Financial Assets	4,908.29	(40.47)		4,867.82	5,083.46	(292.19)		4,791.27
(c) Current Tax Assets (Net)	0.16	(0.16)		-	0.44	(0.44)		-
(d) Other Current Assets	776.23	(192.35)	1.75	585.63	816.88	(244.17)	1.67	574.38
	33,856.26	**(5,997.23)**	**(73.07)**	**27,785.96**	**34,821.14**	**(6,975.92)**	**(79.50)**	**27,765.72**
Assets classified as held for Sale / Disposal	7.85	(2.53)		5.32	4.53	(2.53)		2.00
Total Current Assets	33,864.11	(5,999.76)	(73.07)	27,791.28	34,825.67	(6,978.45)	(79.50)	27,767.72
Total Assets	**87,984.93**	**(17,821.89)**	**(610.03)**	**69,553.01**	**86,168.56**	**(19,993.17)**	**(377.14)**	**65,798.25**
EQUITY AND LIABILITIES								
Equity								
(a) Equity Share Capital	339.01			339.01	339.01			339.01
(b) Other Equity								-
Reserves and Surplus	17,130.53		(662.89)	16,467.64	13,540.51		130.95	13,671.46
Other Reserves	(142.88)			(142.88)	44.89			44.89
Non Controlling Interest	39.73	(39.73)			114.33	(114.33)		
Total equity	**17,366.39**	**(39.73)**	**(662.89)**	**16,663.77**	**14,038.74**	**(114.33)**	**130.95**	**14,055.36**
Liabilities								
(1) Non Current Liabilities								
(a) Financial Liabilities								
(i) Borrowings	21,724.86	(10,372.03)	5.93	11,358.76	28,442.27	(12,946.13)	(7.39)	15,488.75
(ii) Other Financial Liabilities	9,433.87	(35.69)		9,398.18	8,314.15	(60.18)	0.26	8,254.23
(b) Provisions	210.10	(45.49)	0.03	164.64	132.84	(33.08)	0.03	99.79
(c) Deferred Tax Liabilities (Net)	3,198.10	1,191.89	644.21	5,034.20	2,456.29	1,307.28	476.10	4,239.67
(d) Other Non-Current Liabilities	119.37	(122.29)	31.13	28.21	93.25	(93.46)	20.67	20.46
Total Non Current Liabilities	**34,686.30**	**(9,383.61)**	**681.30**	**25,983.99**	**39,438.80**	**(11,825.57)**	**489.67**	**28,102.90**
(2) Current Liabilities								
(a) Financial Liabilities								
(i) Short term Borrowings	5,940.55	(1,949.27)		3,991.28	4,620.84	(2,357.86)		2,262.98
(ii) Trade Payables	14,159.54	(4,694.74)		9,464.80	16,016.31	(4,434.40)	0.79	11,582.70
(iii) Other financial liabilities	9,088.78	(1,406.86)		7,681.92	5,062.27	(938.96)	(3.26)	4,120.05
(b) Other Current Liabilities	3,976.89	(241.96)	23.66	3,758.59	3,871.19	(240.35)	3.24	3,634.08
(c) Provisions	2,340.46	(41.72)	(652.10)	1,646.64	2,757.98	(80.54)	(998.53)	1,678.91
(d) Current Tax Liabilities (Net)	426.02	(64.00)		362.02	362.43	(1.16)		361.27
Total Current Liabilities	**35,932.24**	**(8,398.55)**	**(628.44)**	**26,905.25**	**32,691.02**	**(8,053.27)**	**(997.76)**	**23,639.99**
Total Equity and Liabilities	**87,984.93**	**(17,821.89)**	**(610.03)**	**69,553.01**	**86,168.56**	**(19,993.17)**	**(377.14)**	**65,798.25**

*Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at 31 March 2016 and 1 April 2015 (₹ / crores)

	Note	31.03.2016	01.04.2015
Net worth under IGAAP - (A)		17,366.39	14,038.74
Summary of Ind AS adjustments:			
Proposed dividend for 14 - 15	B.2.1		998.53
Proposed dividend for 15 - 16	B.2.1	652.10	
Fair valuation of equity instruments (FVOCI)	B.2.2	(142.50)	45.02
Derecognition of Non controlling Interest on reclassification of subsidiary as joint venture	B.2.3	(39.73)	(114.33)
Fair valuation of investment in OMC GOI special bonds	B.2.4	1.88	2.20
Fair valuation of derivative contracts	B.2.5	(22.39)	(1.85)
Borrowings - transaction costs adjustment	B.2.6	(5.81)	1.81
Capital grant	B.2.7	(14.29)	(2.95)
Timing of revenue recognition	B.2.8	(68.78)	(64.43)
Impairment of trade receivables - expected credit loss method	B.2.9	(7.94)	(19.44)
Amortisation of prepaid lease rentals	B.2.10	(5.73)	(4.67)
Reversal of amortisation of right of way	B.2.11	1.30	
Depreciation on capital spares	B.2.12	(4.10)	(7.64)
Enabling Assets Capitalisation	B.2.13	41.75	
Others		(2.05)	7.39
Tax effects on Ind AS adjustments	B.2.16	(538.46)	(365.22)
Tax effects on Consolidation adjustments	B.2.16	(105.76)	(110.88)
Share in Ind AS Adjustments of Joint Ventures / Associates	B.2.17	(442.11)	(346.92)
Total Ind AS adjustments - (B)		**(702.62)**	**16.62**
Net Worth as per IND AS		**16,663.77**	**14,055.36**

Reconciliation of total comprehensive income for the year ended 31 March 2016: (₹ / Crores)

	FY 2015-16			
		Ind AS Adjustments		
	I-GAAP	Application of equity method for accounting for JV and associates	Other Ind AS adjustment	Ind AS
Revenue				
Revenue From Operations				
Sale of Products	226,697.37	(28,950.69)	(90.87)	197,655.81
Other Operating Revenues	336.88	(28.37)		308.51
Sale of Services	35.67	(35.67)		-
	227,069.92	**(29,014.73)**	**(90.87)**	**197,964.32**
Other Income	1,659.28	(576.66)	-	1,082.62
Total Income	**228,729.20**	**(29,591.39)**	**(90.87)**	**199,046.94**
Expenses				
Cost of Materials Consumed	58,151.77	(17,232.85)		40,918.92
Purchases of Stock-in-Trade	115,964.08	(15.65)		115,948.43
Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	601.50	(450.81)	(86.53)	64.16
Excise Duty	27,566.95	(7,512.85)		20,054.10
Transportation Expenses	5,262.23	-		5,262.23
Exploration cost	33.77	(12.49)		21.28
Employee Benefits Expense	2,530.68	(185.82)	(5.55)	2,339.31
Finance Costs	1,756.02	(1,042.59)	9.75	723.18
Depreciation & Amortization Expense	3,583.34	(734.65)	(2.60)	2,846.09
Other Expenses	6,289.07	(1,180.08)	(32.58)	5,076.41
Total Expenses	**221,739.41**	**(28,367.79)**	**(117.51)**	**193,254.11**
Share in Profit of Joint ventures and asssociates	-	1,035.41	(93.14)	942.27
Profit Before exceptional items and Tax	**6,989.79**	**-188.19**	**-66.50**	**6,735.10**
Exceptional Items	35.97	(35.97)		-
Profit Before Tax	**6,953.82**	**(152.22)**	**(66.50)**	**6,735.10**
Tax expense:				
Current tax	1,546.73	(113.17)		1,433.56
Deferred tax	682.81	(115.88)	180.30	747.23
Provision for Tax for Earlier years written back (net)	(120.33)	(0.05)		(120.38)
Less: MAT credit entitlement	(2.30)	2.30		-
Tax Expenses	**2,106.91**	**(226.80)**	**180.30**	**2,060.41**
Profit/(loss) for the period	**4,846.91**	**74.58**	**(246.80)**	**4,674.69**
Profit attributable to Non Controlling Interest	(74.58)	74.58		
Profits attributable to Owners of the company	**4,921.49**	**0.00**	**(246.80)**	**4,674.69**
Other Comprehensive Income				
A: Items that will not be reclassified to profit or loss in subsequent periods:				
Remeasurements of the defined benefit plans;			(5.57)	(5.57)
Equity Instruments through Other Comprehensive Income;			(187.52)	(187.52)
Share in Other comprehensive Income of Joint Venture and Associates			0.02	0.02
Income tax relating to items that will not be reclassified to profit or loss			1.93	1.93
Net Other Comprehensive income not to be reclassified to Profit and Loss in subsequent periods			**(191.14)**	**(191.14)**
Items that will be reclassified to profit or loss				
Foreign Currency translation reserve			(0.25)	(0.25)
Net Other Comprehensive income to be reclassified to Profit and Loss in subsequent periods			**(0.25)**	**(0.25)**
Other Comprehensive Income for the year, net of tax			**(191.39)**	**(191.39)**
Total Comprehensive Income for the year, net of tax (Comprising Profit (Loss) and Other Comprehensive Income for the period)	**4,921.49**		**(438.19)**	**4,483.30**

*Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Profit Reconciliation		(₹ / Crores)
		FY 2015-16
Profit for the year as per IGAAP	**A**	**4,921.49**
Summary of Ind AS adjustments		
Enabling Assets Capitalisation	B.2.13	43.05
Fair valuation of derivative contracts	B.2.5	(20.54)
Impairment of trade receivables - expected credit loss method	B.2.9	11.51
Borrowings - transaction costs adjustment	B.2.6	(9.84)
Timing of revenue recognition	B.2.8	(4.35)
Depreciation on Stores and Spares	B.2.12	3.54
Depreciation on lease hold lands	B.2.10	(1.06)
Depreciation reversal on ROW assets	B.2.11	1.30
Depereication on Enabling Assets	B.2.13	(1.30)
Fair valuation of investment in OMC GOI special bonds	B.2.4	(0.32)
Impact on Inc/Dec in inventory of FG/ISD due to change in Opex	B.2.8	0.08
Tax effects on Ind AS adjustments	B.2.16	(173.24)
Tax effects on Consolidation adjustments	B.2.16	(5.13)
Defined Benefit Obligation	B.2.15	3.62
Share in Ind AS Adjustments of Joint Ventures / Associates	B.2.17	(93.14)
Others		(0.98)
Total Ind AS adjustments	**B**	(246.80)
Profit for the year as per Ind AS	**A + B**	4,674.69

Notes to the reconciliation:

B.5. Statement of Cash Flows

Under IGAAP, Joint Ventures were consolidated using proportionate consolidation method, accordingly proportionate amounts of Joint Ventures were included in cosolidated statements of cash flows.

Under Ind AS, Joint Ventures are consolidated using equity method. Accordingly, amounts included in consolidated statement of cash flow do not include amounts relting to joint ventures. Except this, the transition from IGAAP to Ind AS has not made material impact to the consolidated statement of cash flow.

Note B.2.1.: Proposed Dividend

Under IGAAP, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of Financial Statements were considered as adjusting event. Accordingly, provision for proposed final dividend was recognised as a liability. Under Ind AS, proposed dividend is recognised as a liability in the period in which it is declared by Group i.e. usually when approved by shareholders in an Annual General Meeting.

Accordingly, the liability for proposed final dividend as at 1 April 2015 and 31 March 2016 included under the Provisions, in respective accounting periods, has been reversed with corresponding adjustments to respective period's Retained Earnings.

Note B.2.2.: Fair valuation of Equity Instruments

Under IGAAP, Group accounted for long term investments in quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, Corporation has designated such investments as FVTOCI (Fair Value through Other Comprehensive Income) investments.

At the date of transition to Ind AS, the difference between the cost of the investments and the fair value is recognised under equity in a separate reserve i.e. Equity Instruments through Other Comprehensive Income reserve.

Note B.2.3.: Derecognition of Non controlling Interest on reclassification of subsidaries as Joint Venture

Under IGAAP, 'Creda HPCL Biofuel Limited' and 'HPCL Rajasthan Refinery Limited' were treated as subsidiaries based on the shareholding in such companies. Under Ind AS, investment in such companies do not meet the definition of control as per Ind AS 110 and hence, cannot be classified as subsidiary. Hence, based on the revised assessment on the date of transition and subsequent reporting dates, the same has been treated as joint ventures. Accordingly, non-controlling interest appearing as per IGAAP in relation to such companies has been derecognized under Ind AS.

Note B.2.4.: Investment in Oil Marketing Companies GOI Special Bonds

Under IGAAP, Group had classified the investment in GOI Special Bonds as current investment. These investments were carried at lower of cost or its fair value. Hence, loss in respect of fair valuation of such investments was recognised and gain, if any, was ignored.

Under Ind AS, Group has elected to carry these investments at fair value with fair value changes being recognised in Statement of Profit and Loss. Hence, gain or loss on account of fair valuation of such bonds is recognised in Statement of Profit and Loss.

Note B.2.5.: Derivative contracts

Under Ind AS, outstanding derivative contracts are considered as financial instruments and hence, needs to be fair valued at every reporting date.

Consequently, under Ind AS, fair value gain or loss on the date of transition is recognized in Opening Retained Earnings and for other periods in respective period's Statement of Profit and Loss.

Note B.2.6.: Adjustment of transaction cost on borrowings

Under IGAAP, trasaction costs incurred for borrowings were recognised as an asset (Unamortised prepaid expenses) and amortised to Statement of Profit and Loss on a straight-line basis over the tenure of the borrowings. Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition and subsequntly measured at amortized cost.

Accordingly, under Ind AS, restatement of outstanding ancillary cost is recognized in Opening Retained Earnings on transition date and subsequently in respective period's Statement of Profit and Loss.

Note B.2.7.: Capital Grant

Under IGAAP, Capital Grants received from Government are presented as part of Reserves. Under Ind AS, Capital Grants received from Government need to be recognised as a Liability.

Accordingly, under Ind AS, amount of Capital Grant has been reclassified from Reserves to Liabilities.

Note B.2.8.: Timing of Revenue Recognition

Under IGAAP, revenue from sale of goods is recognised when the same is dispatched by the Corporation.

Under Ind AS, in situations where goods have left Group's premises but Corporation continues to exercise effective managerial control on such goods till the time goods reach the customers premises, revenue is deferred and recognised when goods are accepted by the customer.

Accordingly, impact on account of margin elimination on deferred sales is recognised in Retained Earnings on transition date and in Statement of Profit and Loss for Financial Year 2015-16.

Note B.2.9.: Impairment of Trade Receivables

Under IGAAP, the Corporation recognised provision on Trade Receivables based on specific provisions to reflect the Corporation's expectation. Under Ind AS, impairment of Trade Receivables shall be recognised based on Expected Credit Loss.

Accordingly, Corporation has recognised impairment loss on Trade Receivables at transition date in Opening Retained Earnings and in Statement of Profit and Loss for Financial Year 2015 - 16.

Note B.2.10.: Reclassification of freehold and leasehold land into operating leases
Under IGAAP, the Group has classified leasehold land with a period of 99 years or more as freehold land and accordingly not amortised the same. Also, leasehold land with a lease period of less than 99 years is classified as leasehold land under tangible fixed assets. The same was amortised over the tenure of lease and presented under Statement of Profit and Loss as Depreciation and Amortisation Expense.
Under Ind AS, land leases with long tenure of lease are required to be classified as Finance Lease. Hence, Group has decided to consider leasehold lands with lease period of more than 99 years as finance lease. Accordingly, the same will also be subject to amortisation under Ind AS. Also, land with a lease tenure of 99 years or less is treated as operating lease and amortised over the tenure of lease as Rent Expense. The amortisation of prepaid operating lease rentals is presented under Rent Expense. Accordingly, lease hold land for 99 years has been amortized and impact on account of amortization upto transition date has been recognised in Opening Retained Earnings. Subsequently, the amortization charge is recognized as Rent Expenses in the statement of Profit and Loss. For the purpose of tenure, the Corporation has considered the lease period including the lease period where the Group has an un - conditional right to renew the lease at a rate below market price or a fix price.

Note B.2.11.: Reversal of amortisation of Right of Way Assets
Under IGAAP, the Right of Way Assets with indefinite useful lives were amortised over a period of 99 years based on Expert Advisory Commitee opinion issued by Institute of Chartered Accountants of India. Under Ind AS, Intangible Assets with indefinite useful life are not required to be amortised but shall be tested for impairment annually or when there is an indication. Accordingly amortisation charge created during Financial Year 2015-16, in Statetment of Profit and Loss, on Right of Way Assets with indefinite useful lives has been reversed under Ind AS.

Note B.2.12.: Stores and Spares
Under IGAAP, Stores and Spares which can be identified with a particular item of Property, Plant and Equipment (PPE) and whose use is expected to be irregular is capitalised as part of Tangible Fixed Assets. Other Stores and Spares are treated as inventory and charged to Statement of Profit and Loss on consumption. Under Ind AS, Stores and Spares with a useful life of more than one year shall be treated as PPE. Such Stores and Spares need to be depreciated from the date they are ready for use (based on clarification received from ITFG) over their estimated useful life. Hence, Stores and Spares which were erstwhile treated as inventory under IGAAP have been classified as part of PPE if recognition criteria are met (referred to as capital spares). Also, such capital spares are depreciated from the date of purchase over their estimated useful life. Additionally, since capital spares would be depreciated, spares charged to Statement of Profit and Loss on consumption have been reversed and depreciated over its estimated useful life.

Note B.2.13.: Enabling Asset
Under IGAAP, expenditure incurred on construction/acquisition of enabling assets on which the Corporation does not have a control were expensed out as and when incurred.
Under Ind AS, if the expenditure incurred on such enabling asset is of such nature that it is necessary for making the item of Property, Plant and Equipment capable of operating in the manner intended by the management, then the same has been capitalised with corresponding depreciation expense charged in the statement of Profit and Loss.

Note B.2.14.: Excise duty
Under IGAAP, revenue from sale of goods was presented net of the excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty has been presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the Revenue from Operations and Expenses for the year ended 31 March 2016.

Note B.2.15.: Actuarial gains/(losses)
Under Ind AS, the Group's Accounting Policy is to recognise all actuarial gains and losses on Post-Employment Benefit Plans in other comprehensive income. Under IGAAP the Group recognised actuarial gains and losses in the Statement of Profit and Loss. However, this has no impact on the total comprehensive income and total Equity as on 1 April 2015 as well as 31 March 2016.

Note B.2.16.: Deferred tax assets (net)
Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on Ind AS adjustments which was not required under Indian GAAP.
The above changes decreased (increased) the deferred tax asset / (liability) as follows:

(₹ / Crores)

	31.03.2016	01.04.2015
Property plant and equipments	(13.04)	2.66
Investment in Oil Marketing Companies GOI Special Bonds	(0.65)	(0.76)
Derivatives	7.75	0.64
Borrowings	3.18	(0.19)
Deferral of sales	23.79	22.28
Trade receivables	2.75	6.73
Deferred tax on capitalization of exchange differences*	(562.15)	(396.52)
Others	(0.09)	(0.06)
	(538.46)	**(365.22)**

*:Deferred Tax has been created on temporary difference arising from capitalization of exchange differences (based on the clarification received from ITFG).

Note B.2.17.: Share in Ind AS Adjustment of Joint Ventures / Associates : Under I-GAAP, the Financial Statements of Jointly controlled entities had been consolidated by applying Proportionate consolidation method on a line by line basis on items of asssets, liabilities, income and expenses after eliminating proportionate share of intra-group balances, intragroup transactions and unrealised profits or losses.
Under Ind AS, financial statements of Joint Ventures and associates have been consolidated using equity method whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income after eliminating unrealized profits or losses against the respective investment in Joint Venture or Associate.
For the purpose of applying the equity method, the investment in joint ventures, as at the date of transition, has been measured as the agreegate of the carrying amounts of assets and liabilities that the group had previously proportionately consolidated.

As per the notification issued by MCA for implementation of Ind AS, if parent is applying Ind AS for the purpose of preparation of financial statements then, subsidiaries, joint ventures and associates of the group also need to prepare accounts as per Ind AS. Hence, on account of adoption of Ind AS by the Corporation from financial year 2016-17, its joint ventures and associates are required to prepare their financial statements as per Ind AS along with comparatives for the financial year 2016-17 and an opening Ind AS balance sheet as on 1 April 2015. Ind AS adjustments in the books of joint ventures and associates would result in change in consolidated networth of the group. The following are the significant adjustments in the consolidated networth on account of Ind AS adjustments of joint ventures and associates:

(₹ / Crores)

	31-Mar-16	01-Apr-15
Deferred tax on Ind AS adjustments *	(378.05)	(324.03)
Fair valuation of derivative contracts	(31.53)	(29.23)
Depreciation on spares and overhaul cost	(34.29)	-
Others	1.75	6.34
	(442.12)	**(346.92)**

Note 40: Fair Value Measurements

40.A. Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified as at Fair value through Profit and Loss (FVTPL), Fair value through other comprehancive Income (FVTOCI) and Amortized Cost.

(₹ / Crores)

	Carrying amount								
	31.03.2017			31.03.2016			01.04.2015		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets									
(a) Investments									
- Investment in Equity Instruments		594.88			419.27			606.79	
- Investment in OMC GOI special bonds	5,100.96			4,987.55			5,376.16		
- Others	7.83		0.02	3.94		0.02	5.00		0.02
(b) Loans & Advances									
- Employee Loans			316.71			324.39			316.62
- Loans to Related Parties			75.00			75.00			75.00
- Others			140.41			137.60			177.31
(c) Trade receivables			4,091.66			3,776.27			3,217.70
(d) Cash and cash equivalents			111.47			138.25			104.76
(e) Other Bank Balances			24.93			15.90			9.68
(f) Derivative Assets	58.41			-			0.10		
(g) Amounts recoverable under subsidy schemes			1,218.25			2,028.43			744.96
(h) Others			3,040.58			2,839.41			4,048.20
Total	**5,167.20**	**594.88**	**9,019.03**	**4,991.49**	**419.27**	**9,335.27**	**5,381.26**	**606.79**	**8,694.25**
Financial liabilities									
(a) Borrowings									
- Non-convertible debentures			975.00			975.00			1,520.00
- Oil Industry Development Board			283.75			473.25			583.00
- Syndicated Loans from Foreign Banks			9,647.52			16,396.56			16,348.57
- Long term loans from banks			309.42			324.12			307.55
- Cash Credit			1,763.70			2,502.21			1,173.99
- Clean Loans			1,200.00			-			-
- Collateral Borrowing and Lending Obligation			1,489.51			1,489.07			1,088.99
- Commercial papers			6,461.17			-			-
(b) Trade Payables			12,699.66			9,464.80			11,582.70
(c) Deposits from Consumers*			10,996.83			9,397.77			8,253.85
(d) Derivative Liability	1.75			22.39			1.96		
(e) Others			745.51			849.76			848.10
Total	**1.75**	**-**	**46,572.07**	**22.39**	**-**	**41,872.54**	**1.96**	**-**	**41,706.75**

40.B Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the Financial Assets and Financial Liabilities that are recognised and measured at fair value and at amortised cost. To provide an indication about the reliability of the inputs used in determining fair value, Group has classified its Financial Assets and Financial Liabilities into the three levels prescribed under the accounting standard. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. An explanation of each level is provided under Significant Accounting Policy.

(₹/ Crore)

	31.03.2017			31.03.2016			01.04.2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets									
Investments									
- Investment in Equity Instruments	594.88			419.27			606.79		
- Investment in OMC GOI special bonds	5,100.96			4,987.55			5,376.16		
- Others	0.02	7.83		0.02	3.94		0.02	5.00	
Loans & Advances									
- Employee Loans		316.71			324.39			316.62	
Derivative Assets		58.41			-			0.10	
Financial liabilities									
Borrowings									
- Non-convertible debentures		990.66			987.84			1,533.40	
- Oil Industry Development Board		290.99			480.90			590.77	
- Syndicated Loans from Foreign Banks		9,647.52			16,396.56			16,348.57	
Derivative Liabilities		1.75			22.39			1.96	
Total	**5,695.86**	**11,313.87**	**-**	**5,406.84**	**18,216.02**	**-**	**5,982.97**	**18,796.42**	**-**

40.C. Valuation techniques used to determine Fair Value

Type	Valuation technique
Derivative instruments - forward exchange contracts	Discounted cash flow i.e. fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.
Commodity derivatives	Fair value of commodity derivative contracts is estimated by determining the difference between the contractual price and the current forward price for the residual maturity of the contract.
Derivative instruments - interest rate swap	Discounted cash flows i.e. Present value of expected receipt/payment.
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows. The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.

Note 41: Financial risk management

41.A. Risk management framework

The Group has adopted a well-defined process for managing its risks on an ongoing basis and for conducting the business in a risk conscious manner. These self-regulatory processes and procedures are contained in our Risk Management Charter and Policy, 2007. The Corporation has a structures and comprehensive Risk Management Framework, under which the risks are identified, assessed, monitored and reported, as a part of a normal business practice. The Corporation has leveraged technology to seamlessly integrate and automate the entire process of risk monitoring and reporting which also facilitate Corporation-wide process of managing the risks. The Corporation's risk management system is fully aligned with the corporate and operational objectives.

The Group has engaged the services of an independent expert to assist in continued implementation of effective Risk Management Framework. In that direction, Risk Management Steering Committee (RMSC) continues to provide its guidance. The Group has put in place mechanism to inform Board Members about the risk management and minimisation procedures, and periodical review to ensure that executive management controls risks by means of a properly defined framework.

41.B. Group has identified financial risk and categorised them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category and how Corporation manages the risk is explained in following notes:

41.B.1 - Credit risk :

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation’s receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. The Corporation establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.The maximum exposure to credit risk in case of all the financial instuments covered below is resticted to their respective carrying amount.

Trade receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Corporation grants credit terms in the normal course of business.

At 31.03.2017, the Group’s most significant customer accounted for ₹ 1,068.86 crores of the trade receivables carrying amount (31.03.2016 : ₹ 855.93 crores and 01.04.2015 : ₹ 704.47 crores).

The Group uses an allowance matrix to measure the expected credt losses of trade receivables (which are considered good). The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables:

	31.03.2017			31.03.2016			01.04.2015		
	Gross carrying amount	Weighed average loss rate - range	Loss allowance	Gross carrying amount	Weighed average loss rate - range	Loss allowance	Gross carrying amount	Weighed average loss rate - range	Loss allowance
Past due 0-90 days	3,721.96	0.06%	2.26	3,552.01	0.03%	1.21	2,906.38	0.07%	1.90
Past due 91–360 days	355.79	0.62%	2.20	202.86	1.00%	2.03	299.77	6.28%	18.83
More than 360 days	178.68	89.72%	160.31	184.88	86.67%	160.24	178.45	81.84%	146.04
	4,256.43		**164.77**	**3,939.75**		**163.48**	**3,384.59**		**166.77**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Balance as at 01.04.2015	**166.77**
Impairment loss recognised	6.33
Amounts written off	9.62
Balance as at 31.03.2016	**163.48**
Impairment loss recognised	5.48
Amounts written off	4.19
Balance as at 31.03.2017	**164.77**

The amounts written off at each reporting date relates to customers who have defaulted on their payments to the Group and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

Cash and cash equivalents

The Group held cash and cash equivalents of ₹ 111.47 crores at March 31, 2017 (March 31, 2016: ₹ 138.25 crores, April 1, 2015 : ₹ 104.76 crores).

The cash and cash equivalents are held with consortium banks. Group invests its surplus funds in bank fixed deposit, GOI T-bills and liquid schemes of mutual funds, which carry no mark to market risks for short duration and exposes the Group to low credit risk.

Derivatives

The forex and interest rate derivatives were entered into with banks having an investment grade rating and exposure to counter-parties are closely monitor and kept within the approved limits. Commodity derivatives are entered with reputed Counterparties in the OTC (Over-the-Counter) Market.

Investment in debt securities

Investment in debt securities are in government securities or bonds which do not carry any credit risk.

Other than trade receivables, the Corporation has no other financial assets that are past due but not impaired.

41.B.2. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. Group has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The Group has adequate borrowing limits in place duly approved by its shareholders and board. Group sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks and liquid investment portfolio. Group ensures that there is minimal concentration risk by diversifing its portfolio across instruments and counterparties. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

The Group has an adequate fund and non-fund based lines from various banks. The Group has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic and international credit rating from reputed credit rating agencies enables access of funds both from domestic as well as international market. Group's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. Group diversifies its capital structure with a mix of instruments and financing products across varying maturities and currencies. The financing products include syndicated loans, foreign currency bonds, commercial paper, non-convertible debentures, buyer's credit loan, clean loan etc. Group taps domestic as well as foreign debt markets from time to time to ensure appropriate funding mix and diversification of geographies.

(ii) Maturities of financial liabilities (₹/ Crores)

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual cash flows								
	31.03.2017			31.03.2016			01.04.2015		
	Upto 1 year	1-3 years	Above 3 years	Upto 1 year	1-3 years	Above 3 years	Upto 1 year	1-3 years	Above 3 years
Non-derivative financial liabilities									
Borrowings and interest thereon	15,400.55	5,038.40	3,022.97	10,893.73	7,275.34	4,859.06	6,028.02	11,086.73	5,927.03
Trade payables	12,699.66			9,464.80			11,582.70		
Other financial liabilities	745.51		10,996.83	849.76		9,397.77	848.10		8,253.85
Total	**28,845.72**	**5,038.40**	**14,019.80**	**21,208.29**	**7,275.34**	**14,256.83**	**18,458.82**	**11,086.73**	**14,180.88**
Derivative financial liabilities									
Interest rate swaps	10.75	9.86	0.54	11.94	22.20	6.45	5.68	1.82	-
Commodity contracts (net settled)	5.14	-	-	-	-	-	-	-	-
Forward exchange contracts (Gross settled)									
Inflows	-	-	-	(333.09)	-	-	-	-	-
Outflows	-	-	-	333.44	-	-	-	-	-
Total	**15.89**	**9.86**	**0.54**	**12.29**	**22.20**	**6.45**	**5.68**	**1.82**	**-**

41.C.3. Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

41.C.3.1. Currency risk:

The Group is exposed to currency risk mainly on account of its borrowings and import payables in foreign currency. Our exposures are mainly denominated in U.S. dollars. The Group has used generic derivative contracts to mitigate the risk of changes in foreign currency exchange rates in line with Group forex risk management policy. The corporation has a Forex Risk Management Cell (FRMC) which actively review the forex and interest rate exposures. The Group does not uses derivative financial instruments for trading or speculative purposes.

Following is the derivative financial instruments to hedge the foreign exchange rate risk as of dates:

Category	Instrument	Currency	Cross Currency	31.03.2017	31.03.2016	01.04.2015	Buy/Sell
Hedges of recognized assets and liabilities	Forward contract	USD	INR	-	$ 50.27 mn	-	Buy

Exposure to currency risk - The currency profile of financial assets and financial liabilities is as below:

	31.03.2017		31.03.2016		01.04.2015	
	INR	Exposure in USD (INR terms)	INR	Exposure in USD (INR terms)	INR	Exposure in USD (INR terms)
Financial assets						
Non-current investments	594.95	-	419.35	-	611.82	-
Current investments	5,108.74	-	4,991.44	-	5,376.16	-
Long-term loans and advances	406.63	-	481.18	-	392.05	-
Short-term loans and advances	125.49	-	55.82	-	176.88	-
Trade and other receivables	4,010.85	80.81	3,705.64	70.63	3,071.94	145.76
Cash and Cash Equivalents	111.47	-	138.25	-	104.76	-
Other Bank Balances	24.93	-	15.90	-	9.68	-
Others Non Current Financial Assets	-	-	-	-	2.00	-
Others Current Financial Assets	4,317.24	-	4,867.82	-	4,791.27	-
Net exposure for assets - A	**14,700.30**	**80.81**	**14,675.40**	**70.63**	**14,536.56**	**145.76**
Financial liabilities						
Long term borrowings	2,117.13	9,098.55	2,337.34	15,831.60	2,942.52	15,816.61
Short term borrowings	10,914.38	-	3,991.28	-	2,262.98	-
Trade Payables	7,694.37	5,005.29	6,632.22	2,832.58	8,706.47	2,876.23
Other Financial Liabilities	11,744.09	-	10,269.92	-	9,103.90	-
	32,469.97	**14,103.84**	**23,230.76**	**18,664.18**	**23,015.87**	**18,692.84**
Less: Foreign curency forward exchange contracts				**333.09**		
Net exposure for liabilities - B		**14,103.84**		**18,331.09**		**18,692.84**
Net exposure (Assets - Liabilities)(A - B)		**14,023.03**		**18,260.46**		**18,547.08**

The following significant exchange rates have been applied during the year:

INR	31.03.2017	31.03.2016	01.04.2015
USD	64.8550	66.2525	62.5050

The above table show sensitivity of open forex exposure to USD/INR movement. We have considered 1% (+/-) change in USD/INR movement, increase indicates appreciation in USD/INR whereas decrease indicates depreciation in USD/INR. The indicative 1% movement is directional and does not reflect management forecast on currency movement.

Effect in INR	Impact on profit or loss due to 1 % increase / Decrease in currency					
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	31.03.2017		31.03.2016		01.04.2015	
Movement		1%		1%		1%
USD	140.23	(140.23)	182.60	(182.60)	185.47	(185.47)

The above table show sensitivity of open forex exposure to USD/INR movement. We have considered 1% (+/-) change in USD/INR movement, increase indicates appreciation in USD/INR whereas decrease indicates depreciation in USD/INR. The indicative 1% movement is directional and does not reflect management forecast on currency movement.

41.C.3.2 Interest rate risk

Group's has a long-term foreign currency syndicated loans with floating rate, which expose the Corporation to cash flow interest rate risk. The borrowings at floating rate were denominated in USD. The Corporation manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Group agrees with other parties to exchange, at specified intervals (i.e quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Group monitors the interest rate movement and manages the interest rate risk based on the corporation forex risk management policy. The Group also has a Forex Risk Management Cell (FRMC) which actively review the forex and interest rate exposures. The Group does not uses derivative financial instruments for trading or speculative purposes.
The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Following is the derivative financial instruments to hedge the interest rate risk as of dates:

Category	Instrument	Currency	Cross Currency	31.03.2017	31.03.2016	01.04.2015	Buy/Sell
Hedges of floating rate foreing currency loans	Interest rate swaps	USD	INR	$ 530 mn	$ 260 mn	$ 200 mn	Buy

Interest rate risk exposure

The exposure of the group's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ / Crores)

	Carrying amount in INR		
	31.03.2017	31.03.2016	01.04.2015
Fixed-rate instruments			
Financial assets	5,175.96	5,062.55	5,451.16
Financial liabilities	12,482.55	5,763.65	4,673.53
Variable-rate instruments			
Financial assets	316.71	324.39	316.62
Financial liabilities	9,647.52	16,396.56	16,348.57

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss					
INR	**25 bp increase**	**25 bp decrease**	**25 bp increase**	**25 bp decrease**	**25 bp increase**	**25 bp decrease**
	31.03.2017		**31.03.2016**		**01.04.2015**	
Floating rate borrowings	(21.15)	21.15	(38.49)	38.49	(40.45)	40.45
Interest rate swaps (notional principal amount)	8.71	(8.71)	3.79	(3.79)	3.02	(3.02)
Cash flow sensitivity (net)	**(12.44)**	**12.44**	**(34.70)**	**34.70**	**(37.43)**	**37.43**

41.C.3.3. Commodity Risk

The Group's activities are exposed to Oil price risks and therefore its Oil Price Risk Management program focuses on reducing the impact of the volatility of International Oil prices. With this objective, Risk Management activities aspire to protect the Margins of the Organization. In order to therefore manage its exposure to the risks associated with volatile Oil market / Commodity prices, the Group enters into derivative contracts in the OTC Market.

The Oil Price Risk Management Committee regularly reviews and monitors risk management principles, policies, and risk management activities.

41.C.3.4. Offsetting

The following table presents the recognised financial instruments that are eligible for offset and other similar arrangements but are not offset, as at 31.03.2017, 31.03.2016 and 01.04.2015. The column 'net amount' shows the impact on the Company's balance sheet if all set-off rights are exercised.

(₹ Crores)

	Effect of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts	**Gross amounts set off in the balance sheet**	**Net amounts presented in the**	**Financial Instrument collateral**	**Net Amount**
March 31, 2017					
Financial assets					
Trade Receivables	5,416.08	(1,090.21)	4,325.87	(234.21)	4,091.66
Financial liabilities					
Trade Payables	13,789.87	(1,090.21)	12,699.66	-	12,699.66
Other Current Financial Liabilities	5,078.92	-	5,078.92	(234.21)	4,844.71
March 31, 2016					
Financial assets					
Trade Receivables	8,022.23	(3,980.50)	4,041.73	(265.45)	3,776.28
Financial liabilities					
Trade Payables	13,445.30	(3,980.50)	9,464.80	-	9,464.80
Other Current Financial Liabilities	7,947.37	-	7,947.37	(265.45)	7,681.92
April 1, 2015					
Financial assets					
Trade Receivables	7,339.46	(4,121.76)	3,217.70	-	3,217.70
Financial liabilities					
Trade Payables	15,704.46	(4,121.76)	11,582.70	-	11,582.70

Note 42: Tax expense

(a) Amounts recognised in profit and loss (₹ Crores)

	2016 - 17	2015 - 16
Current tax expense		
Current year	2,236.24	1,433.56
Changes in estimates relating to prior years	(285.21)	(261.47)
Deferred tax expense		
Origination and reversal of temporary differences	777.84	747.23
Changes in estimates relating to prior years	232.73	141.08
Tax expense recognised in the income statement	**2,960.60**	**2,060.40**

(b) Amounts recognised in other comprehensive income (₹ Crores)

	2016 - 17			2015 - 16		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	**(23.65)**	8.20	(15.45)	(5.57)	1.93	(3.64)

(c) Reconciliation of effective tax rate

	31.03.2017		31.03.2016	
	%	₹ Crores	%	₹ Crores
Profit before tax		**11,197.42**		**6,735.10**
Tax as per Corporate Tax Rate	**34.608%**	**3,875.20**	**34.608%**	**2,330.88**
Tax effect of:				
Non-deductible tax expenses	-0.087%	(9.69)	3.537%	238.23
Tax-exempt income	-0.987%	(110.56)	-0.039%	(2.60)
Interest expense u/s 234B/C not deductible for tax purposes	0.083%	9.25	0.164%	11.03
Deduction for research and development expenditure	-0.768%	(85.97)	-0.971%	(65.39)
Investment allowance claim	-0.907%	(101.59)	-1.361%	(91.64)
Share in profit/ loss of equity accounted investees	-7.167%	(802.55)	-4.841%	(326.07)
Losses of Subsidiary not available for set-off in Group profit	0.734%	82.24	1.126%	75.87
Deferred tax assets on Unrealised profits	0.158%	17.69	-0.443%	(29.87)
Deferred tax Liability on Undistributed earnings	1.178%	131.87	0.570%	38.42
Adjustments recognised in current year in relation to the current tax of prior years	-0.469%	(52.48)	-1.787%	(120.38)
Amounts directly recognised in OCI	0.073%	8.20	0.029%	1.93
Income Tax Expense	**26.449%**	**2,961.60**	**30.592%**	**2,060.41**

(d) Movement in deferred tax balances

	Net balance 01.04.2016	Recognised in profit or loss	Recognised in OCI	Net balance 31.03.2017
Deferred tax Asset				
Provision for Employee Benefits	211.83	41.68	2.54	256.05
Current investments	166.78	(77.40)	-	89.38
MAT Credit	429.57	(112.70)	-	316.87
Provision for Doubtful Debts & Receivables	87.59	0.67	-	88.26
Disallowance u/s 43B	102.42	(1.27)	-	101.15
Others	75.93	(55.76)	-	20.17
	1,074.12	**(204.78)**	**2.54**	**871.88**
Deferred Tax Liabilities				
Property, plant and equipment	5,866.68	872.15	-	6,738.83
Undistributed earnings	145.39	121.14		266.53
Others	96.25	(80.46)	-	15.79
	6,108.32	**912.83**	**-**	**7,021.15**
Deferred Tax (assets) / Liabilities	**5,034.20**	**1,117.61**	**(2.54)**	**6,149.27**

	Net balance 01.04.2015	Recognised in profit or loss	Recognised in OCI	Net balance 31.03.2016
Deferred tax Asset				
Provision for Employee Benefits	272.62	(57.16)	(3.63)	211.83
Current investments	172.57	(5.79)	-	166.78
MAT Credit	344.33	85.24	-	429.57
Provision for Doubtful Debts & Receivables	82.22	5.37	-	87.59
Disallowance u/s 43B	93.09	9.33	-	102.42
Others	29.95	45.98	-	75.93
	994.78	**82.97**	**(3.63)**	**1,074.12**
Deferred Tax Liabilities				
Property, plant and equipment	5,101.59	765.09	-	5,866.68
Undistributed earnings	117.22	28.17		145.39
Others	15.64	80.61	-	96.25
	5,234.45	**873.87**	**-**	**6,108.32**
Tax assets (Liabilities)	**4,239.67**	**790.91**	**3.63**	**5,034.20**

Note 43 : Leases

Operating Lease

A. Leases as lessee

a) The Group enters into cancellable/non-cancellable operating lease arrangements for land, office premises, staff quarters and others. Payments made under operating leases are generally recognised in statement of Profit and Loss based on corresponding periods contractual terms of the lease, since the Group considers it to be more representative of time pattern of benefits flowing to it.The lease rentals paid for the same are charged to the Statement of Profit and Loss. The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

i. Future minimum lease payments

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows:

(₹ Crores)

	31.03.2017	**31.03.2016**
Less than one year	11.34	10.29
Between one and five years	45.87	40.05
More than five years	361.97	308.16
	419.18	**358.50**

(₹ Crores)

	31.03.2017	**31.03.2016**
ii. Amounts recognised in profit or loss		
Lease expense	335.09	552.40

Note 44 : Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

i. Profit attributable to Equity holders **(₹ Crores)**

	31.03.2017	**31.03.2016**
Profit attributable to equity holders for basic and diluted earnings per share	**8,235.82**	**4,674.69**

ii. Weighted average number of ordinary shares

	31.03.2017	**31.03.2016**
Issued ordinary shares at April 1	338,627,250	338,627,250
Effect of shares issued as Bonus shares*	677,254,500	677,254,500
Weighted average number of shares for basic and diluted earnings per shares	**1,015,881,750**	**1,015,881,750**
Basic and Diluted earnings per share	**81.07**	**46.02**

*The Company has issued bonus shares @ 2:1 during 2016-17. The EPS for 2016-17 and 2015-16 has been appropriately adjusted.

Note 45 : Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group monitors capital using debt equity ratio. The Group's debt to equity ratio at March 31, 2017 is as follows.

	31.03.2017	31.03.2016	01.04.2015
Long term borrowings (refer note # 21)	11,215.68	18,168.94	18,759.13
Total equity (refer note # 20a and 20b)	21,071.43	16,663.78	14,055.37
Debt to Equity ratio	**0.53**	**1.09**	**1.33**

Note 46 : Dividends

	31.03.2017	31.03.2016
(i) Dividends paid during the year		
Final dividend for the year ended 31.03.2016 of ₹ 16.00 (31.03.2015 ₹ 24.50) per fully paid share. This included Dividend distribution tax of ₹ 110.30 crores (31.03.2015 ₹ 168.89 crores).	652.10	998.53
First Interim dividend for the year ended 31.03.2017 of ₹ 22.50 (31.03.2016 – ₹ 11.50) per fully paid share. This included Dividend distribution tax of ₹ 465.32 crores (31.03.2016 ₹ 79.28 crores)	2,751.05	468.70
Second Interim dividend for the year ended 31.03.2017 of ₹ 6.40 (31.03.2016 – ₹ 7) per fully paid share. This included Dividend distribution tax of ₹ 132.36 crores (31.03.2016 ₹ 48.26 crores)	782.52	285.30
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1.10 per fully paid equity share (31.03.2016 – ₹ 16.00). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	111.75	541.80
Dividend distribution tax on above	22.75	110.30

47. The Group has accounted the discount of ₹ Nil (2015-16: ₹ 190.33 crores) on Crude Oil purchased from ONGC and has adjusted it against purchase cost of Crude Oil.

48. During the current financial year 2016-17, Subsidy on PDS Kerosene and Domestic Subsidized LPG from Central and State Governments amounting to ₹ 20.01 crores (2015-16: ₹ 11.77 crores) has been accounted.

49. Approval of Government of India for Budgetary Support amounting to ₹ 1,272.57 crores (2015-16: 1,761.26 crores) has been received and the same has been accounted under 'Recovery under Subsidy Schemes'.

50. (a) Inter-Oil company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/reconciliation which is not likely to have a material impact.
(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.

51. In accordance with Para 7AA of Ind AS 21 read with Para D13AA of Ind AS 101, the Group has adjusted the exchange differences arising on long term foreign currency monetary items to the cost of assets and depreciated over the balance useful life of the assets.

52. In accordance with the option exercised by the Company as referred in note # 20(a), an exchange loss of ₹ 0.44 crores (2015-16: ₹ 194.80 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, 2017.

53. (a) Current Tax includes MAT Credit utilisation of ₹ 327.03 Crore (2015-16: ₹ 133.61 Crore).

(b) The recognition of MAT Credit Entitlements of ₹ 316.87 Crore as at March 31, 2017 (₹ 429.57 Crore as at March 31, 2016) is on the basis of convincing evidence that the Group 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(net) of ₹ 52.48 Crore (2015-16: ₹ 120.38 Crore) represents reversal of excess provision towards current tax of ₹ 216.40 Crore (2015-16 : ₹ 249.75 Crore), additional provision towards deferred Tax of ₹ 232.73 Crore (2015-16: ₹ 141.08 Crore) and recognition of MAT credit Entitlements of ₹ 68.81 Crore (2015-16: ₹ 11.71 Crore).

54. 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	2016-17	2015-16	01.04.2015
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/17: - - Principal - Interest	22.76 -	18.55 -	15.19 -

2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2016 – 17 (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	-	-	

55. **Related Party Disclosure:**

A. Names of and Relationship with Related Parties

1. Jointly controlled entities

i. HPCL-Mittal Energy Ltd.
ii. Hindustan Colas Pvt. Ltd.
iii. South Asia LPG Company Pvt. Ltd.
iv. Petronet India Ltd.
v. HPCL Shapoorji Energy Pvt. Ltd.

2. The Company has not included disclosure in respect of following related parties which are Govt. related entities as per Ind AS 24.

i. Subsidiaries

1. HPCL Biofuels Ltd.
2. Prize Petroleum Company Ltd.

ii. Jointly controlled entities

1. CREDA-HPCL Biofuels Ltd.
2. HPCL Rajasthan Refinery Ltd.
3. Bhagyanagar Gas Ltd.
4. Petronet MHB Ltd.
5. Mumbai Aviation Fuel Farm facility Pvt. Ltd.
6. Godavari Gas Pvt Ltd
7. Aavantika Gas Ltd..

iii. Associates

1. GSPL India Gasnet Ltd.
2. GSPL India Transco Ltd.
3. Mangalore Refinery and Petrochemicals Ltd.

3. Key Management Personnel

i. Shri Mukesh Kumar Surana, Chairman and Managing Director (w.e.f. 01.04.2016)
ii. Shri J. Ramaswamy, Director – Finance

iii. Shri Vinod S. Shenoy, Director – Refineries (from 01-11-2016)
iv. Shri B. K. Namdeo, Director- Refineries (till 31.10.2016)
v. Shri S. Jeyakrishnan, Director – Marketing (from 01-11-2016)
vi. Shri Y.K. Gawali, Director – Marketing (till 31.10.2016)
vii. Shri Pushp Kumar Joshi, Director - Human Resources
viii. Shri Shrikant Madhukar Bhosekar, Company Secretary

4. **Independent Directors**
   i. Shri Ram Niwas Jain, Independent Director
   ii. Smt. Asifa Khan (from 13.02.2017)
   iii. Shri G.V. Krishna (from 13.02.2017)
   iv. Dr. Trilok Nath Singh (from 20.03.2017)

B. Details of transactions with related parties

1. Transaction with Jointly controlled entities (₹ / Crores)

No.	Nature of Transactions	2016-17	2015-16
(i)	**Sale of goods**		
	HPCL-Mittal Energy Ltd.	86.61	127.77
	Hindustan Colas Pvt. Ltd.	332.48	268.28
	South Asia LPG Company Pvt. Ltd.	0.17	0.18
		419.26	**396.23**
(ii)	**Purchase of goods**		
	HPCL-Mittal Energy Ltd.	23101.18	23,593.34
	Hindustan Colas Pvt. Ltd.	115.34	159.00
		23,216.52	**23,752.34**
(iii)	**Dividend income received**		
	Hindustan Colas Pvt. Ltd.	16.54	22.87
	South Asia LPG Company Pvt. Ltd.	32.50	27.50
	Petronet India Ltd.	3.68	-
		52.72	**50.37**
(iv)	**Services given (Manpower Supply Service)**		
	HPCL-Mittal Energy Ltd.	0.42	0.39
	Hindustan Colas Pvt. Ltd.	2.03	2.04
	South Asia LPG Company Pvt. Ltd.	1.21	1.28
		3.66	**3.71**
(v)	**Lease rental received**		
	HPCL-Mittal Energy Ltd.	1.20	1.20
	Hindustan Colas Pvt. Ltd.	0.23	0.24
	South Asia LPG Company Pvt. Ltd.	0.87	1.68
		2.30	**3.12**
(vi)	**Others – (Services provided)**		
	HPCL-Mittal Energy Ltd.	14.25	24.07
	Hindustan Colas Pvt. Ltd.	3.02	2.39
	South Asia LPG Company Pvt. Ltd.	0.58	0.39

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

		17.85	**26.85**
(vii)	**Others - (Services availed)**		
	HPCL-Mittal Energy Ltd.	15.60	13.51
	Hindustan Colas Pvt. Ltd.	2.36	4.74
	South Asia LPG Company Pvt. Ltd.	125.12	93.61
		143.08	**111.86**
(viii)	**Purchases of Equity shares of M/s Petronet MHB Ltd. from Petronet India Ltd**	**26.09**	**-**
(ix)	**Investment in equity shares / Converted to Equity Shares**		
	HPCL-Mittal Energy Ltd.	-	248.82
	HPCL Shapoorji Energy Pvt. Ltd.	1.50	6.50
		1.50	**255.32**

No.	**Description**	**31.03.2017**	**31.03.2016**	**01.04.2015**
(x)	**Receivables as on**			
	HPCL-Mittal Energy Ltd.	8.28	0.36	12.39
	Hindustan Colas Pvt. Ltd.	10.82	5.04	32.97
	South Asia LPG Company Pvt. Ltd.	0.12	0.11	0.96
		19.22	**5.51**	**46.32**
(xi)	**Payables as on**			
	HPCL-Mittal Energy Ltd.	1,321.25	1,220.35	1448.47
	Hindustan Colas Pvt. Ltd.	25.74	16.84	21.37
	South Asia LPG Company Pvt. Ltd.	13.94	11.53	8.89
		1,360.93	**1,248.72**	**1478.73**

C. Transactions with other government-controlled entities

The corporation is a Government related entity engaged in the business of refining of crude oil and marketing of petroleum products. The corporation also deals on regular basis with entities directly or indirectly controlled by the central/state governments through its government authorities, agencies, affiliations and other organizations (collectively referred as “Government related entities”).

Apart from transactions with corporations’ group companies, the corporation has transactions with other Government related entities, including but not limited to the followings:

- sale and purchase of products;
- rendering and receiving services;
- lease of assets;
- depositing and borrowing money; and
- use of public utilities

These transactions are conducted in the ordinary course of the corporation’s business on terms comparable to those with other entities that are not Government related.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

D. Remuneration paid to Key Management Personnel*

(₹ /Crores)

No.	Description	2016-17	2015-16
(i)	Short – Term Employee Benefits	3.66	3.23
(ii)	Post – Employment Benefits	0.23	0.51
		3.89	**3.74**

* Remuneration to KMP has been considered from / to the date from which they became KMP.

E. Amount due from Key Management Personnel

(₹ /Crores)

No.	Description	31.03.2017	31.03.2016	01.04.2015
(i)	Smt. Nishi Vasudeva		-	0.02
(ii)	Shri Mukesh Kumar Surana	0.11	-	-
(iii)	Shri K. V. Rao		-	0.00
(iv)	Shri J Ramaswamy	0.01	0.02	-
(v)	Shri Pushp Kumar Joshi	0.06	0.06	0.07
(vi)	Shri Shrikant Madhukar Bhosekar	0.04	0.05	0.05
(vii)	Shri S Jeyakrishnan	0.26	-	-
(viii)	Shri Vinod S Shenoy	0.09	-	-
		0.57	**0.13**	**0.14**

F. Sitting Fee paid to Non-Executive Directors:

(₹ / Crores)

Details of Meeting	Shri Ram Niwas Jain	Smt. Asifa Khan	Shri G.V. Krishna	Dr. Trilok Nath Singh
Board	0.04	0.01	0.01	0.01
Audit Committee	0.02	-	-	-
Nomination & Remuneration Committee	0.00	-	-	-
Stakeholders Relationship Committee	0.00	-	-	-
Investment Committee	0.00	-	-	-
CSR & SD Committee	0.02	-	-	-
Total Sitting Fees Paid	**0.08**	**0.01**	**0.01**	**0.01**

56. The Group has entered into production sharing oil & gas exploration contracts in India in consortium with other body corporate. These consortia are:

Name of the Block	Participating Interest of HPCL in %		
	31.03.2017	**31.03.2016**	**01.04.2015**
In India			
Under NELP IV			
KK- DWN-2002/2	20	20	20
KK- DWN-2002/3	20	20	20
CB- ONN-2002/3	15	15	15

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

Under NELP V			
AA-ONN-2003/3	15	15	15
Under NELP VI			
CY-DWN-2004/1	10	10	10
CY-DWN-2004/2	10	10	10
CY-DWN-2004/3	10	10	10
CY-DWN-2004/4	10	10	10
CY-PR-DWN-2004/1	10	10	10
CY-PR-DWN-2004/2	10	10	10
KG-DWN-2004/1	10	10	10
KG-DWN-2004/2	10	10	10
KG-DWN-2004/3	10	10	10
KG-DWN-2004/5	10	10	10
KG-DWN-2004/6	10	10	10
MB-OSN-2004/1	20	20	20
MB-OSN-2004/2	20	20	20
RJ-ONN-2004/1	22.22	22.22	22.22
RJ-ONN-2004/3	15	15	15
Under NELP IX			
MB-OSN-2010/2	30	30	30
Cluster – 7	60	60	60
In Respect of PPCL			
In India			
SR-ONN-2004/1	10	10	10
AA ONN 2010/1	50	20	20
Sanganpur Field	50	50	50
Outside India			
Yolla Field (Australia) Licence T/L-1	11.25	11.25	11.25
Cluster 7	9.75	9.75	9.75

In Respect of HPCL

a) The Blocks CY-DWN-2004/1,2,3,4, CY-PR-DWN-2004/1&2, RJ-ONN-2004/1&3, KK-DWN-2002/2, MB-OSN-20010/2, MB-OSN-2004/1, MB-OSN-2004/2 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2016. Blocks KG-DWN-2004/1,2,3,5 and 6 are under relinquishment and the operating committee had decided not to maintain books of accounts for the projects as they are under relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2015. The Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements / data received from operator as on 31st March, 2017.

b) The Blocks AA-ONN-2003/3 and KK-DWN-2002/3 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2011 and March 31, 2012 respectively. The Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements / data received from operator as on 31st March, 2017.

c) The block CB-ONN-2002/3 was awarded under NELP IV bidding round and the production sharing contract was signed on 06.02.2004. The exploration Minimum Work Program has been completed. The block is divided into two areas i.e. Miroli and Sanand. Approval of Mining Lease to commence production from Sanand field has been received from Govt. of Gujarat. Preparation of addendum to Sanand FDP (Field development plan) for additional discovery in Kalol reservoir is in progress.

d) In respect of Cluster – 7, the matter is under arbitration. Please refer Note # 63.1.

b) In respect of PPCL

1.1 ONGC Onshore Marginal Fields

The Company was awarded Service Contracts dated 28th April, 2004, for development of ONGC's Hirapur, Khambel and West Bechraji onshore marginal oil fields.

The Company executed Agreements for development of Hirapur, Khambel and West Bechraji onshore marginal fields with Valdel Oil and Gas Private Limited (VALDEL) with equal share in the Service Contracts. The Service Contracts in respect of Khambel and West Bechraji had been terminated in February, 2009 by ONGC and the Service Contract with respect to Hirapur field is operating currently.

The Company's share of assets and liabilities as at 31st March 2017 and the Income and expenditure for the year in respect of above joint venture is as follows:

(₹ / crores)

	Particulars	31.03.2017	31.03.2016	01.04.2015
A	Property, Plant & Equipment (Gross)	9.99	9.99	9.99
B	Intangible asset under development	1.36	1,36	1.36
C	Other Net Non-Current Assets	(0.02)	(0.02)	(0.02)
D	Net Current Assets (*)	1.39	1.25	1.03
E	Income	1.02	1.05	0.98
F	Expenditure	1.27	1.24	1.21

(*) Includes receivable from joint venture amounting to ₹. 0.82 Crs. (for FY 15-16 – ₹. 0.78 Crs. and for FY 14-15 - ₹. 0.60 Crs.).

1.2 Sanganpur Field

The Company acquired 50% participating interest in Sanganpur field from M/s Hydrocarbon Development Company Pvt. Ltd. (HDCPL) effective 1st September, 2004. Accumulated amount prior to acquisition of Sanganpur field amounting Rs.1,18 Crs. have been included in Sanganpur field Assets. The Company has accounted its proportionate share in the Sanganpur field based on estimated un-Audited accounts as at 31st March, 2017.

Bombay High Court vide order dated 14th Nov, 2014 in Company Petition 550 of 2013 has passed order for appointment of liquidator for assets and business of Company M/s HDCPL. This petition was filed by ETA Star Golding limited for non-payment of its invoices by M/s HDCPL. Said order of Bombay High Court was challenged before its Division Bench and is still pending before the Court.

Presently the Operation in Sanganpur field is continued by HDCPL as before. Product dispatch is also continuing.

The Company's share of assets and liabilities as at 31st March 2017 and the Income, expenditure for the year in respect of above joint venture is as follows:

(Rs. /crore)

	Particulars	FY 2016-17	FY 2015-16	FY 2014-15
A	Property, Plant & Equipment (Gross)	5.63	5.63	5.63
B	Other Net Non-Current Assets	(0.02)	(0.02)	(0.02)
C	Net Current Assets (*)	(0.1)	(0.1)	(0.08)
D	Income	0.09	0.05	0.13
E	Expenditure	0.09	0.08	0.22

(*) Includes payable to joint venture amounting to ₹. 0.05 Crs. (for FY 15-16 – ₹ 0.04 Crs. and for FY 14-15 - ₹ 0.08 Crs.)

1.3 **ONGC Offshore Marginal Fields (Cluster-7)**

The Company along with Consortium member, M/s Hindustan Petroleum Corporation Limited (HPCL) (PI - 60%) and M/s Trenergy (PI – 30%) was awarded a Contract vide letter of award dated 31st March, 2006 for the development of ONGC's offshore marginal Oilfields viz. B -192, B - 45 and WO – 24. The Service Contract for Cluster-7 was signed on 27th September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

The said Service Contract was terminated by ONGC. Subsequently, HPCL/PPCL started arbitration proceedings against Trenergy which are still in progress, hence the joint bank account has not been closed on the advise of the legal department- HPCL.

1.4 **SR – ONN – 2004 / 1 (South Rewa Block):**

The Company along with Consortium member M/s Jaiprakash Associates Limited (PI - 90%) was awarded PSC for the SR-ONN-2004/1 block vide letter dated 12th February, 2007 of Ministry of Petroleum & Natural Gas (MOP & NG) under NELP – VI round. The Company is the executing contractor and its PI is 10%. The PSC was signed on 2nd March, 2007.

Consortium has proposed to relinquish the block effective from 23rd October, 2014 and Operating Committee Resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH).

The Company's share of assets and liabilities as at 31st March, 2017 in respect of above joint venture is as follows:

(₹/ crores)

	Particulars	FY 2016-17	FY 2015-16	FY 2014-15
A	Property, Plant and Equipment (Gross)	0.00	0.00	0.00
B	Intangible asset under development	-	-	-
C	Other Net Non-Current Assets	0.00	0.00	0.00
D	Net Current Assets (*)	2.81	2.46	1.34
E	Expenditure (**)	0.04	0.16	0.81

(*) Includes receivables from joint venture amounting to ₹ 2,42 Crs. (for FY 15-16 - ₹.2,07 Crs. and for FY 14-15 - ₹.0.95 Crs.)
(**) Includes ₹ NIL (for FY 15-16 ₹. Nil and for FY 14-15 - ₹.0.13 Crs.) written off towards dry wells cost. Also includes Inventory written off amounting to ₹. Nil (for FY 15-16 –NIL and for FY 2014-15 - ₹.0.31 Crs.)

2. Estimated Hydrocarbon Proven Reserves as on 31st March, 2017 in the Oil fields as follows:

a) Domestic Operations (Hirapur and Sanganpur (On-shore Marginal Fields))
(*) The Company Share is 50% of total

Particulars (*)	FY 2016-17		FY 2015-16	
	MM BBLS	MMT	MM BBLS	MMT
Recoverable Reserves	3.01	0.403	3.04	0.409

International Operations (Yolla Field, Australia – License T/L 1 – Offshore Filed)

Particulars	FY 2016-17	FY 2015-16
	MM BoE	MM BoE
Recoverable Reserves	2.049	3.912

(*) The Company Share is 11.25% of total

3. Quantitative Particulars of Petroleum:-

Particulars (*)	FY 2016-17	FY 2015-16
Total Dry Crude Production	BoE	BoE
Hirapur Field	36,503	38,221
Sanganpur Field	541	296
Yolla Field (T/L1) Australia	429,582	460,068
TOTAL	466,626	498,585

57. Primarily due to the fall in the international crude oil prices, the assets of PPIPL in the Bass Gas project (License T/L1 & Permit T/18P) were tested for impairment. During the financial year, PPIPL has recognized an impairment loss amounting to USD 22.98 million (₹149.06 Crs.) and has reduced the carrying amount of these assets.

The asset valuation is based on recoverable reserve production profit against various estimates and assumptions. The post-tax discount rate of 9.50% for T/L1 and 9.75% for T/18P has been used to estimate the value in use of these assets.

58. As per the guidelines issued by Department of Public Enterprises (DPE) in August, 2005, the Board of Directors of Navratna Public Sector Enterprises (PSEs) can invest in joint ventures and wholly owned subsidiaries subject to an overall ceiling of 30% of the net worth of the PSE. The company has requested Ministry of Petroleum & Natural Gas (MOP&NG) to confirm its understanding that for calculating this ceiling limit, the amount of investments specifically approved by Government of India (i.e. investment in HMEL and HPCL Rajasthan Refinery

Limited) are to be excluded. The Company has calculated the limit of 30% investment in joint ventures and wholly owned subsidiaries, by excluding the investments specifically approved by Govt. of India. As per financial position as on 31st march 2017, the investments in joint ventures and wholly owned subsidiaries are well within 30% limit.

59. 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.

60. The Corporation had complied with the requirement of para 4 (a) of Notes to Schedule II to the Companies Act, 2013 relating to componentization from 2015-16. As per para 7 (b) of Schedule II to the Companies Act, 2013, the Corporation has charged ₹ 219.49 crores to Statement of Profit and Loss for 2015 - 16 as one-time impact.

61. The Corporation has considered the ISBL (Inside boundary Limit) pipeline directly associated as an integral part of Plant and Machinery / Tanks and has depreciated such pipelines based on the useful life of respective plants, which is considered as 25 years in line with the Schedule II of the Companies Act, 2013.

62. During the year 2016 – 17, Group has spent ₹ 108.11 Crores (2015-16: ₹ 71.80 Crores) towards Corporate Social Responsibility (CSR) as against the budget of ₹ 107.90 crores (2015-16: ₹ 71.67 Crores).

Head wise break up of CSR expenses are given below: **(₹ in Crores)**

S.No.	Head of Expenses	2016-17	2015-16
1	Empowerment of Socially and Economically Backward groups	4.91	4.37
2	Imparting Employment Enhancing Vocation Skills	11.48	5.38
3	Promoting Education	27.24	16.00
4	Promoting Preventive Health Care	11.76	11.64
5	Promotion of Nationally Recognised and Paralympic Sports	0.99	0.68
6	Swachh Bharat Abhiyan	10.15	15.82
7	Environmental Sustainability	16.58	17.87
8	Others	25.00	0.04
	Total	**108.11**	**71.80**

Amount spent during the year 2016-17 on:-

(₹ in Crores)

Details	In Cash	Yet to be paid in Cash	Total
(i) Construction / Acquisition of an assets			
(ii) On purpose other than (i) above	108.11	-	108.11

Amount spent during the year 2015-16 on:-

Details	In Cash	Yet to be paid in	Total

		Cash	
(i) Construction / Acquisition of an assets			
(ii) On purpose other than (i) above	71.80	-	71.80

63. **Contingent Liabilities and Commitments**

(₹ in Crores)

		31.03.2017	31.03.2016	01.04.2015
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 Group			
	i. Income Tax	147.49	188.57	176.58
	ii. Sales Tax/Octroi	2,145.28	2,174.29	2,483.98
	iii. Excise/Customs	345.94	280.40	353.26
	iv. Land Rentals & Licence Fees	155.97	88.94	181.83
	v. Others	67.80	74.86	111.77
		2,862.48	**2,807.06**	**3,307.42**
B.	Contingent Liabilities not provided for in respect of appeals filed against the Group			
	i. Income Tax	15.29	15.29	12.79
	ii. Sales Tax/Octroi	20.87	14.07	3.48
	iii. Excise/Customs/Service Tax	93.39	83.97	84.62
	iv. Employee Benefits/Demands			
	(to the extent quantifiable)	210.11	214.07	362.71
	v. Claims against the Group not acknowledged as debt	516.91	517.63	803.78
	vi. Others	219.82	444.00	439.79
		1,076.39	**1,289.03**	**1,707.17**
C.	Guarantees given to others	**161.25**	**170.95**	**228.07**
(Includes ₹ 546.27 (31.03.16 :₹ 496.31 Crores ; 01.04.15 : ₹ 554.52 Crores) towards share of jointly controlled entities) (Includes ₹ 239.77 crores (31.03.16: ₹ 288.73 crores ; 01.04.15 : ₹ 231.19 crores) towards share of jointly controlled operations)				
	63.1 : A claim of ₹ 276.28 crores (42.60 Million USD @ Exchange rate of 1 US = $ 64.855), claim by M3nergy on termination of service contract of Cluster - 7 field, which was awarded by ONGC to the consortium of M3nergy (Malaysia) BHD (30%) and Group (70%). Group has also initiated arbitration proceedings against M3nergy. The share of the claim of the company is ₹ 1016.28 crores with loss of profit and other expenses etc. Arbitration was bifurcated into two aspects one is liability and the other is quantification. Liability aspects have been held in favour of Group and by an interim award by Hon'ble Arbitral Tribunal, which has been challenged by M3nergy in Bombay High Court. The said Partial Award has been challenged by M3energy before High Court of Bombay wherein Court refused the request of M3nergy to stay arbitration proceedings. The matter is pending for further arguments.			

Notes to the Consolidated Financial Statements for the year ended 31st March, 2017

	The final hearing set of hearing before the before the Hon'ble Arbitral Tribunal dealing with nature and extent of relief to be granted to the Company and HPCL as well as question of costs were held on November 4-5, 2016, as the oral argument could not be completed, by M3nergy filed their written submission on Apr 6, 2017. The rejoined to the same is now to be filed by the Group. This amount is not included above.			
II.	**Commitments**			
A.	Estimated amount of contracts remaining to be executed on Capital Account not provided for	3,921.00	4,037.26	2,773.40
B.	Other Commitments (for Investments in Joint Ventures)	29.76	31.93	25.52
(Includes ₹ 296.48 (31.03.16 : ₹ 408.72 Crores ;01.04.15 : ₹ 419.99 Crores) towards share of jointly controlled entities) (Includes Nil (31.03.16: ₹ 100.62 crores ;01.04.15 : ₹ 94.93 crores) towards share of jointly controlled operations)				

64. Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 are produced herein below:

(in full Rupees)

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016	1163,67,000	53,67,614	1217,34,614
(+) Permitted receipts	22676,62,000	12015,27,273	34691,89,273
(-) Permitted payments	4,14,000	38,30,706	42,44,706
(-) Amount deposited in Banks	23836,15,000	11487,76,664	35323,91,664
Closing cash in hand as on 30.12.2016	-	542,87,517	542,87,517

65. Based on 3rd Pay Revision Committee recommendation, a provision of ₹ 449.52 crores have been made towards increase in gratuity ceiling from ₹ 10 lakhs to ₹ 20 lakhs and revision in salary for management staff w.e.f. 01.01.2017.

66. In compliance of Ind AS – 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

Particulars	Opening Balance as on 01.04.16	Additions	Utilization	Reversals	Closing Balance 31.03.17
Excise	0.59	0.00	0.00	0.00	0.59
Sales Tax	323.29	6.31	0.00	4.95	324.65
Service Tax	12.59	0.00	0.00	0.00	12.59
Others	331.22	82.12	1.97	0.45	410.92
Total	667.69	88.43	1.97	5.40	748.75
Less: Pre Deposit	-	-	-	-	63.21
Net	667.69	88.43	1.97	5.40	685.54

Particulars	Opening Balance as on 01.04.15	Additions	Utilization	Reversals	Closing Balance 31.03.16
Excise	0.59	0.00	0.00	0.00	0.59
Sales Tax	82.66	266.10	8.27	17.20	323.29
Service Tax	12.58	0.00	0.00	0.00	12.58
Others	62.93	285.36	17.07	0.00	331.22
Total	158.76	551.46	25.34	17.20	667.69

The above provisions are made based on estimates and expected timing of outflows is not ascertainable at this stage.

67. **Threshold limits adopted in respect of financial statements is given below:**

Threshold item	Unit of measurement	Threshold limits
Capitalization of spare parts meeting the definition of property plant and equipment.	₹ Lakhs	10.00
Deprecation at 100% in the year of acquition except LPG cylinders and pressure regulators.	₹	5,000.00
Classification as finance lease for land	Lease period (years)	More than 99
Income / expenditure pertaining to prior year (s)	₹ Crores	75.00
Prepaid expenses	₹ Lakhs	5.00
Disclosure of contingent liabilities	₹ Lakhs	5.00
Disclosure of capital commitments	₹ Lakhs	1.00

68. Segment reporting

A. Basis for segmentation

There are no reportable segments other than downstream petroleum, as per para 13 of Ind AS - 108, Operating Segments.

(i) Downstream Petroleum, engaged in Refining and Marketing of Petroleum products.

(ii)Others

The Company's Chairman, the Chief Operating Decision Maker for the Group , periodically reviews the internal management reports and evaluates performance/allocates resources based on the analysis of various performance indicators relating to the segments referred to above.

B. Information about reportable segments

₹/ Crores

For the year ended March 31, 2017	Reportable segments				
Particulars	**Downstream**	**Others**	**Total Segments**	**Adjustments & Eliminations**	**Consolidated**
Revenue					
External Customers	213,802.64	419.37	214,222.01	-	214,222.01
Inter-segment	0.35	44.90	45.25	(45.25)	-
Total Revenue	**213,802.99**	**464.27**	**214,267.26**	**(45.25)**	**214,222.01**
Segment profit / (loss) [EBIT]	**8,850.72**	**(166.99)**	**8,683.73**	**95.34**	**8,779.07**
Interest Income / (expenses) :					
Interest Income					708.61
Interest expense					(609.24)
Profit before tax and share of Profit in equity accounted investees					**8,878.44**
Share of profit of equity accounted investees					2,318.98
Profit before tax (PBT)					**11,197.42**
Income tax expense					(2,961.60)
Profit after Tax (PAT)					**8,235.82**
Other Comprehensive Income (Net of Tax)					**163.07**
Total Comprehensive Income					**8,398.89**
Segment assets	**79,195.95**	**1,123.09**	**80,319.04**		**80,319.04**
Segment liabilities	**58,232.18**	**1,015.43**	**59,247.61**		**59,247.61**
Other disclosures:					
Depreciation and amortization	2,535.28	241.09	2,776.37	-	2,776.37
Investment in equity accounted investees			-	-	6,069.75
Material non-cash items other than depreciation and					262.76
Capital expenditure					5,783.04

₹/ Crores

For the year ended March 31, 2016	Reportable segments				
Particulars	**Downstream**	**Others**	**Total Segments**	**Adjustments & Eliminations**	**Consolidated**
Revenue					
External Customers	197,743.40	220.92	197,964.32	-	197,964.32
Inter-segment	0.42	28.46	28.88	(28.88)	-
Total Revenue	**197,743.82**	**249.38**	**197,993.20**	**(28.88)**	**197,964.32**
Segment profit / (loss) [EBIT]	**5,770.11**	**(155.90)**	**5,614.21**	**233.09**	**5,847.30**
Interest Income / (expenses) :					
Interest Income					668.71
Interest expense					(723.18)
Profit before tax and share of Profit in equity accounted investees					**5,792.83**
Share of profit of equity accounted investees					942.27
Profit before tax (PBT)					**6,735.10**
Income tax expense					(2,060.41)
Profit after Tax (PAT)					**4,674.69**
Other Comprehensive Income (Net of Tax)					**(191.39)**
Total Comprehensive Income					**4,483.30**
Segment assets	**68,081.13**	**1,471.88**	**69,553.01**		**69,553.01**
Segment liabilities	**51,724.35**	**1,164.89**	**52,889.24**		**52,889.24**
Other disclosures :					
Depreciation and amortization	2,653.21	192.88	2,846.09	-	2,846.09
Investment in equity accounted investees					3,773.73
Material non-cash items other than depreciation and amortisation					217.90
Capital expenditure					6,278.51

69.

I. Summarised financial information for Joint ventures and associates that are material to the reporting entity as per Ind AS 112 *:

(₹/Crores)

Particulars	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
Assets:						
Non Current Assets	24,610.12	25,182.12	25,381.86	22,804.36	23,936.46	23,970.32
Current Assets						
Cash and Cash equivalents	72.60	12.20	64.80	246.15	1,355.32	1,367.12
Other current Assets (Excluding cash and cash equivalents)	7,597.07	4,591.03	7,541.60	9,760.58	18,760.11	15,971.93
Total (A)	**32,279.79**	**29,785.35**	**32,988.26**	**32,811.09**	**44,051.89**	**41,309.37**
Liabilities:						
Non Current Liabilties						
Non-Current Financial Liabilities (excluding Trade/Other payables and Provisions)	16,873.70	17,915.30	22,316.10	8,590.95	8,952.02	11,747.69
Other Non current Liabilities	671.83	621.50	236.10	439.08	596.89	907.51
Current Liabilities						
Current-Financial Liabilties (excluding Trade/Other payables and Provisions)	3,112.20	4,318.30	5,046.40	7,750.07	6,691.31	4,438.39
Other Current Liabilities	4,107.80	2,624.30	2,993.50	6,557.40	21,796.22	19,005.64
Total (B)	24,766	25,479.40	30,592.10	23,337.50	38,036.44	36,099.23
Net Assets included in Financial Statement of Joint Venture/Associate	7,514.26	4,305.94	2,396.16	9,473.59	6,015.45	5,210.14
Ownership Interest	48.99%	48.99%	48.94%	16.96%	16.96%	16.96%
Carrying amount of Interest in Joint Venture/Associate	3,681.42	2,109.59	1,172.66	1,606.25	1,019.92	883.38
Quoted Market Price	N.A.	N.A.	N.A.	3,169.14	1,992.41	1,995.39

* The information provided above is after considering adjustment due to alignment of accounting policies and inter-company eliminations.

Other Information:	FY 2016-17 (₹/Crores)	FY 2015-16	FY 2016-17 (₹/Crores)	FY 2015-16
Revenue	42,488.60	40,327.70	59,989.14	50,962.33
Dividend Income	-	-	26.80	117.32
Interest Income	12.00	18.10	378.37	689.86
Interest Expenses	1,073.10	1,711.80	965.92	1,080.33
Depreciation	1,138.70	1,147.20	984.12	1,013.04
Income tax expenses	1,160.60	495.20	1,760.64	(219.26)
Group's share of Profit / Loss	**3,209.32**	**1,404.71**	**3,462.48**	**805.24**
Group's share in Other Comprehensive Income (Net of Tax)	(1.00)	(0.20)	(4.78)	0.07
Group's share in Total Comprehensive Income	**3,208.32**	**1,404.51**	**3,457.70**	**805.30**

II. Details of all individually immaterial equity accounted investees : (₹/Crores)

	Joint Ventures			Associates		
	2016-17	**2015-16**	**2014-15**	**2016-17**	**2015-16**	**2014-15**
Carrying amount of Investment in equity accounted investees	**727.84**	**601.75**	**505.19**	**54.24**	**42.47**	**36.76**
Group's Share of Profit or Loss from Continuing Operations	**168.32**	**117.33**		**0.22**	**0.21**	
Group's share in other comprehensive income.	-0.03	0.11		-	-	
Group's share in Total comprehensive income.	**168.28**	**117.44**		**0.22**	**0.21**	

Note 70 : Employee benefit obligations

A: Provident Fund

The Group's Contribution to the provident fund is remitted to a seperate trust established for this purpose based on a fixed percentage of the elligible employees salary and charged to the statement of profit and loss.

Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return will be made good by the Corporation and charged to the statement of profit and loss. The Actual return earned by the fund has mostly been higher than Government specified minimum rate of return in the past years. There is no shortfall in the fund as on 31st March 2016, as on 31st March 2016 and 1st April, 2015.

Present value of benefit obligation at period end is ₹ 3,438.00 crores (31.03.2016 : ₹ 3,156.89; 01.04.2015 : ₹ 2,852.56 crores)

During the year, the company has recognised ₹ 128.90 crore (2015-16 : ₹ 120.46 crore) as Employer’s contribution to Provident Fund in the Statement of Profit and Loss.

B: Superannuation Fund

The Group has Superannuatin Scheme - Defined Contribution Scheme maintained by SBFS trust wherein Company contributes a certain percentage every month out of 30% of Basic plus DA (in accordance with DPE guidelines) to the credit of individual employee accounts maintained with LIC.

During the year, the company has recognised ₹ 152.15 crore (2015-16 : ₹ 178.34 crore) as Employer’s contribution to Superannuation Fund in the statement of Profit and Loss.

C: The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follows: (₹ / crore)

S#		Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance	Gratuity Unfunded
1	**Present value of projected benefit obligation**						
	Present value of Benefit Obligation at the beginning of the period	495.06	562.61	64.84	32.14	13.57	0.63
		501.31	504.15	57.84	33.71	2.49	0.48
	Interest Cost	39.56	45.35	5.05	2.50	1.08	0.05
		38.19	42.45	4.21	2.44	0.20	0.04
	Current Service Cost	4.90	49.08	-	-	2.52	0.11
		3.04	45.84	-	-	0.46	0.11
	Past Service Cost	368.44	-	-	-	-	-
		-	-	-	-	-	-
	Benefit paid	(46.15)	(40.06)	(3.51)	(5.72)	(1.51)	
		(41.75)	(32.13)	(7.71)	(5.94)	(0.95)	
	Actuarial (gains)/ losses on obligations - due to change in financial assumptions	36.91	49.40	2.51	0.71	0.62	0.04
		(1.70)	(5.02)	1.22	0.28	(0.17)	0.00
	Actuarial (gains)/ losses on obligations - due to experience	(20.96)	(19.59)	(9.86)	0.72	(3.82)	(0.08)
		(4.03)	7.32	9.28	1.65	11.54	(0.00)
	Present value of Benefit Obligation a the end of the period	877.76	646.79	59.03	30.35	12.46	0.75
		495.06	562.61	64.84	32.14	13.57	0.63
2	**Changes in fair value of plan assets**						
	Fair value of Plan Assets at the beginning of the period	512.75	411.81	NA	NA	NA	NA
		510.96	-	NA	NA	NA	NA
	Interest income	40.97	33.19	NA	NA	NA	NA
		40.37	-	NA	NA	NA	NA
	Contributions by the employer	0.01	144.21	NA	NA	NA	NA
		0.18	432.13	NA	NA	NA	NA
	Contributions by the employee	-	0.59	NA	NA	NA	NA
		-	-	NA	NA	NA	NA
	Benefit paid	(46.15)	(40.06)	NA	NA	NA	NA
		(41.75)	(32.13)	NA	NA	NA	NA
	Return on plan assets, excluding interest income	1.84	11.11	NA	NA	NA	NA
		2.99	11.81	NA	NA	NA	NA
	Fair value of Plan Assets at the end of the period	509.42	560.85	NA	NA	NA	NA
		512.75	411.81	NA	NA	NA	NA
3	**Included in profit and loss account**						
	Current Service Cost	4.90	49.08	-	-	2.52	0.11
		3.04	45.84	-	-	0.46	0.11
	Past Service Cost	368.44	-	-	-	-	
		-	-	-	-	-	
	Net interest cost	(1.41)	12.16	5.05	2.50	1.08	0.05
		(2.18)	42.45	4.21	2.44	0.20	0.04
	Contributions by the employee	-	(0.59)	-	-	-	-
		-	-	-	-	-	-
	Total amount recognised in profit and loss account	371.93	60.65	5.05	2.50	3.60	0.16
		0.86	88.29	4.21	2.44	0.66	0.15
4	**Remeasurements**						
	Return on plan assets, excluding interest income	(1.84)	(11.11)	-	-	-	-
		(2.99)	(11.81)	-	-	-	-
	(Gain)/loss from change in demographic assumptions	-	-	-	-	-	-
		-	-	-	-	-	-
	(Gain)/loss from change in financial assumptions	36.91	49.40	2.51	0.71	0.62	0.04
		(1.70)	(5.02)	1.22	0.28	(0.17)	0.00
	Experience (gains)/losses	(20.96)	(19.59)	(9.86)	0.72	(3.82)	(0.08)
		(4.03)	7.32	9.28	1.65	11.54	(0.01)
	Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-	-
		-	-	-	-	-	-
	Total amount recognised in other comprehensive income	14.11	18.70	(7.35)	1.43	(3.20)	(0.04)
		(8.72)	(9.51)	10.50	1.93	11.37	(0.00)

D: Amount recognised in the Balance Sheet

	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance	Gratuity-Unfunded
Present value of benefit obligation as on 01.04.2015	501.31	504.15	57.84	33.71	2.49	0.48
Fair value of plan assets as on 01.04.2015	510.96	-	-	-	-	
Net Liability / (Asset) recognised in Balance Sheet	**(9.65)**	**504.15**	**57.84**	**33.71**	**2.49**	**0.48**

	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance	Gratuity-Unfunded
Present value of benefit obligation as on 31.03.2016	495.06	562.61	64.84	32.14	13.57	0.63
Fair value of plan assets as on 31.03.2016	512.75	411.81	-	-	-	
Net Liability / (Asset) recognised in Balance Sheet	**(17.69)**	**150.80**	**64.84**	**32.14**	**13.57**	**0.63**

	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance	Gratuity-Unfunded
Present value of benefit obligation as on 31.03.2017	877.76	646.79	59.03	30.35	12.46	0.75
Fair value of plan assets as on 31.03.2017	509.42	560.85	-	-	-	
Net Liability / (Asset) recognised in Balance Sheet	**368.34**	**85.94**	**59.03**	**30.35**	**12.46**	**0.75**

E: Plan assets

	31.03.2017		31.03.2016	
	Gratuity	**PRMBS**	**Gratuity**	**PRMBS**
Plan assets comprise the following:				
Insurance fund	509.42	560.85	512.75	411.81
	509.42	**560.85**	**512.75**	**411.81**

F: Significant estimates: actuarial assumptions and sensitivity

F(i): The significant actuarial assumptions were as follows:

31.03.2017	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Expected Return on Plan Assets	7.26%	7.45%	NA	NA	NA
Rate of Discounting	7.26%	7.45%	7.12%	7.09%	7.26%
Rate of Salary Increase	7.00%	7.00%	NA	NA	7.00%
Medical Cost Inflation	NA	3.00%	NA	NA	NA
Rate of Emloyee Turnover	2.00%	2.00%	NA	NA	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)				
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08)				

31.03.2016	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Expected Return on Plan Assets	7.99%	8.06%	NA	NA	NA
Rate of Discounting	7.99%	8.06%	7.79%	7.95%	7.99%
Rate of Salary Increase	7.00%	7.00%	NA	NA	NA
Rate of Emloyee Turnover	2.00%	2.00%	NA	NA	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)				
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08)				

F(ii): Sensitivity analysis

31.03.2017	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Delta effect of +1% Change in Rate of Discounting	(49.76)	(77.63)	(2.99)	(1.00)	(0.83)
Delta effect of -1% Change in Rate of Discounting	56.44	97.93	3.36	1.07	0.95
Delta effect of +1% Change in Future Benefit cost inflation	-	98.50	-	-	-
Delta effect of -1% Change in Future Benefit cost inflation	-	(78.43)	-	-	-
Delta effect of +1% Change in Rate of Salary Increase	17.49	-	-	-	-
Delta effect of -1% Change in Rate of Salary Increase	(19.61)	-	-	-	-
Delta effect of +1% Change in Rate of Employee Turnover	13.41	-	-	-	-
Delta effect of -1% Change in Rate of Employee Turnover	(14.87)	-	-	-	-

31.03.2016	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Delta effect of +1% Change in Rate of Discounting	(26.83)	(64.61)	(3.99)	(1.35)	(1.19)
Delta effect of -1% Change in Rate of Discounting	30.27	80.39	2.79	0.91	1.25
Delta effect of +1% Change in Rate of Salary Increase	2.97	-	-	-	-
Delta effect of -1% Change in Rate of Salary Increase	(3.39)	-	-	-	-
Delta effect of +1% Change in Rate of Employee Turnover	14.74	-	-	-	-
Delta effect of -1% Change in Rate of Employee Turnover	(16.28)	-	-	-	-

G: The expected maturity analysis of undiscounted benfits is as follows:

	Less than 1 year	1 - 2 year	2 - 5 year	6 - 10 year
31.03.2017				
Gratuity	92.85	68.54	308.90	452.75
PRMBS	28.30	30.89	111.09	199.19
Pension	6.82	6.78	20.04	32.19
Ex - Gratia	5.24	5.12	14.95	22.32
Resettlement Allowance	0.96	0.64	3.89	7.02
Total	**134.17**	**111.97**	**458.87**	**713.47**
31.03.2016				
Gratuity	62.18	38.27	175.90	281.41
PRMBS	26.18	28.61	102.51	184.94
Pension	7.54	7.50	22.19	35.68
Ex - Gratia	5.34	5.29	15.47	24.16
Resettlement Allowance	1.11	0.53	3.68	7.69
Total	**102.35**	**80.20**	**319.75**	**533.88**

H: Notes:

Gratuity : All employees are entitled to receive gratuity as per the provisions of Payment of Gratuity Act, 1972. The Defined Benefit Plan of Gratuity is administered by Gratuity Trust. The Board of Trustees comparises of representatives from the Corporation who are also plan participants in accordance with the plans regulation. Based on 3rd pay commission recommendation, the gratuity ceiling has been considered as Rs. 20 lakhs due to that, past service cost of Rs. 368.44 crores is estimated and provided.

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

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.

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.

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.

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.

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.

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.

Figures in italics represent last year figures

71 Previous periods figures are reclassified / regrouped wherever necessary.

Schedule III - Additional Disclosure on Consolidated Financial Statements as on 31 Mar, 2017 is as under :-

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in Crores)	As a % of Consolidated profit or loss	Amount (₹ in Crores)	As a % of Consolidated Other Comprehensive Income	Amount (₹ in Crores)	As a % of Consolidated Total comprehensive Income	Amount (₹ in Crores)
Hindustan petroleum Corporation Limited	72.13%	15,198.08	75.42%	6,211.73	98.19%	160.13	75.87%	6,371.85
Subsidiaries								
Prize Petroleum Company Ltd.	-0.91%	(191.83)	-2.51%	(206.92)	2.60%	4.24	-2.41%	(202.68)
HPCL Biofuels Ltd.	0.18%	38.80	-0.37%	(30.72)	0.03%	0.04	-0.37%	(30.68)
Joint Ventures								-
Hindustan Colas Pvt. Ltd.	0.63%	131.98	0.56%	46.19	-0.01%	(0.02)	0.55%	46.17
CREDA - HPCL Biofuels Ltd.	0.00%	0.01	-0.03%	(2.78)	0.00%	-	-0.03%	(2.78)
HPCL Rajasthan Refinery Ltd.	-0.01%	(1.46)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
South Asia LPG Co. Pvt. Ltd.	0.74%	155.90	0.73%	60.11	0.00%	(0.00)	0.72%	60.11
HPCL Shapoorji Energy Pvt. Ltd.	0.06%	12.51	0.00%	(0.14)	-0.01%	(0.01)	0.00%	(0.15)
HPCL - Mittal Energy Ltd.	17.63%	3,713.90	18.39%	1,514.16	-0.30%	(0.49)	18.02%	1,513.67
Petronet MHB Ltd.	1.03%	216.12	0.32%	26.48	0.00%	(0.01)	0.32%	26.48
Godavari Gas Pvt Ltd.	0.01%	2.37	0.00%	(0.23)	0.00%	-	0.00%	(0.23)
Petronet India Ltd.	0.08%	16.91	0.12%	9.49	0.00%	-	0.11%	9.49
Mumbai Aviation Fuel Farm Facilities Pvt. Ltd.	0.22%	46.43	0.08%	6.65	0.00%	-	0.08%	6.65
Aavantika Gas Ltd.	0.21%	44.85	0.12%	9.53	0.00%	0.01	0.11%	9.54
Bhagyanagar Gas Ltd.	0.10%	21.47	0.04%	3.27	0.00%	0.00	0.04%	3.27
Associates								
Mangalore Refinery and Petrochemicals Ltd.	7.65%	1,611.11	7.15%	588.79	-0.50%	(0.81)	7.00%	587.98
GSPL India Gasnet Ltd.	0.15%	31.10	0.00%	0.12	0.00%	-	0.00%	0.12
GSPL India Transco Ltd.	0.11%	23.18	0.00%	0.10	0.00%	-	0.00%	0.10
Total		**21,071.43**		**8,235.82**		**163.07**		**8,398.89**

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director-Finance
DIN - 06627920

FOR CVK & ASSOCIATES
Chartered Accountants
Firm No. 101745W

FOR G.M. KAPADIA & CO.
Chartered Accountants
Firm No. 104767W

SHRIKANT M. BHOSEKAR
Company Secretary

A K Pradhan
Partner
Membership No. 032156

Rajen Ashar
Partner
Membership No. 048243

Date : 26th May, 2017
Place : New Delhi

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Amount in ₹)

	Particulars	**HPCL Biofuels Ltd.**	**Prize Petroleum Company Ltd.#**	**CREDA-HPCL Biofuels Ltd.**	**HPCL Rajasthan Refinery Ltd.**
	Sl. No.	1	2.	3.	4.
1.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Rupees (₹)	Rupees (₹)	Rupees (₹)	Rupees (₹)
2.	Share capital	2,055,200,000	2,450,000,000	217,564,910	500,000
3.	Reserves & surplus	(1,667,203,340)	(4,368,266,969)	(217,423,057)	(20,247,414)
4.	Total assets	7,046,191,131	4,017,774,896	193,795	284,847,355
5.	Total Liabilities	6,658,194,468	5,936,041,865	51,942	304,594,769
6.	Investments	-	-	-	-
7.	Turnover	3,825,200,732	783,227,463	-	-
8.	Profit before taxation	(307,244,289)	(2,069,205,050)	(37,573,369)	(73,670)
9.	Provision for taxation	-	-	-	-
10.	Profit after taxation	(307,244,289)	(2,069,205,050)	(37,573,369)	(73,670)
11.	Proposed Dividend				
12.	% of shareholding	100.00%	100.00%	74.00%	74.00%

Figures based on Consolidated Financial Statements of the Company

Notes:-

1. Names of subsidiaries which are yet to commence operations
   a) HPCL Rajasthan Refinery Ltd.
2. CREDA-HPCL Biofuels Ltd and HPCL Rajasthan refinery Ltd are considered as subsidaries as per Sec 2(87) of Companies Act, 2013
3 Names of subsidiaries which have been liquidated or sold during the year. **NIL**

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director-Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 26th May, 2017
Place : New Delhi

Form AOC-I
(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “B”: Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part "A" (Amount in ₹)

	Name of Joint Ventures	Hindustan Colas Pvt. Ltd.	HPCL-Mittal Energy Ltd. *	South Asia LPG Co. Pvt. Ltd.	Petronet MHB Ltd.	Bhagyanagar Gas Ltd.	Petronet India Ltd.	Godavari Gas Pvt Ltd.
1.	**Latest audited Balance Sheet Date**	31/03/2017	31/03/2017	31/03/2017	31/03/2017	31/03/2017	31/03/2017	Unaudited
2.	**Shares of Joint Ventures / Associate held by the company on the year end**							
	No.	4,725,000	3,939,555,200	50,000,000	179,511,020	22,500,000	16,000,000	2,600,000
	Amount of Investment in Joint Venture / Associate	47,250,000	39,395,552,000	500,000,000	1,839,317,041	225,000,000	160,000,000	26,000,000
	Extend of Holding %	50.00%	48.99%	50.00%	32.72%	24.99%	16.00%	26.00%
3.	**Description of how there is significant influence**	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding
4.	**Reason why the joint venture/Associate is not consolidated**	-	-	-	-	-	-	-
5.	**Networth attributable to Shareholding as per latest audited Balance Sheet**	2,639,599,854	75,805,368,270	3,118,092,000	6,606,214,000	858,924,831	1,056,614,703	91,119,487
6.	**Profit / Loss for the year 2016-17**							
	i. Considered in Consolidation	923,797,355	30,906,000,000	1,202,197,000	809,476,000	131,006,439	593,240,194	(8,880,513)
	i. Not Considered in Consolidation	-	-	-	-	-	-	-

Figures based on Consolidated Financial Statements of the Company

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director-Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 26th May, 2017
Place : New Delhi

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and JointVentures

Part "B" (Amount in ₹)

	Name of Joint Ventures	Aavantika Gas Ltd.	Mangalore Refinery and Petrochemicals Ltd.#	HPCL Shaaporji Energy Pvt. Ltd.	Mumbai Aviation Fuel Farm Facilities Pvt. Ltd.	GSPL India Gasnet Ltd.	GSPL India Transco Ltd.
1.	**Latest audited Balance Sheet Date**	31/03/2017	31/03/2017	31/03/2017	31/03/2017	31/03/2017	31/03/2017
2.	**Shares of Joint Ventures / Associate held by the company on the year end**						
	No.	22,500,000	297,153,518	13,000,000	38,271,250	30,472,128	22,550,000
	Amount of Investment in Joint Venture / Associate	225,000,000	4,716,799,957	130,000,000	382,712,500	304,721,280	225,500,000
	Extend of Holding %	49.97%	16.96%	50.00%	25.00%	11.00%	11.00%
3.	**Description of how there is significant influence**	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding
4.	**Reason why the joint venture/Associate is not consolidated**	-	-	-	-	-	-
5.	**Networth attributable to Shareholding as per latest audited Balance Sheet**	897,513,564	95,022,355,000	250,291,856	1,857,350,336	2,827,153,000	2,106,999,000
6.	**Profit / Loss for the year 2016-17**						
	i. Considered in Consolidation	190,707,354	34,726,410,000	(2,872,798)	265,842,257	10,771,000	9,178,000
	i. Not Considered in Consolidation	-	-	-	-	-	-

Figures based on Consolidated Financial Statements of the Company

1. Names of joint ventures or associates which are yet to commence operations.
   a) GSPL India Gasnet Ltd
   b) GSPL India Transco Ltd
   c) HPCL Shapoorji Energy Ltd
2. Names of joint ventures or associates which have been liquidated or sold during the year.-NIL

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director-Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

Date : 26th May, 2017

HINDUSTAN PETROLEUM CORPORATION LIMITED

Statement of changes in equity as on 31st March 2017

A. Statement of Changes in Equity

	No of Shares	Amount
		(₹ in crores)
Balance at 1st April 2015	**338,627,250**	**339.01**
Changes in equity share capital during the year	-	-
Balance at 31 March 2016	**338,627,250**	**339.01**
Changes in equity Share Capital	677,254,500	677.25
Balance at 31 March 2017	**1,015,881,750**	**1,016.26**

(₹ / crores)

(b) Other equity										
	Reserves & Surplus									
Particulars	Retained earnings	Share Premium Account	Capital Redemption Reserve	Debenture Redemption Reserve	General Reserve	Capital Reserve	Foreign Currency Monetary items translation difference Account	Equity Instruments thru OCI	Foreign Currency Translation Reserve	Total Equity
Balance at April 1, 2015	**10,421.72**	**1,038.06**	**1.56**	**413.30**	**1,859.17**	**0.44**	**(62.79)**	**45.02**	**(0.13)**	**13,716.35**
Profit or Loss for the year	4,674.69									4,674.69
Other Comprehensive income for the year	(3.62)								(0.25)	(3.87)
Total comprehensive income for the year	**4,671.07**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.25)**	**4,670.82**
Interim / Proposed Dividend	(1,456.10)									(1,456.10)
Dividend Distribution Tax (DDT)	(296.43)									(296.43)
Reversal of Provision for dimunition in value of Investment on Consolidation*	9.65									9.65
Transfers / Additions (Net of amortisation)	148.17			(148.17)			(132.01)	(187.52)		(319.53)
Balance at March 31, 2016	**13,498.08**	**1,038.06**	**1.56**	**265.13**	**1,859.17**	**0.44**	**(194.80)**	**(142.50)**	**(0.38)**	**16,324.76**
Profit for the year	8,235.82	-	-	-	-	-	-		-	8,235.82
Other comprehensive income for the year	(16.78)	-	-	-	-	-	-		4.24	(12.54)
Total comprehensive income for the year	**8,219.04**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4.24**	**8,223.28**
Interim / Proposed Dividend	(3,477.70)	-	-	-	-	-	-		-	(3,477.70)
Dividend Distribution Tax (DDT)	(707.98)	-	-	-	-	-	-		-	(707.98)
Reversal of Provision for dimunition in value of Investment on Consolidation*	-	-	-	-	-	-	-		-	-
Transfers / Additions (Net of amortisation)	-	-	-	-	-	0.08	194.36	175.61	-	370.05
Issuance of Bonus shares (2 equity shares for each existing share)	-	(677.25)	-	-	-	-	-		-	(677.25)
Balance at March 31, 2017	**17,531.44**	**360.81**	**1.56**	**265.13**	**1,859.17**	**0.52**	**(0.44)**	**33.11**	**3.86**	**20,055.16**

Notes:

Retained earnings : The balance held in this reserve is the accumulated retained profits and is permitted to be distributed to shareholders as part of dividend.
Share Premium : Premium collected on issue of securities are accumulated as part of securities premium. Utilisation of such reserve is restricted by the Companies Act, 2013.
Capital Redemption reserve : Capital redemption reserve is created on redemption of preference share capital during the financial years 2011-12 and 2012-13.
Debenture redemption reserve : Debenture redemption reserve represents amounts set aside by the Company for future redemption of debentures.
General Reserve : General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of dividend.
Capital Reserve : Capital reserve and is created on account of consolidation.

Foreign Currenyc Monetary Item Translation Difference Account (FCMITDA) : Reserve recognised on account of translation of long term foreign currency denominated borrowings related to non - depreciable Property, Plant & Equipment. Amounts recognised as part of such reserve is recognised in the statement of profit or loss over remaining maturity of related borrowing.

Equity instruments through OCI : The Corporation has choosen to recognise the changes in the value of certain investments in equity securitites in other comprehansive income. These changes are accumulated within the Equity instruments through OCI reserve.

Foreign Currency translation Reserve : is created on account of translation of financial statements of foreign operations of PPIPL.

FOR AND ON BEHALF OF BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director - Finance
DIN - 06627920

FOR CVK & Associates
Chartered Accountants
FRN - 101745W

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

SHRIKANT M. BHOSEKAR
Company Secretary

A K Pradhan
Partner
Membership No. 032156

Rajen Ashar
Partner
Membership No.048243

Place : New Delhi
Date : 26th May, 2017

Independent Auditors' Report

TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of HINDUSTAN PETROLEUM CORPORATION LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities, (as defined in the Companies (Accounting Standards) Rules, 2006) comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies / governing bodies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters, which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group and its jointly controlled entities as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Independent Auditors' Report

Emphasis of Matter

a) We refer to note no. 48 which indicates that the Holding Company has less than the minimum number of Independent Directors required in terms of the provisions contained in the listing agreement and the Companies Act, 2013. Pending such appointment, these financial statements have been reviewed and recommended to the Board of Directors by the Audit Committee consisting of only one Independent Director;

b) We refer to note no. 41 in connection with 23 Un-incorporated Joint Ventures (UJVs) involved in exploration activities, of which majority of UJVs are under relinquishment. The attached consolidated financial statements include Groups proportionate share in Assets and Liabilities, Income and Expenditure amounting to ₹ 25.60 crores and ₹ 123.51 crores, ₹ 0.52 crores and ₹ 20.30 crores respectively, as at March 31, 2016. In respect of these UJVs, the audited accounts are not available with the Group. The financial information has been incorporated based on un-audited financial statements / data received from the respective operators; and

c) We draw attention to note no. 1.3 to the financial results which describes the reasons for considering joint venture interest lower than the percentage of shareholding in a joint venture known as Bhagyanagar Gas Limited.

Our opinion is not modified in respect of these matters.

Other Matters

(a) We did not audit the financial statements of 4 subsidiaries (and its step-down subsidiaries and jointly controlled entities), and 13 jointly controlled entities (including 1 jointly controlled entity through indirect holding) (and its step-down subsidiaries and jointly controlled entities), whose financial statements reflect total assets of ₹ 23,632 crores as at March 31, 2016, total revenues of ₹ 22,334 crores and net cash flows amounting to ₹ 561 crores for the year ended on that date, as considered in the preparation of the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of section 143(3) and 143(11) of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statement, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

1. As required by section 143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and workings maintained for the purpose of preparation of the consolidated financial statements.

   (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.

   (e) As per notification no: G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 164(2) of the Act, accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section. On the basis the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India other than Government companies, none of the directors of the subsidiary and jointly controlled companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164 (2) of the Act.

Independent Auditors' Report

(f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure I.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled entities– Refer note 52(I) to the consolidated financial statements.

ii. The Holding Company and the individual entities have made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiaries, and jointly controlled companies incorporated in India.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

Sd/-
Atul Shah
Partner
Membership No.: 039569

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Sd/-
A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 27th May 2016

Independent Auditors' Report

Annexure I - referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of HINDUSTAN PETROLEUM CORPORATION LIMITED ('the Holding Company') and its subsidiaries together referred to as 'the Group') and its Joint ventures as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Independent Auditors' Report

Opinion

In our opinion, the Holding Company, its Subsidiaries and Jointly Controlled Entities, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 4 subsidiaries, and 13 Jointly Controlled Entities (including 1 jointly controlled entity through indirect holding), which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

Sd/-
Atul Shah
Partner
Membership No.: 039569

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Sd/-
A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 27th May 2016

Consolidated Balance Sheet as at 31st March, 2016

₹ / Crores

	Notes	31.03.2016	31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	339.01	339.01
(b) Reserves and Surplus	4	16,987.65	13,585.40
(c) Minority Interest		39.73	114.33
		17,366.39	**14,038.74**
(2) Non-Current liabilities			
(a) Long - Term Borrowings	5	21,746.80	28,535.92
(b) Deferred Tax Liabilities (Net)	6	3,686.63	2,804.45
(c) Other Long Term Liabilities	7A	9,716.84	8,544.53
(d) Long - Term Provisions	7B	515.51	646.05
		35,665.78	**40,530.95**
(3) Current Liabilities			
(a) Short - Term Borrowings	8	5,949.79	4,603.10
(b) Trade Payables			
(A) total Outstanding dues of Micro and small enterprises	9	0.18	0.35
(B) total Outstanding dues of creditor other than Micro and small enterprise	9	10,600.16	12,639.14
(c) Other Current Liabilities	10A	16,263.29	11,442.79
(d) Short - Term Provisions	10B	1,841.52	2,489.63
		34,654.94	**31,175.01**
TOTAL		**87,687.11**	**85,744.70**
II. ASSETS			
(1) Non - Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	49,355.13	44,638.47
(ii) Intangible Assets	12	272.21	668.08
(iii) Capital Work - in - Progress	13	2,273.15	3,863.35
(iv) Intangible Under Development	13A	61.67	86.48
(b) Goodwill on Consolidation		120.35	118.56
(c) Non-Current Investments	14	573.17	578.12
(d) Long-Term Loans and Advances	15	1,729.72	1,634.02
(e) Other Non-Current Assets	16	186.04	200.57
		54,571.44	**51,787.65**
(2) Current Assets			
(a) Current Investments	17	4,997.26	5,534.70
(b) Inventories	18	14,983.86	16,044.75
(c) Trade Receivables	19	4,533.73	4,070.73
(d) Cash and Bank Balances	20	2,799.35	2,235.83
(e) Short-Term Loans and Advances	21	5,473.28	5,372.75
(f) Other Current Assets	22	328.19	698.29
		33,115.67	**33,957.05**
TOTAL		**87,687.11**	**85,744.70**
Significant Accounting Policies	1 & 2		

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/-
J RAMASWAMY
Director - Finance
DIN - 06627920

Sd/-
SHRIKANT M. BHOSEKAR
Company Secretary

Place : New Delhi
Date : May 27, 2016

FOR CVK & ASSOCIATES
Chartered Accountants
FRN - 101745W

Sd/-
A K PRADHAN
Partner
Membership No. 032156

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Sd/-
Atul Shah
Partner
Membership No. 039569

Consolidated Statement of Profit and Loss for the year ended 31st March, 2016

₹ / Crores

	Notes	2015-16	2014-15
Revenue from Operations			
a. Gross Sale of Products	23A	212,664.41	230,168.48
Less : Excise Duty		25,983.55	13,831.16
b. Net Sale of Products		**186,680.86**	**216,337.32**
c. Sale of services		79.57	57.84
d. Other Operating Revenues	23B	318.36	252.92
e. Other Income	23C	1,657.60	1,860.79
Total Revenue (b+c+d+e)		**188,736.39**	**218,508.87**
Expenses:			
Cost of Materials Consumed		57,641.04	78,982.20
Purchases of Stock-in-Trade		101,962.08	114,969.85
Packages Consumed		311.68	255.58
Excise Duty on Inventory Differential		1,657.17	1,076.55
Transportation Expenses		5,390.93	4,996.86
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	24	609.11	5,078.44
Employee Benefits Expense	25	2,518.75	2,593.11
Exploration Expenses		33.77	28.30
Finance Costs	26	1,747.25	1,841.15
Depreciation and Amortization Expense	11 & 12	3,588.26	2,496.68
Other Expenses	27	6,314.29	3,963.87
Total Expenses		**181,774.33**	**216,282.59**
Profit Before Prior Period, Exceptional and Extraordinary Items and Tax		**6,962.06**	**2,226.28**
Prior Period Expenses / (Incomes)	28	7.91	(4.21)
Profit Before Exceptional and Extraordinary Items and Tax		**6,954.15**	**2,230.49**
Exceptional Expenses / (Incomes)		-	(4.09)
Profit Before Extraordinary Items and Tax		**6,954.15**	**2,234.58**
Extraordinary Expenses / (Incomes)		-	3.89
Profit Before Tax		**6,954.15**	**2,230.69**
Tax Expense: (refer note # 38)			
Current tax		1,544.13	1,057.36
MAT Credit Entitlements		(45.32)	(7.78)
Deferred tax		741.10	(738.34)
Provision for Tax for Earlier years written back (net)		(132.67)	430.58
Total Tax Expenses		**2,107.24**	**741.82**
Profit / (Loss) after Tax but before Share of Results of Minority Interest		**4,846.91**	**1,488.87**
Share of Minority in Profit / (Loss)		(74.58)	(9.71)
Profit / (Loss) after Tax for the Group		**4,921.49**	**1,498.58**
Earnings per equity share: (Basic and Diluted) excluding extraordinary items		145.34	44.37
(2015-16 : EPS = Net Profit ₹ 4,921.49 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(2014-15 : EPS = Net Profit ₹ 1,502.47 Crores / Weighted Avg. no of shares - 33.863 Crores)			
Earnings per equity share: (Basic and Diluted)		145.34	44.25
(2015-16 : EPS = Net Profit ₹ 4,921.49 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(2014-15 : EPS = Net Profit ₹ 1,498.58 Crores / Weighted Avg. no of shares - 33.863 Crores)			

(Total revenue includes ₹ 8,074.66 Crores (2014-15 : ₹ 10,806.43 Crores) towards share of jointly controlled entities)
(Total expense includes ₹ 20,681.35 Crores (2014-15 : ₹ 26,656.53 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 Consolidated Financial Statements

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/- J RAMASWAMY **Director - Finance** DIN - 06627920	FOR CVK & ASSOCIATES **Chartered Accountants** FRN - 101745W	FOR G.M. KAPADIA & CO. **Chartered Accountants** FRN - 104767W
Sd/- SHRIKANT M. BHOSEKAR **Company Secretary**	Sd/- A K PRADHAN **Partner** Membership No. 032156	Sd/- Atul Shah **Partner** Membership No. 039569

Place : New Delhi
Date : May 27, 2016

Consolidated Cash Flow Statement for the year ended 31st March, 2016

₹ / Crores

		2015-16	2014-15
A.	**Cash Flow From Operating Activities**		
	Net Profit/(Loss) before Tax & Extraordinary Items	**6,954.14**	**2,230.69**
	Adjustments for :		
	Depreciation / amortisation	3,595.71	2,489.40
	Profit/ (Loss) on sale/write off of fixed assets/ CWIP (including prior period)	24.55	50.55
	Amortisation of foreign currency monetary item translation difference account	251.61	36.13
	Utilised of securities premium towards amortisation of premium on redemption on debentures and discount on issue of debentures	-	(25.45)
	Amortisation of capital grant	(1.94)	(0.55)
	Spares written off	0.41	1.06
	Provision for Diminution in Value of Current Investments	(16.71)	(605.04)
	(Profit)/Loss on Sale of Current Investment	35.86	29.24
	Finance Costs	1,747.32	1,841.15
	Exchange Rate Difference (unrealised)	437.93	472.93
	Gain on settlement of deferred sales tax loan	(271.06)	(256.91)
	Provision for Doubtful Debts & Receivables	37.04	22.48
	Bad Debts written off	9.97	-
	Interest Income	(516.50)	(574.92)
	Share of Profit from PII	(0.77)	(0.59)
	Dividend Received	(57.92)	(38.77)
	Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}	**12,229.64**	**5,671.40**
	(Increase) / Decrease in Assets and Liabilities :		
	Trade Receivables	(510.00)	2,208.96
	Loans and Advances and Other Assets	770.04	3,679.59
	Inventories	1,060.49	8,849.66
	Liabilities and Other Payables	(473.98)	(185.16)
	Sub Total - (ii)	846.55	14,553.05
	Cash Generated from Operations (i) + (ii)	13,076.19	20,224.45
	Less : Direct Taxes / FBT refund / (paid) - Net	(1,313.78)	(810.77)
	Cash flow before Operating Activities before extraordinary items	11,762.41	19,413.68
	Less : Extraordinary items - (gains) / losses	-	3.89
	Net Cash from Operating Activities (A)	**11,762.41**	**19,409.79**
B.	**Cash Flow From Investing Activities**		
	Purchase of fixed assets (including CWIP / excluding interest capitalised)	(6,203.16)	(6,437.96)
	Sale of fixed assets	18.53	125.50
	Receipt of Capital Grant	13.28	
	Purchase of investment (including share application money pending allotment/ advance towards equity)	(53.09)	(46.93)
	Proceeds from Sale of Investments	529.33	165.07
	Interest received	590.93	488.34
	Dividend received	57.92	38.77
	Net Cash Flow generated from / (used in) investing activities (B)	**(5,046.26)**	**(5,667.21)**

Consolidated Cash Flow Statement for the year ended 31st March, 2016

₹ / Crores

	2015-16	2014-15
C. Cash Flow From Financing Activities		
Share application money received / (paid)	-	(1.24)
Advance towards equity received	-	-
Long term Loans raised/(repaid)	(3,383.30)	4,310.64
Short term Loans raised / (repaid)	1,346.71	(16,561.15)
Finance Cost paid	(1,751.19)	(1,830.70)
Dividend paid (including dividend distribution tax)	(1,759.86)	(616.52)
Net Cash Flow generated from / (used in) Financing Activities (C)	**(5,547.64)**	**(14,698.97)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**1,168.51**	**(956.39)**
Opening Balance of Cash and Cash Equivalents		
Cash / cheques on hand	8.98	13.16
Balances with scheduled banks		
On current accounts	126.93	69.92
Others	772.56	1,781.78
	908.47	**1,864.86**
Closing Balance of Cash and Cash Equivalents		
Cash / cheques on hand	7.87	8.98
Balances with scheduled banks		
On current accounts	171.25	126.93
Others	1,897.86	772.56
	2,076.98	**908.47**
Net Increase / (Decrease) in Cash and Cash Equivalents	**1,168.51**	**(956.39)**

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/-
J RAMASWAMY
Director - Finance
DIN - 06627920

Sd/-
SHRIKANT M. BHOSEKAR
Company Secretary

Place : New Delhi
Date : May 27, 2016

FOR CVK & ASSOCIATES
Chartered Accountants
FRN - 101745W

Sd/-
A K PRADHAN
Partner
Membership No. 032156

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Sd/-
Atul Shah
Partner
Membership No. 039569

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

CORPORATE OVERVIEW

Hindustan Petroleum Corporation Limited referred to as "HPCL" or "the Corporation" was incorporated on 5th July, 1952. HPCL is a Government of India Enterprise listed on the Bombay Stock exchange Limited and National Stock Exchange of India Limited. The Corporation is engaged in the business of refining of crude oil and marketing of petroleum products. It has refineries at Mumbai and Vishakhapatnam, LPG bottling plants and Lube blending plants. The Corporation's marketing infrastructure includes vast network of Installations, Depots, Retail Outlets, Aviation Service Stations and LPG distributors.

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 in India (Indian GAAP), Accounting Standards notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. All income and expenditure having material bearing are recognised on accrual basis.

Use of Estimates

Necessary estimates and assumptions that affect the amounts reported in the financial statements and notes thereto 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, 2014.

1.2 Principles of Consolidation

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

The Financial Statements of HPCL and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, the intra group balance and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated. The share of Minority Interest in the Subsidiaries has been disclosed separately in CFS.

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

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

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

1.3 Companies included in Consolidation

The CFS comprise the Audited Financial Statements (except as mentioned otherwise) of HPCL, its Subsidiaries and its interest in Joint Ventures for the year ended 31st March 2016, which are as under;

Name of the Company	Country of Incorporation	HPCL's Ownership Interest	
		31.03.2016	31.03.2015
(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)	India	**74.00%**	74.00%

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

Name of the Company	Country of Incorporation	HPCL's Ownership Interest 31.03.2016	31.03.2015
(ii) Joint Ventures			
HPCL - Mittal Energy Ltd. (HMEL)***	India	**48.99%**	48.94%
Hindustan Colas Pvt. 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	**16.96%**	16.96%
Bhagyanagar Gas Ltd. (BGL)	India	**24.99%**	24.99%
Petronet India Ltd. (PIL)**	India	**16.00%**	16.00%
Petronet MHB Ltd. (PMHBL)#	India	**30.03%**	28.77%
Aavantika Gas Ltd. (AGL)	India	**49.97%**	25.00%
GSPL India Gasnet Ltd. (GIGL)	India	**11.00%**	11.00%
GSPL India Transco Ltd. (GITL)	India	**11.00%**	11.00%
HPCL Shapoorji Energy Pvt Ltd. (HSEL)	India	**50.00%**	50.00%
Mumbai Aviation Fuel Farm Facility Pvt. Ltd. (MAFFFL)	India	**25.00%**	25.00%

** In case of Petronet India Ltd. Standalone Financial Statements have been considered for the purpose of consolidation. In Addition, Indirect holding of 4.16% in Petronet CCK Ltd. held through Petronet India Ltd. is considered for the purpose of consolidation.

*** Consolidated Financial Statements are considered.

HPCL's Holding in Petronet MHB Ltd. has been considered at 30.03% after considering the indirect holding of 1.26% through Petronet India Ltd.

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

Consolidated Financial Statements have been considered for consolidation of the following:

a) Mangalore Refinery and Petrochemical Limited has one subsidiary namely ONGC Mangalore Petrochemicals limited (MRPL is holding 51%) and two joint ventures namely Shell MRPL Aviation Fuels & Services Limited (MRPL is holding 50%) and Mangalam Retail Services Limited (MRPL is holding 49.98%).

b) Prize Petroleum Company Limited has wholly owned subsidiary namely Prize Petroleum International PTE Limited.

As of 31st March 2014, paid up equity capital of BGL was ₹ 5 lacs, in which HPCL and GAIL were holding 25% each. Balance 50% of shares were held by Kakinada Seaports Ltd (KSPL) on warehousing basis. In addition, each one of HPCL and GAIL had paid ₹ 22.49 crores as Advance against Equity / Share application money (totaling to ₹ 44.98 crores) in earlier years. On 20th August 2014, BGL allotted 2,24,87,500 shares on preferential basis to each of HPCL and GAIL towards the money paid earlier. Meanwhile there are certain issues pending adjudication with another shareholder. Accordingly, keeping in view financial prudence, HPCL's share has been considered at 24.99% (considered as 24.99% in F.Y. 2014-15).

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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

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.

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 straight line method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, the Company has assessed the estimated useful lives of its fixed assets and has adopted the useful lives and residual value as prescribed in Schedule II except for, plant and machinery relating to Retail Outlets (other than Storage tanks and related equipment), Cavern Structure and LPG cylinders & regulators. The useful life of plant and machinery relating to Retail Outlets (other than Storage tanks and related equipment) are considered as 15 years and for Cavern Structure as 60 years based on its internal technical assessment.

b. In line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.

c. All assets costing up to ₹ 5000/-, other than LPG cylinders and pressure regulators, are fully depreciated in the year of capitalisation.

d. Premium on leasehold land is amortised over the period of lease.

e. 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.

f. 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.

g. Application software are normally amortised over a period of four years, or over its useful life, whichever is earlier.

h. In addition to the Depreciation policy of Parent company, major Accounting policies of Group Companies in respect of Depreciation/ Amortisation are as under:

HMEL

(i) Depreciation on fixed assets is calculated using the straight-line method (SLM) as per the useful life of the assets stated below. The same have been determined by the management based on technical estimates.

Particulars	Useful Life (Years)
Building *	30
Building (culverts)	30
Building (roads)	5
Plant and equipment (refinery assets)	25
Plant and equipment (captive power plant)	40
Plant and equipment (crude oil pipeline)	30
Plant and equipment (pumps)	25
Plant and equipment (hoses) **	8
Plant and equipment (lab equipment)	10
Plant and equipment (others)	15
Railway Sidings	15
Furniture & Fixtures	10
Vehicles	8
Office Equipment	5
Computer & peripherals – end user devices	3
Computer & peripherals – server	6

* Buildings include both factory and non-factory buildings. The useful lives of the non-factory buildings as mentioned in Schedule II of Companies Act, 2013 is higher than what has been assessed by the management.

** The useful lives of hoses as mentioned in Schedule II of Companies Act 2013 is higher than what has been assessed by the management.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

(ii) Leasehold land (other than land on perpetual lease) is amortized over the lease period of 28 years and 4 months starting from 31st May, 2002.

(iii) Assets constructed on leasehold properties are depreciated over the remaining period of the lease (refer (ii) above) or the useful life mentioned in (i) above, whichever is lower.

(iv) Leasehold improvements are depreciated over the primary period of 9 years or over the useful lives mentioned in (i) above whichever is lower.

(v) Fixed-bed catalyst (included in Plant and Machinery - refinery assets) are depreciated on SLM basis over their useful life. Determined based on individual chemical reports (ranging from 1 to 8 years) or the useful life mentioned above whichever is lower.

(vi) Intangible assets representing computer software are amortized using the straight-line method over the estimated useful life of five years or the tenure of the respective software licence, whichever is lower.

GIGL & GITL

(i) Depreciation on tangible fixed assets is provided on written down value method (WDV) as per useful life prescribed in Schedule II to the Companies Act, 2013 except on Mobile instruments, which are depreciated over useful life of two years on WDV basis based on technical assessment.

(ii) In case of Intangible Assets, software is amortised at 40% on written down value method. Right of use (RoU) is perpetual in nature, However as required by Accounting Standard – 26 expenditure on Land Compensation for acquiring Right of Use (RoU) is amortised over 99 years on straight line method starting from the date of commissioning of the respective pipeline. Moreover, expenditure on Right of Way is amortised over 30 years on straight line method starting from the date of commissioning of respective pipeline.

MAFFFL

(i) The Company has earlier adopted the useful life of the Oil Companies assets taken over by the company different from what is specified in Part - C of Schedule II of the Companies Act, 2013 on the basis of the technical advice obtained. Based on management's latest estimate, Integrated Fuel Farm Facility is expected to be commissioned from 1st January 2019 and existing facilities of Oil Companies are expected to be dismantled by 31st March 2019. In view of the same, actual useful lives of these facilities (except Vehicles) are restricted to such period which is different from the useful lives specified in Part C of Schedule II of the Companies Act, 2013 and depreciation on these facilities has been provided accordingly.

(ii) Useful lives of assets acquired from Mumbai International Airport Pvt. Ltd. (MIAL) in the last year were considered as specified in Part - C of Schedule II of the Companies Act, 2013. During the year under reference, useful lives of all these assets acquired, both in the past and in the year under reference, from MIAL are restricted to the contractual period expiring as per the License Agreement i.e. 2nd May 2036 which is different from the useful lives specified in Part C of Schedule II of the Companies Act, 2013 and depreciation on these assets has been provided accordingly.

(iii) The Building (DP Shed) constructed by the Company at Sahar is expected to be dismantled along with IOCL - Sahar Facility, as stated in (i) above. In view of the same, Actual useful life of this asset is restricted to such period which is different from the useful life specified in Part C of Schedule II of the Companies Act, 2013 and depreciation on this asset has been provided accordingly.

HINCOL

(i) Depreciation is provided pro-rata to the period of use, on Straight Line Method, over the period of estimated useful lives of the assets or those stipulated in Schedule II to the Companies Act 2013, whichever is lower. The useful lives which are different from Schedule II are as follows :

Particulars	Useful Life (Years)
Buildings	
-Residential Buildings (RCC Frame Structure)	30
-Factory Buildings	25
-Drains	10
-Buildings (other than RCC frame structure)	25
-Culverts	10

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

Particulars	Useful Life (Years)
-Land Development	25
Plant & Machinery	
-Colas Plant	10
-Storage Tanks (Emulsion/ Acid Tanks)	12
-Storage Tanks (Other Tanks)	15
-Pipelines (Emulsion/ Acid pipelines)	12
-Pipelines (other pipelines)	15
-Fire Fighting Equipment/Forklift/High Shear Mill	10
-Road Making Equipment	8
-Others	15
Motor Vehicles	
-Cars	4
-Trucks	5
Computers & Data Processing Units	
- Servers & Networks	3
Intangible Assets	
- Software	4

(ii) Leasehold land is amortized over the period of lease. In case of lease of land / premises from an unrelated party, if the period of lease is less than the useful life of the leasehold assets constructed or leasehold improvements, the depreciation is provided for such assets over the useful life of assets or period of lease, whichever is shorter.

SALPG

Underground cavern facilities are amortised over the primary period of the lease of 34 years and 3 months.

PMHBL

In respect of certain assets, the useful life assessed internally by the Company's Management differs from that specified in Schedule II of the Companies Act, 2013. In all such cases, appropriate documentation of the evaluation with justifications for the same has been maintained. Useful life as per evaluation is as under:

Particulars	Useful Life (Years)
Road	5
Buildings	30
Pipeline	30
Plant & Machinery	15
Electrical Installations	10
SCADA Systems	10
Telecom Systems	15
Online Sulphur Analyser System	10
Office Equipments	5
Computers/Data Processing Equipment	3
Computer Servers	6
F Furniture & Fixtures	10
Right of Way	99
Software	6

2.5 IMPAIRMENT OF ASSETS

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

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, except 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.

e. 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.

f. The financial statements of subsidiary of non-integral foreign operations are translated into Indian rupees as follows:

   i. The all assets and liabilities, both monetary and non-monetary, are translated using the closing rate,

   ii. Items of income and expenditures are translated at the average rate prevailing during the period.

   iii. The resulting net exchange difference is credited or debited to a foreign currency translation reserve.

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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

2.11 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.

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

2.12 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.

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and 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.

In some Group Companies, Retirement benefits are in the form of defined contribution scheme. Contributions paid/payable under defined contributions plans are recognised in the Statement of Profit & Loss each year.

2.13 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.

2.14 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.

2.15 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND PROVISIONS

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.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

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.

c. 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.

2.16 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.

2.17 EARNINGS PER SHARE

a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
3. SHARE CAPITAL		
A. Authorised:		
75,000 (31.03.2015 : 75,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	0.75	0.75
34,92,50,000 (31.03.2015: 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 (31.03.2015 : 33,93,30,000) Equity Shares of ₹ 10/- each	339.33	339.33
Less: 7,02,750 (31.03.2015: 7,02,750) Shares Forfeited	0.70	0.70
33,86,27,250 (31.03.2015 : 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) Reconciliation of number of Equity Shares

	31.03.2016	31.03.2015
Opening Balance	33,86,27,250	33,86,27,250
Shares Issued \ Shares bought back	-	-
Closing Balance	**33,86,27,250**	**33,86,27,250**

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

Name of shareholder	31.03.2016		31.03.2015	
	% Holding	No. of Shares	% Holding	No. of Shares
President of India	51.11	17,30,76,750	51.11	17,30,76,750
Life Insurance Corporation of India	2.60	88,16,223	5.18	1,75,31,442

(c) 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

	31.03.2016	31.03.2015
4. RESERVES AND SURPLUS		
Capital Reserve :		
As per last Balance Sheet	0.08	0.08
	0.08	**0.08**
(Includes ₹ 0.08 Crores (31.03.2015 : ₹ 0.08 Crores) towards share of jointly controlled entities)		
Capital Redemption Reserve :		
As per last Balance Sheet	1.56	1.56
	1.56	**1.56**
(Includes ₹ 1.56 Crores (31.03.2015 : ₹ 1.56 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
Share Premium Account :		
As per last Balance Sheet	1,038.04	1,052.21
Difference between audited and unaudited financial statements for previous years	-	11.28
Less: Utilisation during the year*	-	25.45
	1,038.04	**1,038.04**
(Includes ₹ 115.72 Crores (31.03.2015 : ₹ 115.72 Crores) towards share of jointly controlled entities)		
* 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.		
Debenture Redemption Reserve :		
As per last Balance Sheet	413.32	275.55
Add: Transfer from Surplus in the Statement of Profit and Loss	-	137.77
Less: Transfer to Surplus in the Statement of Profit and Loss	148.17	-
	265.15	**413.32**
(Includes ₹ Nil Crores (31.03.2015 : ₹ Nil Crores) towards share of jointly controlled entities)		
Hedging Reserve :		
As per last Balance Sheet	(0.01)	0.26
Add: Additions during the year	0.01	(0.27)
	-	**(0.01)**
(Includes ₹ Nil Crores (31.03.2015 : ₹ (0.01) Crores) towards share of jointly controlled entities)		
Capital Grant :		
As per last Balance Sheet	2.95	3.50
Add: Received during the year	13.28	-
Less: Amortised during the year	1.94	0.55
	14.29	**2.95**
(Includes ₹ Nil Crores (31.03.2015 : ₹ Nil Crores) towards share of jointly controlled entities)		
Foreign Currency Monetary Item Translation Difference Account :		
As per last Balance Sheet	(63.29)	161.52
Add: Additions during the year	(386.30)	(260.94)
Less: Amortised during the year	(251.61)	(36.13)
	(197.98)	**(63.29)**
(Includes ₹ Nil Crores (31.03.2015 : ₹ Nil Crores) towards share of jointly controlled entities)		
Market development reserve :		
As per last Balance Sheet	1.40	1.40
	1.40	**1.40**
(Includes ₹ 1.40 Crores (31.03.2015 : ₹ 1.40 Crores) towards share of jointly controlled entities)		
Revaluation reserve :		
As per last Balance Sheet	312.58	-
Add: Additions during the year	-	312.58
	312.58	**312.58**
(Includes ₹ 312.58 Crores (31.03.2015 : ₹ 312.58 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
General Reserve :		
As per last Balance Sheet	1,859.19	1,937.88
Difference between audited and unaudited financial statements for previous years	-	(78.69)
	1,859.19	**1,859.19**
(Includes ₹ 50.10 Crores (31.03.2015 : ₹ 50.10 Crores) towards share of jointly controlled entities)		
Surplus :		
As per last Balance Sheet	10,019.58	10,225.75
Less : Depreciation on Assets where revised useful life as per Schedule II of the Companies Act, 2013 has completed (Net of Deferred Tax of ₹ 272.80 crores)	-	515.82
Difference between audited and unaudited financial statements for previous years	8.76	(58.34)
Add : Profit for the year	4,921.49	1,498.58
Add : Transfer from Debenture Redemption Reserve	148.17	-
Less : Profit appropriated to Debenture Redemption Reserve	-	137.77
Less : Profit appropriated to Interim Dividend (Dividend per Share ₹ 18.50)	626.46	-
Less : Profit appropriated to Proposed Dividend (Dividend Per Share ₹ 16.00 per share (2014 - 15 : ₹ 24.50 per share)	541.80	829.64
Less : Profit appropriated to Tax on Distributed Profits	247.46	178.54
Add : Reversal of Provision for dimunition in value of Investment on Consolidation*	11.06	-
Add : Other Adjustment for dividend	-	15.36
	13,693.34	**10,019.58**
	16,987.65	**13,585.40**

* On Acccount of first time consolidation of Petronet India Ltd., excess of provision over the absorption of Losses is transferred to Reserves.

	31.03.2016	31.03.2015
5. LONG-TERM BORROWINGS		
Secured Loans		
Debentures / Bonds :		
8.77% Non-Convertible Debentures (a)(i)	975.00	975.00
8.75% Non-Convertible Debentures (a)(ii)	-	545.00
4.00% Non-Convertible Debentures (Series-I) (a)(iii)	97.99	97.88
4.00% Non-Convertible Debentures (a)(iv)	499.72	499.18
4.00% Non-Convertible Debentures (Series-II) (a)(iii)	318.94	623.98
8.40% Non-Convertible Debentures (a)(v)	84.78	-
Term loans		
From banks :		
Foreign Currency Loan (b)	7,965.34	4,929.14
Other Banks (c)	606.44	4,660.26
Term Loan from Oil Industry Development Board (d)	437.27	258.00
Rupee Loan from Others (e)	16.48	-
	11,001.96	**12,588.43**
Less : Current Maturities of Long Term Borrowings (Refer note 10A)	615.19	672.95
	10,386.77	**11,915.48**
(Includes ₹ 8,817.61 Crores (31.03.2015 : ₹ 10,408.17 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
Unsecured Loans		
Debentures / Bonds :		
0% Non Convertible Debentures (f)	240.79	219.40
Term loans		
From banks :		
Syndicated Loans from Foreign Banks (repayable in foreign currency) (g)	10,474.86	10,790.47
Syndicated Working Capital Loans from Foreign Banks (repayable in foreign currency) (g)	6,625.26	6,250.50
Rupee loan from banks (h)	244.96	1,125.60
From others :		
Term Loan from Oil Industry Development Board (i)	125.00	460.64
Rupee loan from Others (j)	182.18	159.18
Deferred payment liabilities (k)	35.08	49.74
Other Loans and advances (l)	552.24	668.51
	18,480.37	**19,724.04**
Less : Current Maturities of Long Term Borrowings (Refer note 10A)	7,120.34	3,103.60
	11,360.03	**16,620.44**
(Includes ₹ 1438.32 Crores (31.03.2015 : ₹ 2425.57 Crores) towards share of jointly controlled entities)		
	21,746.80	**28,535.92**

In respect of Secured Loans :

(a) The Group has issued the following Secured Redeemable Non-convertible Debentures:

With respect to debentures issued by Hindustan Petroleum Corporation Ltd. (HPCL)

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 first legal mortgage by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Visakh Refinery.

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, by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Mumbai Refinery.

During the year ended March, 2016 an amount of Nil (March, 2015 : ₹ 545.00 crores) of 8.75% Non-Convertible Debentures is repayable within one year and shown in note # 10 A. These Debentures Matured on 9th November, 2015.

With respect to debentures issued by HPCL-Mittal Pipelines Limited (HMPL)

iii. Secured redeemable Non-Convertible Debentures (NCDs) Series I and Series II were issued at par on 4th October, 2012 and 21st August, 2012 respectively. These are secured by a first pari passu charge on fixed asset to the extent of 1.25 times the issue size. Series I debentures are redeemable at a premium of ₹ 0.11 Crores per debenture on 5th October 2022 being the 10th year from the date of allotment. Series II debentures consists of 3 detachable and separately transferrable principal parts (STRPP) A,B and C. STRPP A, B, C are redeemable at a premium of ₹ 0.04 crores, ₹ 0.05 crores, ₹ 0.05 crores per STRPP/debenture respectively on 21st August, 2020, 21 August 2021, 21 August 2022 being the 8th, 9th and 10th year respectively from the date of allotment. During the current year, HMPL has redeemed the debentures aggregating to ₹ 305.71 crores before the due date of maturities.

With respect to debentures issued by HPCL-Mittal Energy Limited (HMEL)

iv. Redeemable 4 % Non Convertible Debentures (NCDs) were issued at par on 3rd September, 2012. These are secured by a first pari passu charge on fixed asset of HMEL to the extent of 1.25 times of the issue size. The series consists of three detachable and Separately Transferable Principal Parts (STRPP) A, B and C. STRPP A, B and C debentures are redeemable at a premium of ₹ 0.04 crores, ₹ 0.05 crores and ₹ 0.06 crores per debenture respectively on 3rd September 2020, 3rd September 2021 and 3rd September 2022 respectively being the 8th, 9th and 10th year respectively from the date of allotment.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

With respect to debentures issued by Mangalore Refinery & Petrochemicals Ltd. (OMPL)

v. OMPL, a Subsidiary of MRPL, has issued ₹ 84.78 crores non-cumulative, secured, redeemable, taxable, listed, rated Non-Convertible Debentures (NCDs) during February, 2016 with a coupon rate of 8.40% p.a., and interest payable annually. The NCDs are secured by first ranking pari passu charge on the land totaling an extent of 441.438 acres situated in Permude & Kalavar Villages in Mangalore, SEZ, Mangalore Taluka & Registration sub-District, Dakshina Kannada Dist. and other Fixed Assets including Buildings, Roads and Plant and Machinery of OMPL

(b) Foreign Currency Term Loan

With respect to Loan taken by HPCL-Mittal Energy Ltd. (HMEL)

i. Foreign currency loan from banks equivalent to ₹ 325.07 crores (Previous year ₹ 306.20 crores) is secured by a sub servient charge over all movable and immovable properties of the HMEL, both present and future. The said loan is backed by a letter of comfort from both Hindustan Petroleum Corporation Limited and Mittal Energy Investments Pte. Limited, the joint venture partners in the Company. The outstanding loan is repayable vide a single bullet payment on 22nd June, 2016 and carries an interest rate of 6 month LIBOR plus 365 bps (presently 4.47% p.a.).

ii. Foreign currency loan from banks equivalent to ₹ 5,755 crores (Previous year ₹ 2500.87 crores) is secured by a mortgage through a first charge, ranking pari-passu amongst the lenders, over all immovable and movable properties and assets of the HMEL, both present and future, save and except current assets on which these lenders have a second pari-passu charge; however they hold a first charge/ assignment on the Debt Service Reserve Account and all other accounts formed under the Trust and Retention Account Agreement. Previous year loan of ₹ 301.55 crores have been prepaid during the year. The outstanding loan is repayable as under:

- ₹ 2,296.57 crores is repayable in 43 variable quarterly installments starting from 30th September, 2017 and carries interest rate of 6 month LIBOR plus a spread ranging from 290 bps to 325 bps. The current interest rate is ranging from 3.81% p.a to 4.16% p.a.
- ₹ 1,688.82 crores is repayable in 36 variable quarterly installments starting from 31st March, 2018 and carries interest rate of 6 month LIBOR plus a spread of 300 bps. The current interest rate ranges from 3.89 % p.a. to 3.91% p.a.
- ₹ 528.09 crores is repayable in one bullet installment on 31st December, 2019 and carries interest rate of 6 month LIBOR plus a spread of 383 bps.The current interest rate is 4.66% p.a.
- ₹ 34.64 crores is repayable in 9 equal half yearly installments (next installment is due on 19th September 2016) and carries a fixed interest rate of 4.35% p.a.
- ₹ 373.71 crores is repayable in 36 variable quarterly installments beginning 31st March 2017 and carries an interest rate of 3 month LIBOR plus a spread ranging from 451bps to 482bps. The current interest rate ranges from 5.13% p.a to 5.45% p.a.
- ₹ 690.99 crores is repayable in 3 variable instalments from 31st March 2019 to 31 December 2020 and carries an interest rate of 6 month LIBOR plus a spread ranging from 335bps to 368 bps. The current interest rate ranges from 4.20 %p.a to 4.53 %p.a.
- ₹ 142.18 crores is repayable in one bullet installment on 31st December 2020 and carries an interest rate of 6 month LIBOR plus a spread of 260bps. The current interest rate is 3.48% p.a

With respect to Loan taken by HPCL-Mittal Pipelines Limited (HMPL)

iii. Foreign currency loan from banks are secured by a mortgage and first charge, ranking pari-passu amongst the lenders, over all movable and immovable properties and assets of HMPL, both present and future, save and except current assets (except deposits and accounts under the Trust and Retention Account Agreement) on which working capital lenders (if any) would have a first charge, and these lenders have a second charge. The loan carries an interest rate of 6 months LIBOR plus a spread ranging from 320 bps to 375 bps. The current interest rate ranges from 4.03% to 4.58 % p.a.The loan is repayable in bullet installment of ₹ 568.70 Crores and ₹ 284.35 Crores on 22nd April, 2021 and 31st March, 2021 respectively.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.

iv. The interest rate for ECB are based on 6 month LIBOR plus spread. Effective Interest rates are 3.4337%, 4.2109%, 3.0760%, 2.6960% , 3.3605%,3.6544%, 3.6754% and 3.6775% on ₹ 112.34 Crores, ₹ 143.24 Crores, ₹ 337.03 Crores, ₹ 56.17 Crores, ₹ 56.17 Crores, ₹ 240.74 Crores, ₹ 62.59 Crores and ₹ 23.95 Crores respectively.

Terms of Repayment	Amount ₹ / Crores
During 2016-17	98
During 2017-18	227
During 2018-19	512
During 2019-20	70
During 2020-21	62
During 2021-22	53
During 2022-23	8
During 2023-24	2

v. MRPL has ECB loan, outstanding of ₹ 704.96 Crores which is secured by first pari passu Charge over immovable fixed assets and first ranking pari passu charge over movable fixed assets both present and future and the Subsidiary, OMPL has ECB outstanding of ₹ 327.28 Crores which are secured by the first charge on land and all other fixed assets of the MRPL and second charge by way of hypothecation on all movable Fixed Assets and current assets of MRPL

(c) Secured Term Loans from Banks:

With respect to Loan taken by HPCL Biofuels Ltd. (HBL)

i. Term loan of ₹ 308.8 Crores is taken from State Bank of India, who have granted a two year moratorium on repayment and a further 12 year repayment period. The loan is repayable in 48 structured instalments starting from end of Q2 of FY 2016-17 carrying interest @ base rate + 1.70% fixed spread. The Balance of Term loan as on 31.03.2016 was ₹ 308.8 Crores (as on 31.03.2015, ₹ 308.8 Crores) out of which three Installments totalling ₹ 11.58 Crores (31.03.2015 NIL) are due within one year and shown under 'Current Maturity of Long term Debt". Term Loan as well as the soft loans are secured by equitable mortgage of Land, Building & Fixed Assets of HBL.

With respect to Loan taken by Mumbai Aviation Fuel Farm Facility Private Limited. (MAFFFPL)

ii. Term Loan (RTL-1) from HDFC bank is secured by first pari passu charge by way of hypothecation of receivables, cash flows, revenue under Escrow mechanism after deduction of statutory dues and license fees payments to Mumbai International Airport Private Limited. The Term Loan is repayable in Forty two quarterly installments starting from September, 2015. Four equal quarterly installments are due within twelve months and shown under "Current Maturities of Long term debt" in Note # 10 A.

With respect to Loan taken by HPCL-Mittal Energy Limited (HMEL)

iii. Secured Indian rupee loan of ₹ 146.98 Crores from the bank is secured by a mortgage through a residual charge over current assets of the HMEL. The loan is repayable in one bullet installment on 21st April 2017. The rupee term loan carries an interest rate equivalent to the base rate of the bank. The current rate of interest on this loan is 9.63% p.a. Previous year loans have been refinanced / prepaid during the year.

With respect to Loan taken by South Asia LPG Co. Pvt. Ltd.

iv. Loans from banks are secured by First mortgage and charge on all movable and immovable properties of SALPG, both present and future, tangible and intangible including all revenues and receivables and rights, interests and title in project agreements, all bank accounts and government approvals, Assignment by way of security in favour of all lenders, all rights, titles and interests into and under all assets of the project and all project documents, contracts, insurance policies permits/ approvals, extension of English Mortgage on SALPG's property situated at plot no. 4 admeasuring about 100 sq.mts forming part of land Gut no.207 situated at village Kusgaon, Lonawala, Pune District, Maharashtra.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

The repayments to be made on quarterly instalment basis. The bank-wise details are given below (excluding current maturities):

(₹/ Crores)

Name of the bank	Quarterly instalment	Number of instalments outstanding as at March 31, 2016	Balance Outstanding As at 31.03.2016	Balance Outstanding As at 31.03.2015
Federal Bank	27.03	1	24.83	132.93
State Bank of India	107.16	1	108.25	536.89
State Bank of Mysore	27.03	1	26.47	134.57
State Bank of India (formerly State Bank of Saurashtra)	32.44	1	32.34	162.08
Punjab National Bank	47.30	1	46.79	235.99
Indian Bank	27.03	1	25.49	133.59
Bank of Maharashtra	47.30	1	44.75	233.95
			308.91	**1,569.99**

Interest is calculated on monthly rests on the outstanding principal amount of the Rupee Loans at the end of every month. Interest is applicable from six months after the Commercial Operations Date (COD i.e 30th June, 2007) upto further period of five years at 8.75% p.a. At the end of 5 years and 6 months after COD, rate of interest applicable for all lenders will be reset till final maturity to a rate equal to "180 days' Average 5 years Government Securities" Rate plus 2.75% (Current rate of interest is 10.89% p.a).

With respect to Loan taken by Aavantika Gas Ltd. (AGL)

v. Following Term Loans were taken from Bank of Baroda :

Terms of Repayment	Amount ₹ / Crores
Term Loan - I (2009-11)	1.84
Term Loan - II (2011-12)	6.30
Term Loan - III (2012-13)	5.76
Term Loan - IV (2013-14)	7.36
Term Loan - V (2014-15)	11.88
Term Loan - VI (2015-16)	22.53

Each Term Loan is of 9 year with 2 year moratarium Repayable in 28 Equal Quarterly installment. These are secured by First Charge over Fixed assets and Second Charge over Current assets of AGL.

With respect to Loan taken by Bhagyanagar Gas Ltd. (BGL)

vi. BGL has availed Term Loans and non-fund based limits from consortium of bankers (Canara bank & Corporation Bank), by way of hypothecation on all the plant and machinery, machinery spares, tools, accessories, furniture, fixtures, vehicles, intangible assets including but not limited to the goodwill, uncalled capital and all other movable assets, both present and future, in relation to BGL. The loan is repayable in 24 equal quarterly installments after a moratorium of 36 months from the Initial Drawdown Date. Rate of Interest (per annum) payable is 11.20%, 11.00%, 10.90% and 10.65% for different time period during the F.Y 2015-16

With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd. (MRPL)

vii. OMPL (Subsidiary of MRPL) has Corporate loan of ₹ 20.35 Crores (current balance ₹ 8.99 Crores) from SBI, rate of interest is 9.90 % is secured by way of second charge on the entire fixed assets of the OMPL both present and future and first charge on entire inventory, WIP, receivables, book debts and other current assets both present and future.The rate of interest is SBI Base Rate + 0.60% payable on the monthly basis. Also Subsidiary OMPL had RTL of ₹ 331.66 Crores with various bankers was entirely repaid in December, 2015. The rate of interest for RTL was SBI Base Rate + 1.25% payable on the monthly basis.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

(d) Term Loan from Oil Industry Development Board

With respect to Loan taken by Hindustan Petroleum Corporation Ltd.

Repayable during	As on 31st Mar 2016 Repayable Amount (₹ / Crores)	As on 31st Mar 2016 Range of Interest Rate	As on 31st Mar 2015 Repayable Amount (₹ / Crores)	As on 31st Mar 2015 Range of Interest Rate
2015-16*	-	-	34.50	7.20%-9.27%
2016-17*	64.50	8.07 %-9.27 %	64.50	8.07%-9.27%
2017-18	95.69	7.86 %-9.27 %	64.50	8.78%-9.27%
2018-19	95.69	7.86 %-9.27 %	64.50	8.78%-9.27%
2019-20	61.19	7.86 %-9.11 %	30.00	8.78%-9.11%
2020-21	31.19	7.86 %-8.09 %	-	-
Total	**348.25**		**258.00**	

*Security has been created with first charge on the facilities of Awa Salawas Pipeline, Mangalore Hasan Mysore LPG Pipeline, Uran - Chakan / Shikarpur LPG Pipeline & Rewari Project Pipeline. ₹ 64.50 Crores (2014 - 15 : ₹ 34.50 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd. (MRPL)

The interest rate for OIDB term loan are 8.89 %,9.04%, 8.73%, 8.98%, 8.94%, 9.27%, 9.06% and 9.15% on ₹ 15.47 Crores, ₹ 1.48 Crores, ₹ 10.60 Crores, ₹ 23.31 Crores, ₹ 1.12 Crores, ₹ 28.36 Crores, ₹ 5.08 Crores and ₹ 3.59 Crores respectively. During the year, the loan is reclassified as secured as against unsecured in previous year. The Loan is secured by first pari passu Charge over immovable fixed assets and first ranking pari passu charge over movable fixed assets of MRPL, both present and future.

(e) Rupee Loans from Others (HBL)

Soft loan announced by Government of Bihar to the extent of ₹ 16.48 Crores was also availed through SBI at the Rate of Interest i.e. Base Rate + 2.70% Fixed Spread with interest subvention to the extent of 10%.The loan carries a moratorium of one year and then repayable in five annual instalments.Term Loan as well as the soft loans from GOI and GOB are secured by equitable mortgage of Land, Building & Fixed Assets of HBL. Four Installments totalling to ₹ 3.30 Crores are due in 2016-17, hence shown under 'Current Maturities of Long term Debts' under Note # 10 A.

In respect of Unsecured Loans:

(f) Unsecured Redeemble 0% Non Convertible Debentures:

Redeemable 0% Non Convertible Debentures were issued at a discount of ₹ 0.01 Crores per debenture on 11th June, 2013. The same is backed by a letter of comfort from Hindustan Petroleum Corporation Limited and Mittal Energy Investments Pte Ltd. and is redeemable after 3 years from the date of issue.

(g) Syndicated Loans/ working capital Loans from Foreign Banks (repayable in foreign currency)

With respect to Loan taken by Hindustan Petroleum Corporation Ltd.

i. The Company has availed Long Term Foreign Currency Syndicated Loans from banks at 3 months floating LIBOR plus spread (spread range : 65 to 170 basis point p.a.). These loans are taken for the period of 3 - 5 years. ₹ 6,625.25 Crores (2014 - 15 : ₹ 2,500.20 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

With respect to Loan taken by HPCL-Mittal Energy Ltd. (HMEL)

ii. Unsecured foreign currency loan equivalent to ₹ 260.40 Crores (Previous year : ₹ 245.31 Crores) is backed by a letter of comfort from both Hindustan Petroleum Corporation Limited and Mittal Energy Investments Pte. Limited, the joint venture partners in the Company. The same is repayable in single bullet installment in March, 2018. The loan carries an interest rate of 3 month LIBOR plus 375 bps.The current rate is 4.36% p.a.

Unsecured foreign currency loan equivalent to ₹ 292.78 Crores (Previous year : NIL) and is repayable in one bullet installment in September, 2017 . The loan carries an interest rate of 6 month LIBOR plus 350 bps. The current rate is 4.41% p.a.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

With respect to Loan taken by Prize petroleum Corporation Ltd.

iii. The secured bank loan bear interest at 3.65% + 6-months LIBOR per annum (2014: 3.65% + 6 months LIBOR), which is ranging from 3.98% to 4.10% (2015: 3.89% to 3.95%) p.a. for the financial year ended 31st March 2016. The bank loans are repayable in 14 half yearly installments commencing from 31st December, 2016. The bank Loans are secured by Letter of comfort from its ultimate holding company.

(h) Rupee loan from banks

With respect to Loan taken by HPCL-Mittal Energy Ltd.

Unsecured Indian rupee loan from bank of ₹ 244.96 Crores is to be repaid in a bullet installment in September, 2017. The loan carries an interest of 9.70% p.a. Previous year loans have been prepaid during the current year.

(i) Term Loan from Oil Industry Development Board

With respect to Loan taken by Hindustan Petroleum Corporation Ltd.

Repayable during	As on 31st Mar 2016		As on 31st Mar 2015	
	Repayable Amount (₹ / Crores)	Range of Interest Rate	Repayable Amount (₹ / Crores)	Range of Interest Rate
2015-16*	-	-	200.00	7.20%-9.27%
2016-17*	125.00	8.07 %-9.27 %	125.00	8.07%-9.27%
Total	**125.00**		**325.00**	

* ₹ 125 Crores (31.03.2015 : ₹ 200.00 Crores) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.

Refer Note # (d) above

(j) Rupee loan from Others

With respect to Loan taken by HPCL-Mittal Energy Ltd.

Loan from Punjab Government is interest free and is repayable in 10 equal half yearly installments commencing after 66 months from the date of disbursal. Repayment of ₹ 4.90 Crores will commence from March, 2019, ₹ 120.52 Crores from September, 2020 and balance from September, 2021.

(k) Deferred payment liabilities

With respect to loans taken by HPCL-Mittal Pipelines Ltd.

The deferred liability for port charges is repayable, free of interest, in six half yearly equal installments.The repayment commenced from 1st October, 2014.

With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.

Deferred Payment liability representing Sales Tax deferment is with Nil Interest rate .

(l) Other Loans and advances

With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.

The interest rate on Term loan from ONGC is 10.60 % (SBAR minus 3.85%). Total amount is ₹ 552.25 Crores, out of which ₹ 116.26 is repayable within one year and shown under 'current maturities of Long term Debts' under Note # 10 A

Terms of Repayment	Amount ₹ / Crores
During 2016-17	116.26
During 2017-18	116.26
During 2018-19	116.26
During 2019-20	116.26
During 2020-21	87.21

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

	₹ / Crores 31.03.2016	31.03.2015
6. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Assets :		
Provision for Employee Benefits	212.28	273.04
Provision for dimunition in value of current investments	166.78	172.57
Others	2,942.70	1,485.93
Total (A)	**3,321.76**	**1,931.54**
Deferred Tax Liabilities :		
Depreciation	6,906.41	3,691.79
Others	101.98	1,044.20
Total (B)	**7,008.39**	**4,735.99**
Total Deferred Tax Liability (Net) (B) - (A)	**3,686.63**	**2,804.45**

(Includes ₹ (1,123.83) Crores (31.03.2015 : ₹ (1,297.12) Crores) towards share of jointly controlled entities)

	31.03.2016	31.03.2015
7A. OTHER LONG TERM LIABILITIES		
Trade payables	2.29	2.23
Others :		
Deposits from Dealers /Consumers/Suppliers *	9,402.98	8,257.67
Other Deposits	3.12	3.14
Other liabilities (including retention money)	308.45	281.49
	9,716.84	**8,544.53**

(Includes ₹ 266.26 Crores (31.03.2015 : ₹ 257.92 Crores) towards share of jointly controlled entities)

* Includes amount towards Rajiv Gandhi Gramin LPG Vitrak Yojana of ₹ 219.64 Crores (31.03.2015 : ₹ 34.07 Crores)

	31.03.2016	31.03.2015
7B. LONG-TERM PROVISIONS		
Provision for Long Term Employee Benefits	441.14	589.97
Other Provisions	74.37	56.08
	515.51	**646.05**

(Includes ₹ 83.40 Crores (31.03.2015 : ₹ 63.90 Crores) towards share of jointly controlled entities)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
8. SHORT-TERM BORROWINGS		
Loans repayable 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)	1,490.00	1,090.00
Short term loans from banks (repayable in foreign currency) (a)	999.05	1,811.62
Working capital loans from banks (b)	263.57	300.16
Cash Credit (Secured by hypothecation of Inventories in favour of Banks on pari passu basis) (c)	2,502.21	1,175.73
	5,254.83	**4,377.51**
(Includes ₹ 1,262.62 Crores (31.03.2015 : ₹ 2,113.52 Crores) towards share of jointly controlled entities)		
Unsecured Loans :		
Short Term Loans from Banks (repayable in foreign currency)	22.79	28.39
Commercial Papers	322.15	-
Rupee loans from banks	326.28	178.45
Others Loans and advances	23.74	18.75
	694.96	**225.59**
(Includes ₹ 672.18 Crores (31.03.2015 : ₹ 225.58 Crores) towards share of jointly controlled entities)		
	5,949.79	**4,603.10**

(a) Short term loans from banks

With respect to loans taken by HPCL-Mittal Energy Limited

Secured foreign currency loans from banks is secured by a first charge, ranking pari - passu amongst the lenders, on all current assets of the HMEL, save and except deposits and accounts under the Trust and Retention Account, and have a second charge ranking pari- passu on all movable and immovable fixed assets of HMEL, both present and future. The loan carries an interest rate which is determined and fixed on date of availing of the loan which is presently between 0.64% p.a. to 0.99% p.a. These loans are repayable within 31 to 329 days from the date of drawdown.

(b) Working capital loans from banks

With respect to loans taken by HPCL-Mittal Energy Limited

i. Secured rupee loans from banks is secured by a first charge, ranking pari - passu amongst the lenders, on all current assets of the HMEL, save and except deposits and accounts under the Trust and Retention Account, and have a second charge ranking pari- passu on all movable and immovable fixed assets of the HMEL, both present and future. The loan carries an interest rate which is determined and fixed on date of availing of the loan which is presently at 9.65% p.a. These loans are repayable on demand.

ii. Indian rupee bill discounting loans from banks are secured by first charge, ranking pari -passu amongst the lenders, on all current assets of HMEL, save and except deposits and accounts under the trust and retention account, and have a second charge ranking pari-passu on all moveable and immovable fixed assets of HMEL, both present and future. These loans carry an interest rate of 9.30% p.a.

With respect to Loan taken by Mangalore Refinery and Petrochemicals Ltd.

iii. Secured by way of hypothecation of MRPL's immovable and movable Fixed Assets both present and future.

(c) Cash Credit

With respect to HPCL - Biofuels Ltd.,

It is against Hypothecation of Debtors & Inventory and Rate of Interest is Base Rate + 1.25% Fixed Spread.

With respect to Aavantika Gas Ltd.

First Charge over current assets (including book debts) and Second Charge over Fixed assets of AGL.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
9. TRADE PAYABLES		
Micro, Small and Medium Enterprises	0.18	0.35
Other Trade Payables	10,600.16	12,639.14
	10,600.34	**12,639.49**
(Includes ₹ 4692.72 Crores (31.03.2015 : ₹ 4432.78 Crores) towards share of jointly controlled entities)		
10A.OTHER CURRENT LIABILITIES		
Current Maturity of Long Term Debts*	7,735.54	3,776.55
Interest Accrued but not Due on Loans	116.29	127.84
Interest Accrued and Due on Loans	7.68	-
Unpaid Matured Fixed Deposits	-	0.02
Other Deposits	164.00	167.24
Accrued Charges / Credits	66.80	84.44
Preference Share Capital Redeemed Remaining Unclaimed / Unencashed	0.01	0.01
Unclaimed Dividend	8.08	5.13
Outstanding Dues of Micro, Small and Medium Enterprises	18.71	15.47
Other Liabilities	8,146.18	7,266.09
	16,263.29	**11,442.79**
(Includes ₹ 1619.75 Crores (31.03.2015 : ₹ 1202.62 Crores) towards share of jointly controlled entities)		
* This includes loans repayable withing one year: Syndicated Loans from Foreign Banks (repayable in foreign currency) ₹ 6,625.25 Crores (31.03.15: ₹ 2726.03 Crores), Non - Convertible Debenture ₹ 240.79 Crores (31.03.15: ₹ 545.00 Crores), Term Loans ₹ 856.45 Crores (31.03.15: ₹ 490.84 Crores) and Deferred payment Liabilities ₹ 13.05 Crores (31.03.15 ₹ 14.08 Crores)		
10B.SHORT-TERM PROVISIONS		
Other Employee Benefits	717.57	1,041.70
Provision for Tax	365.98	362.67
Proposed Dividend	541.80	829.64
Tax on Distributed Profits	119.29	178.54
Other provisions	96.88	77.08
	1,841.52	**2,489.63**
(Includes ₹ 115.94 Crores (31.03.2015 : ₹ 91.94 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

11. TANGIBLE ASSETS

₹ / Crores

Sr. No.	Description	Gross Block (at cost)					Depreciation / Amortisation						Net Block	
		As at 1st Apr, 2015	Additions / Reclassifications	Deductions / Reclassifications	Other Adjustment	As at 31st Mar, 2016	As at 1st Apr, 2015	Depreciation Impact Schedule II	For the Year	Deductions	Other Adjustment	As at 31st Mar, 2016	As at 31st Mar, 2016	As at 31st Mar, 2015
1.	Land -Freehold	1,176.80	21.62	17.18	-	1,181.24	-	-	-	-	-	-	1,181.24	1.176.80
2.	Leasehold Property - Land	569.96	30.04	3.16	-	596.84	114.68	-	19.34	0.16	-	133.86	462.98	455.28
3.	Buildings	4,855.85	793.33	20.13	-	5,629.05	688.61	-	169.81	(0.47)	-	858.89	4,770.16	4,167.24
4.	Plant & Equipment	55,092.56	6,751.34	2,549.02	-	59,294.88	18,495.86	-	2,472.09	211.37	-	20,756.58	38.538.30	36,596.70
5.	Furniture & Fixtures	205.49	32.56	3.38	-	234.67	102.32	-	19.90	(5.13)	-	127.35	107.32	103.17
6.	Transport Equipment	189.77	12.39	13.84	-	188.32	125.56	-	15.04	13.59	-	127.01	61.31	64.21
7.	Office Equipment	990.51	2,227.21	37.86	-	3,179.86	948.41	-	360.07	(26.06)	-	1,334.54	1,845.32	42.10
8.	Roads and Culverts	2,741.39	272.49	14.53	-	2,999.35	935.35	-	337.31	4.00	-	1,268.66	1,730.69	1,806.04
9.	Railway Siding & Rolling Stock	504.65	59.58	0.18	-	564.05	291.77	-	21.98	0.09	-	313.66	250.39	212.88
10.	Wells Cost	15.21	569.29	-	-	584.50	1.16	-	166.54	(9.38)	-	177.08	407.42	14.05
	Grand Total	**66,342.19**	**10,769.85**	**2,659.28**	**-**	**74,452.76**	**21,703.72**	**-**	**3,582.08**	**188.17**	**-**	**25,097.63**	**49,355.13**	**44,638.47**
	(Include share of Jointly controlled entities)	17,806.46	737.50	35.51	-	18,508.46	2,668.79	-	738.00	18.74	-	3,388.06	15,120.40	15,137.67
	Previous Year FY 14-15	**57,388.13**	**9,192.69**	**277.79**	**39.16**	**66,342.19**	**18,635.35**	**788.55**	**2,438.72**	**167.73**	**8.83**	**21,703.72**	**44,638.47**	**38,752.78**

Notes:

1. Includes assets costing ₹ 0.007 crores (2014-2015 : ₹ 0.007 crores) 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 ₹ 477.90 Crores (2014-2015: ₹ 153.60 Crores) towards Building, Other Machinery, Pipelines, Railway Sidings, Right of Way etc. being the Corporation's Share of Cost of Land & Other Assets jointly owned with other Companies.
3. Includes ₹ 35.28 Crores (2014-2015 : ₹ 35.99 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 II of the Companies Act, 2013.
4. (a) 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 (31/03/2016)	Original Cost (31/03/2015)
Roads & culverts	0.13	0.13
Buildings	1.62	1.62
Plant & Equipment	2.65	2.79
Total	**4.40**	**4.54**

(b) Includes assets held under PAHAL (DBTL) scheme against which financial assistance is being provided by provided by MOPNG

Description	Original Cost (31/03/2016)	Original Cost (31/03/2015)
Roads & culverts	3.31	NIL
Buildings	5.85	NIL
Plant & Equipment	0.01	NIL
Total	**9.17**	**NIL**

5. Includes Assets retired from active use and held for disposal - Gross Block: ₹ 177.22 Crores / Net Block: ₹ 37.08 Crores (2014-2015: Gross Block: ₹ 34.69 Crores / Net Block: ₹ 2.98 Crores). These Assets are valued at their Net Book Value or Net Realisable Value whichever is lower: ₹ 12.01 Crores (2014-2015: ₹ 2.56 Crores).
6. Leasehold Land includes ₹ 25.25 Crores (2014-15: ₹ 22.35 Crores) for land acquired on lease-cum-sale basis from Karnataka Industrial Area Development Board (KIADB) which is capitalized without being amortised over the period of lease. Lease shall be converted into Sale on fulfillment of certain terms and conditions as per allotment letter.
7. The freehold land at Bhatinda was revalued based on direct comparable value of similar transactions, approved by an independent external valuer on 22nd December, 2014. The historical cost of freehold land was 64 crores. This has resulted in an increase in the book value of fixed assets by ₹ 313 Crores, with a consequential credit to revaluation reserve account.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

12. INTANGIBLE ASSETS

₹ / Crores

Sr. No.	Description	Gross Block (at cost)					Depreciation / Amortisation						Net Block	
		As at 1st Apr, 2015	Additions / Reclassifications	Deductions / Reclassifications	Other Adjustment	As at 31st Mar, 2016	As at 1st Apr, 2015	Depreciation Impact Schedule II	For the Year	Deductions	Other Adjustment	As at 31st Mar, 2016	As at 31st Mar, 2016	As at 31st Mar, 2015
1.	Right of Way	156.51	13.22	-	-	169.73	4.67	-	1.48	-		6.15	163.58	151.84
2.	Technical / Process Licenses	90.56	28.34	9.70	-	109.20	48.13	-	8.19	-		56.32	52.88	42.43
3.	Software	268.81	14.75	0.01	-	283.55	200.31	-	27.50	-		227.81	55.74	68.50
4.	Share of Intangible Assets in JVs :													
	ONGC Marginal Fields (PI - 50%)	0.01	-	0.01	-	-	0.01	-	-	0.01		-	-	-
	Project Sanganpur (PI - 50%)	1.40	-	1.40	-	-	0.02	-	-	0.03		-0.01	0.01	1.38
5.	Yolla Field Acquisition Cost (Licence T/L1)	413.28	-	413.28	-	-	9.35	-	-	9.35		-	-	403.93
	Grand Total	930.57	56.31	424.40	-	562.48	262.49	-	37.17	9.39		290.27	272.21	668.08
	(Include share of Jointly controlled entities)	99.49	3.07	-	-	102.56	47.74	-	17.43		-	65.18	37.38	51.76
	Previous Year FY 14-15	408.04	538.86	1.13	(15.20)	930.57	211.96	0.07	50.88	(0.60)	(1.02)	262.49	668.08	196.08

₹ / Crores

			31.03.2016	31.03.2015
13. CAPITAL WORK-IN-PROGRESS				
Unallocated Capital Expenditure and Materials at Site			1,992.17	3,053.49
Capital Stores lying with Contractors			9.00	305.20
Capital goods in transit			4.63	1.22
			2,005.80	3,359.91
Construction period expenses pending apportionment (Net of recovery) :				
	31.03.2016	**31.03.2015**		
Opening Balance	503.44	853.31		
Add: Expenditure during the year				
Establishment charges including Salaries & Wages	92.65	133.68		
Interest	118.88	267.08		
Loss on foreign currency transactions and translations	167.59	105.05		
Others	1.01	10.34		
	883.57	1,369.46		
Less: Allocated to assets capitalised during the year / charged	616.22	866.02		
			267.35	503.44
			2,273.15	**3,863.35**

(Includes ₹ 368.52 Crores (31.03.2015 : ₹ 353.76 Crores) towards share of jointly controlled entities)

	31.03.2016	31.03.2015
13A. INTANGIBLE UNDER DEVELOPMENT *		
ONGC onshore marginal fields	1.36	1.36
Discovered Field (Permit T/18P)	18.88	17.39
Yolla Field (License: T/L 1)	41.43	67.73
	61.67	**86.48**

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
14. NON-CURRENT INVESTMENTS		
Trade Investments		
Quoted		
Investments in Equity		
Oil India Ltd.		
1,33,75,275 (31.03.2015 : 1,33,75,275) Equity Shares of ₹ 10 each fully paid up	561.76	561.76
Scooters India Ltd.		
10,000 (31.03.2015 : 10,000) Equity Shares of ₹ 10 each fully paid up	0.01	0.01
Unquoted		
Investments in Equity		
Investment in Joint Venture		
Petronet India Ltd.		
1,59,99,999 (31.03.2015 :1,59,99,999) Equity Shares of ₹ 10 each fully paid up	-	16.00
Less : Provision for Diminution	-	16.00
Bhagyanagar Gas Ltd.**		
1,12,46,449 (31.03.15 : 1,12,46,449) Equity Shares of ₹ 10 each fully paid up	11.25	11.25
Investment in Others		
Mangalore SEZ Ltd. (480,000 Equity Shares of ₹ 10 each fully paid)	0.08	0.08
Investment in Other Non - Current Investments		
Petroleum India International (Association of Persons) Contribution towards Seed Capital ***	0.05	5.00
Total Trade Investments - A	**573.15**	**578.10**

** Refer Note # 1.3 of Notes to the Consolidated Financial Statements.

*** 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 Indian Oil Corporation which is holding 30% and Bharat Petroleum Corporation Ltd. which is holding 20%.

	31.03.2016	31.03.2015
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	-	-
- On hand - ₹ 0.14 lakhs *	0.00	0.00
Less: Provision for diminution on Investments	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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
Investment in Other non - current investments		
Shushrusha Citizen Co-operative Hospital Limited		
100 (31.03.2015 : 100) Equity Shares of ₹ 100/- each fully paid	0.00	0.00
Total Other Investments - B	0.02	0.02
(A + B)	**573.17**	**578.12**
(Includes ₹ 0.08 Crores (31.03.2015 : ₹ 0.08 Crores) towards share of jointly controlled entities)		
*Includes ₹ 0.14 lakhs (31.03.2015 : ₹ 0.14 lakhs) not in the possession of the Company		

₹ / Crores

Disclosure towards Cost / Market Value	31.03.2016		31.03.2015	
	Market Value	Cost	Market Value	Cost
a Aggregate amount of Quoted Investments	419.27	561.77	606.79	561.77
b Aggregate amount of Unquoted Investments		11.40		32.35
c Agrregrate amount of Dimunition		-		(16.00)
		573. 17		**578.12**

₹ / Crores

	31.03.2016	31.03.2015
15. LONG-TERM LOANS AND ADVANCES		
Secured, considered good :		
Employee Loans and Advances	222.28	224.36
Interest Accrued thereon	195.09	186.35
Capital Advances	4.00	17.87
Unsecured, considered good :		
Capital Advances	81.44	200.23
MAT Credit Entitelments	494.03	355.77
Balances with Excise, Customs, Port Trust etc.	27.19	25.01
Advances recoverable in cash or in kind or for value to be received	12.57	8.65
Other Deposits	144.16	112.50
Prepaid Expenses	28.00	18.89
Advance tax (net of provisions)	237.29	250.46
Loans to Related Parties	56.25	-
Advances given to others	12.00	12.00
Other Receivables	215.42	221.93
	1,729.72	**1,634.02**
Unsecured, considered doubtful :		
Other Receivables and Deposits	0.13	0.06
Less: Provision for doubtful receivables and deposits	0.13	0.06
	-	-
	1,729.72	**1,634.02**

(Includes ₹ 228.79 Crores (31.03.2015 : ₹ 176.44 Crores) towards share of jointly controlled entities)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
16. OTHER NON - CURRENT ASSETS		
Unamortized Expenses	120.57	153.93
Others	65.47	46.64
	186.04	**200.57**
(Includes ₹ 95.20 Crores (31.03.2015 : ₹ 84.01 Crores) towards share of jointly controlled entities)		
17. CURRENT INVESTMENTS		
TRADE INVESTMENTS (Quoted)		
6.90% Oil Marketing Companies' GOI Special Bonds 27,71,36,000 (31.03.2015 : 31,76,36,000) ₹ 100 each face value *	2,560.38	2,949.25
8.00% Oil Marketing Companies' GOI Special Bonds, 24,41,000 (31.03.2015: 24,41,000) ₹ 100 each face value	24.41	24.41
8.20% Oil Marketing Companies' GOI Special Bonds, 1,23,49,000 (31.03.2015 : 1,23,49,000) ₹ 100 each face value.	123.49	123.49
6.35% Oil Marketing Companies' GOI Special Bonds, 25,32,33,000 (31.03.2015 : 25,32,33,000) ₹ 100 each face value	2,277.39	2,276.81
SBI Premier Liquid Fund	-	2.05
Mutual Funds	2.64	153.67
TRADE INVESTMENTS (Unquoted)		
Sai Wardha Power Ltd	3.89	-
38,91,734 Equity Shares of ₹ 10 each fully paid up		
OTHER INVESTMENTS		
Gold Coins in Hand	5.06	5.02
	4,997.26	**5,534.70**

(Includes ₹ 2.64 Crores (31.03.2015 : ₹ 155.72 Crores) towards share of jointly controlled entities)

₹ / Crores

Disclosure towards Cost / Market Value	31.03.2016		31.03.2015	
	Market Value	Cost	Market Value	Cost
Aggregate of Quoted Investments	4,988.31	5,453.85	5,529.68	6,012.31
Aggregate of Unquoted Investments		8.95		5.02
Aggregate provision made for diminution in value of current Investments	465.54		482.64	

* Bonds of face value of ₹ 2,750 Crores pledged with Clearing Corporation of India Limited against CBLO Loan.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

		₹ / Crores 31.03.2016	31.03.2015
18. INVENTORIES			
(As per Inventory taken, valued and certified by the Management)			
Raw Materials [including in transit ₹ 1332.19 Crores (31.03.2015: ₹ 1328.48 Crores)]		3,418.43	3,762.71
Work - in - Progress		490.21	926.43
Finished Goods		5,642.37	6,246.27
Stock-in-Trade [including in transit ₹ 202.81 Crores (31.03.2015: ₹ 145.03 Crores)]		4,612.93	4,173.90
Stores and Spares [including in transit ₹ 7.79 Crores (31.03.2015: ₹ 19.10 Crores)]		805.32	917.02
Packages		14.60	18.42
		14,983.86	**16,044.75**
(Includes ₹ 2,219.55 Crores (31.03.2015 : ₹ 2,953.44 Crores) towards share of jointly controlled entities)			
19. TRADE RECEIVABLES			
Over six months (from the due date) :			
Secured considered good		0.31	-
Unsecured Considered good		268.25	125.33
Considered Doubtful		189.32	168.56
Less: Provision for Doubtful Debts		189.32	168.56
		268.56	**125.33**
Others :			
Secured considered good		13.67	9.34
Unsecured Considered good		4,251.50	3,936.06
Considered doubtful		2.60	3.01
Less: Provision for Doubtful Debts		2.60	3.01
		4,265.17	**3,945.40**
		4,533.73	**4,070.73**
(Includes ₹ 325.32 Crores (31.03.2015 : ₹ 487.42 Crores) towards share of jointly controlled entities)			
20. CASH AND BANK BALANCES			
Cash and Cash Equivalents :			
Cash on Hand		7.75	7.91
Cheques Awaiting Deposit		0.12	1.07
With Scheduled Banks:			
- On Current Accounts		171.25	126.93
- On Non-operative Current Accounts		0.01	0.01
- On Fixed Deposit Accounts		1,897.85	772.55
Earmarked for Unclaimed dividend		6.36	5.13
Current Account with Municipal Co-operative Bank Ltd.		-	0.00
Fixed Deposit Accounts		572.03	728.88
Earmarked for DBTL Claim *	415.11		
Less : DBTL Buffer Liability	415.11	-	-
Earmarked balances with banks		143.98	593.35
		2,799.35	**2,235.83**

(Includes ₹ 2,649.18 Crores (31.03.2015 : ₹ 2,083.25 Crores) towards share of jointly controlled entities)

*Represents Amount as of 31.03.2016 out of funds remitted by GOI in Connection with Direct Benefit Transfer of LPG Scheme and held on behalf of Govt. of India.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores	31.03.2016	31.03.2015
21. SHORT-TERM LOANS AND ADVANCES		
Secured, considered good :		
Employee Loans and Advances	42.25	41.98
Interest Accrued thereon	4.48	6.64
Unsecured, considered good :		
Advances recoverable in cash or in kind or for value to be received	118.42	88.10
Balances with Excise, Customs, Port Trust etc.	528.73	600.16
Other Deposits	0.73	0.54
MAT Credit	1.73	-
Prepaid Expenses	102.08	73.20
Amounts recoverable under Subsidy Schemes	2,028.43	744.96
Advance tax (net of provisions)	3.64	3.74
Loans to Related Parties	-	56.80
Other Receivables *	2,642.79	3,756.63
Total A	**5,473.28**	**5,372.75**
Unsecured, considered doubtful :		
Accounts Receivable & Deposits	4.18	4.04
Less : Provision for Doubtful Receivables & Deposits	4.18	4.04
Total B	-	-
Total (A+B)	**5,473.28**	**5,372.75**

(Includes ₹ 202.96 Crores (31.03.2015 : ₹ 159.43 Crores) towards share of jointly controlled entities)

* Includes : ₹ 759.81 Crores (31.03.2015 : ₹ 697.84 Crores) deposits made with LIC for liability towards Leave Encashment, ₹ 1,663.17 crores (31.03.2015 : ₹ 2,835.27 Crores) recoverable from Government of India towards Direct Benefit Transfer for LPG consumers (DBTL).

	31.03.2016	31.03.2015
22. OTHER CURRENT ASSETS		
Interest Accrued on Investments and term deposits	111.86	186.29
Unamortized Expenses	84.99	101.75
Delayed Payment Charges Receivable from Customers	209.91	219.97
Less : Provision for doubtful receivables	83.66	66.72
Others	5.09	257.00
	328.19	**698.29**

(Includes ₹ 49.32 Crores (31.03.2015 : ₹ 373.65 Crores) towards share of jointly controlled entities)

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

	₹ / Crores 2015-16	2014-15
23A. GROSS SALES OF PRODUCTS		
Sale of Products*	210,891.38	224,425.70
Recovery under Subsidy Schemes	1,773.03	5,742.78
	212,664.41	**230,168.48**
(Includes ₹ 14,901.55 Crores (2014-15 : ₹ 13,176.23 Crores) towards share of jointly controlled entities)		
*includes amount towards Additional SSC of ₹ 430.14 Crores (2014-15 : ₹ 405.93 Crores)		
23B. OTHER OPERATING REVENUES		
Rent Recoveries	112.46	103.19
Net Recovery for LPG Filling Charges	3.08	4.38
Miscellaneous Income	202.82	145.35
	318.36	**252.92**
(Includes ₹ 29.15 Crores (2014-15 : ₹ 6.97 Crores) towards share of jointly controlled entities)		
23C. OTHER INCOME		
Interest On :		
Deposits	145.68	148.54
Staff Loans	22.32	22.40
Customers' Accounts	118.12	145.50
Current Investments	379.66	409.86
Others	136.84	165.06
	802.62	**891.36**
Dividend income	57.92	38.77
Exchange rate variation (Net)	0.01	0.21
Profit on sale of fixed assets (Net)	-	49.84
Share of Profit from Petroleum India International (AOP)	0.77	0.59
Compensation for property damage and business interruption	-	247.44
Gain on commodity derivative contracts (net)	114.96	68.46
Gain on currency derivative contracts (net)	3.70	-
Provision / (Reversal) for Diminution in value of Current Investments	16.71	-
Gain on sale of current investments (net)	3.31	-
Gain on settlement of deferred sales tax loan	271.06	256.91
Miscellaneous Income	386.54	307.21
	1,657.60	**1,860.79**
(Includes ₹ 577.52 Crores (2014-15 : ₹ 759.84 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	2015-16	2014-15
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE : (INCREASE) / DECREASE		
Closing Stock:		
Work - in - Progress	546.94	917.65
Finished Goods	5,633.00	6,223.00
Stock - in - Trade (In respect of goods acquired for trading)	4,556.19	4,173.90
	10,736.13	**11,314.55**
Less: Opening Stock:		
Work - in - Progress	926.85	2,474.97
Finished Goods	6,244.49	8,959.28
Stock - in - Trade (In respect of goods acquired for trading)	4,173.90	4,958.74
	11,345.24	**16,392.99**
	609.11	**5,078.44**
(Includes ₹ 458.32 Crores (2014-15 : ₹ 1,333.29 Crores) towards share of jointly controlled entities)		
25. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus, etc.	1,810.03	1,876.76
Contribution to Provident Fund	133.17	126.08
Pension, Gratuity and Other Employee Benefits	192.83	343.98
Employee Welfare Expenses	382.72	246.29
	2,518.75	**2,593.11**
(Includes ₹ 186.13 Crores (2014-15 : ₹ 158.48 Crores) towards share of jointly controlled entities)		
26. FINANCE COSTS		
Interest Expense	1,266.35	1,199.89
Other Borrowing Costs	295.00	237.79
Applicable Net (Gain)/Loss on Foreign Currency Transactions and Translation	185.90	403.47
	1,747.25	**1,841.15**
(Includes ₹ 1,039.36 Crores (2014-15 : ₹ 1,077.11 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

₹ / Crores

	2015-16	2014-15
27. OTHER EXPENSES		
Consumption of Stores, Spares and Chemicals	392.00	413.23
Power and Fuel	2,875.83	3,997.87
Less : Fuel of own production consumed	2,482.07	3,752.58
	393.76	245.29
Repairs and Maintenance - Buildings	56.59	44.16
Repairs and Maintenance - Plant and Machinery	872.88	855.49
Repairs and Maintenance - Other Assets	313.57	255.07
Insurance	111.91	91.84
Rates and Taxes	224.68	190.86
Irrecoverable Taxes and Other Levies	339.07	247.52
Equipment Hire Charges	8.20	6.75
Rent	551.79	327.47
Travelling and Conveyance	197.29	192.48
Printing and Stationery	17.00	16.15
Electricity and Water	781.70	680.82
Corporate Social Responsibility (CSR) Expenses	74.51	35.53
Stores and Spares written off	0.41	1.06
Loss on Sale of Current Investments	35.86	29.24
Provision / (Reversal) for Diminution in value of Current Investments	-	(605.04)
Provision for Doubtful Receivables (After adjusting provision no longer required)	5.58	5.54
Provision for Doubtful Debts (After adjusting provision no longer required)	31.45	16.94
Bad debts written off	9.97	-
Loss on Sale/ write off of Fixed Assets/ CWIP (Net)	24.56	0.01
Security Charges	141.12	127.59
Audit Fee	1.75	1.22
Advertisement and Publicity	150.49	112.48
Sundry Expenses and Charges (Not otherwise classified)	919.53	731.60
Consultancy and Technical Services	57.45	64.87
Exchange Rate Variations (Net)	601.17	(124.30)
	6,314.29	**3,963.87**
(Includes ₹ 1,095.02 Crores (2014-15 : ₹ 849.73 Crores) towards share of jointly controlled entities)		
Note:-		
Payment to auditors		
Audit fees	1.15	0.86
Other services	0.44	0.34
Reimbursement of expenses	0.16	0.02
	1.75	**1.22**
28. PRIOR PERIOD EXPENSES / (INCOMES)		
Expenditure on Enabling Assets	(1.63)	-
Insurance	(0.02)	3.14
Transhipment Expense	0.79	-
Interest on Delayed Payment charges	(0.16)	-
Depreciation	7.46	(7.28)
Finance Costs	0.07	-
Others	1.40	(0.07)
	7.91	**(4.21)**
(Includes ₹ 1.60 Crores (2014-15 : ₹ 0.20 Crores) towards share of jointly controlled entities)		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

29. During the current financial year 2015-16, 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) ₹ Nil (2014-15: ₹ 1,035.37 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) ₹ 190.33 crores (2014-15: ₹ 9,826.84 crores) discount received on Crude Oil purchased from ONGC has been adjusted against purchase cost of Crude Oil.

30. During the current financial year 2015-16, Subsidy on PDS Kerosene and Domestic Subsidized LPG from Central and State Governments amounting to ₹ 11.77 crores (2014 - 15: ₹ 684.79 crores) has been accounted.

31. Approval of Government of India for Budgetary Support amounting to ₹ 1,761.26 crores (2014-15: ₹ 5,057.94 crores) has been received and the same has been accounted under 'Recovery under Subsidy Schemes'.

32. (a) Inter-Oil company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/ reconciliation which is not likely to have a material impact.

(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.

33. (a) In Respect of HPCL:

HPCL has on the Balance sheet date, outstanding forward contract amounting to USD 50.27 Million, of which NIL (2014-15 : USD NIL) is to hedge the foreign currency exposure towards loans and USD 50.27 Million i.e. an equivalent of ₹ 333.05 crores (2014-15 : USD NIL) to hedge its foreign currency exposure towards import payable. As at Balance Sheet date, Corporation has interest rate swap contracts for a value of USD 260 Million i.e. an equivalent of ₹ 1,722.57 crores (2014-15: USD 200 Million i.e. an equivalent of ₹ 1,250.10 crores) to cover its floating interest rate exposure to fixed interest rate.

Following are the unhedged foreign currency on account of exposures :

	31-03-2016		31-03-2015	
Exposure Type	**USD Million**	**₹ in Crores**	**USD Million**	**₹ in Crores**
Imports	377.27	2,499.53	460.16	2,876.22
ECB (Long Term)	2,415.00	15,999.98	2,565.00	16,032.53
Export Debtors	10.66	70.60	23.32	145.77

(b) In Respect of HINCOL:

Unhedged Foreign Currency exposures as on 31st March, 2016 are EURO 1,26,885 (2014-15 EURO 1,45,465) equivalent to ₹ 0.95 Crores and USD are 1,997 equivalent to ₹ 0.01 crores.

(c) In Respect of PMHBL:

Unhedged Foreign Currency exposures as on 31st March, 2016 is USD 13,810.

(d) In Respect of HMEL:

i. Currency risk derivatives – Forward contracts have been taken to hedge foreign currency exposure. The aggregate amount of forward contracts outstanding as at balance sheet date comprises of:

Particulars	**Currency**	**31st March, 2016**	**31st March, 2015**
JPY buy/USD sell	USD	5 Million	NIL
USD buy / INR sell	USD	NIL	55 Million

ii. JPY buy/USD sell option have been taken to hedge foreign currency exposure. The total amount of Options outstanding as on 31st March, 2016 is NIL (2014-15 USD 6 Million).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

iii. Unhedged foreign currency exposure - Particulars of Unhedged foreign currency exposure as at the balance sheet date:

₹ / Crores

Particulars	31st March, 2016	31st March, 2015
Short term foreign currency loan from banks	999	1,465
Long term Loan from banks*	7,486	4,379
Trade payables, other liabilities and provisions	995	1,195
Trade receivables	1	3

* Includes loans taken in JPY equivalent to ₹ 35 crores (2014-15 ₹ 37 crores), which has been hedged into USD.

iv. Other derivative contracts Hedged:

- The discount percentage on purchases of crude oil is hedged. Quantity of outstanding crude oil hedged on 31st March, 2016 is 7,10,355 bbl (2014-15 6,85,160 bbl).
- Time spreads to remove pricing exposure mismatches is hedged. Quantity of outstanding crude oil hedged as on 31st March, 2016 is 16,90,155 bbl (2014-15 97,880 bbl).
- Margins on sale of refined products are hedged. Quantity of crude oil hedged on 31st March, 2016 is 97,980 bbl. (2014-15 48,940 bbl).

v. Interest rate swaps have been taken to hedge exposure against variable interest outflow on loans. The amount of outstanding contracts as at 31st March, 2016 aggregated to USD 257 Million (2014-15 USD 113 Million).

(e) In Respect of BGL:

Unhedged foreign currency exposure at the year-end:

Particulars	Currency	31st March, 2016	31st March, 2015
Un-hedged foreign currency exposure- Payable to suppliers	USD	99,483	99,483

34. 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 2015-16 as per Ministry of Corporate Affairs' Notification.

35. In accordance with the option exercised by the Company as referred in note # 34, an exchange loss of ₹ 197.14 crores (2014 - 15: Loss of ₹ 63.16 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, 2016.

36. During the F. Y. 2015-16, HPCL does not have any RBI Swap transaction. During the F.Y. 2014-15, the net gain of ₹ 360.71 crores have been recognized and accounted for in the books on RBI swap transactions, out of which ₹192.38 crores was realized on account of RBI swap transactions settled during the financial year 2014-15 and ₹ 168.33 Crores on account of reversal of mark to market losses provision provided as on 31.03.2014 on forward contracts taken to hedge the un-matured RBI swap transactions outstanding as on 31.03.2014

37. In respect of HPCL, 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 ₹ 162.35 Crores (2014-15: ₹ 205.94 crores).

38. (a) The recognition of MAT Credit Entitlements of ₹ 494.03 Crores as at March 31, 2016 (₹ 355.77 Crores as at March 31, 2015) is on the basis of convincing evidence that the Group will be able to avail the credit during the period specified in section 115JAA of the Act.

(b) Provision for tax for earlier years written back (net) of ₹ 132.67 crores (2014-15: Provided ₹ 430.58 Crores).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

39. To the extent Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at balance sheet date is disclosed on which Auditors have relied upon :

₹ / Crores

Sr. No.	Particulars	2015-16	2014-15
1.	Amounts payable to "suppliers" under MSMED Act, including trade payables and other payables, as on 31/03/16 :-		
	- Principal	18.89	15.93
	- Interest	-	-
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2015 – 16 (irrespective of whether it pertains to current year or earlier years) –		
	- Principal	-	-
	- Interest	-	-
3.	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	-	-
4.	Amount accrued and remaining unpaid at the end of Accounting Year	-	-
5.	Amount of interest which is due and payable, which is carried forward from last year	-	-

40. Related Party Disclosures:-

A. Names of and Relationship with Related Parties

1. Jointly controlled entities

i. HPCL-Mittal Energy Ltd.

ii. Hindustan Colas Pvt. Ltd.

iii. South Asia LPG Company Pvt. Ltd.

iv. Petronet India Ltd.

v. HPCL Shapoorji Energy Pvt. Ltd.

2. Key Management Personnel

i. Smt. Nishi Vasudeva, Chairman and Managing Director (Till 31.03.2016).
Shri Mukesh Kumar Surana, Chairman and Managing Director (w.e.f. 01.04.2016)

ii. Shri K. V. Rao, Director – Finance (Till 30.09.2015).

iii. Shri J. Ramaswamy, Director - Finance (w.e.f. 01.10.2015)

iv. Shri B. K. Namdeo, Director – Refineries

v. Shri Y.K. Gawali, Director - Marketing

vi. Shri Pushp Kumar Joshi, Director - Human Resources

vii. Shri Shrikant Madhukar Bhosekar, Company Secretary

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

B. Details of transactions with related parties

1. Transaction with Jointly controlled entities (₹/ Crores)

No.	Nature of Transactions	2015-16	2014-15
(i)	**Sale of goods**		
	HPCL-Mittal Energy Ltd.	65.24	12.39
	Hindustan Colas Pvt. Ltd.	134.14	207.30
	South Asia LPG Company Pvt. Ltd.	0.09	0.32
		199.47	**220.01**
(ii)	**Purchase of goods**		
	HPCL-Mittal Energy Ltd.	12,046.93	12,278.83
	Hindustan Colas Pvt. Ltd.	79.50	110.44
		12,126.43	**12,389.27**
(iii)	**Dividend income received**		
	Hindustan Colas Pvt. Ltd.	11.43	7.68
	South Asia LPG Company Pvt. Ltd.	13.75	12.50
		25.18	**20.18**
(iv)	**Services given (Manpower Supply Service)**		
	HPCL-Mittal Energy Ltd.	0.20	0.19
	Hindustan Colas Pvt. Ltd.	1.02	0.88
	South Asia LPG Company Pvt. Ltd.	0.64	0.72
		1.86	**1.79**
(v)	**Lease rental received**		
	HPCL-Mittal Energy Ltd.	0.61	0.46
	Hindustan Colas Pvt. Ltd.	0.12	0.12
	South Asia LPG Company Pvt. Ltd.	0.84	0.40
		1.57	**0.98**
(vi)	**Others - provided**		
	HPCL-Mittal Energy Ltd.	24.07	22.52
	Hindustan Colas Pvt. Ltd.	2.39	2.15
	South Asia LPG Company Pvt. Ltd.	0.39	-
		26.85	**24.67**
(vii)	**Others - (availed)**		
	HPCL-Mittal Energy Ltd.	13.51	7.12
	Hindustan Colas Pvt. Ltd.	4.74	7.62
	South Asia LPG Company Pvt. Ltd.	93.61	81.14
		111.86	**95.88**
(viii)	**Advance against equity given / Share Application Money Pending Allotment given**		
	HPCL Shapoorji Energy Pvt. Ltd.	-	1.00
		-	**1.00**
		31.03.2016	**31.03.2015**
(ix)	**Receivables as on**		
	HPCL-Mittal Energy Ltd.	0.18	6.33
	Hindustan Colas Pvt. Ltd.	2.52	16.48
	South Asia LPG Company Pvt. Ltd.	0.06	0.48
		2.76	**23.29**
(x)	**Payables as on**		
	HPCL-Mittal Energy Ltd.	623.12	739.60
	Hindustan Colas Pvt. Ltd.	8.42	10.69
	South Asia LPG Company Pvt. Ltd.	5.77	4.44
		637.31	**754.73**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

2. Remuneration paid to Key Management Personnel

₹ / Crores

No.	Description	2015-16	2014-15
(i)	Smt. Nishi Vasudeva	0.95	0.72
(ii)	Shri K. V. Rao	0.59	0.60
(iii)	Shri J Ramaswamy	0.21	-
(iv)	Shri B. K. Namdeo	0.61	0.68
(v)	Shri Y.K. Gawali	0.46	0.35
(vi)	Shri Pushp Kumar Joshi	0.55	0.51
(vii)	Shri Shrikant Madhukar Bhosekar	0.37	0.40
		3.74	**3.26**

Remuneration to KMP has been considered from / to the date from which they became KMP.

3. Amount due from Key Management Personnel

₹ / Crores

No.	Description	31.03.2016	31.03.2015
(i)	Smt. Nishi Vasudeva	-	0.02
(ii)	Shri K. V. Rao	-	0.00
(iii)	Shri J Ramaswamy	0.02	-
(iv)	Shri Pushp Kumar Joshi	0.06	0.07
(v)	Shri Shrikant Madhukar Bhosekar	0.05	0.05
		0.13	**0.14**

41. In compliance of Accounting Standard 27 on "Financial reporting of Interests in Joint Ventures", a brief description of Production Sharing Contracts (PSCs) and Service Contracts (SCs) :-

Group 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 in %	
	31/03/2016	31/03/2015
In Respect of HPCL		
In India		
Under NELP IV		
KK- DWN-2002/2	20	20
KK- DWN-2002/3	20	20
CB- ONN-2002/3	15	15
Under NELP V		
AA-ONN-2003/3	15	15
Under NELP VI		
CY-DWN-2004/1	10	10
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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

Name of the Block	Participating Interest in %	
	31/03/2016	31/03/2015
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
Cluster – 7	60	60
In Respect of PPCL		
SR-ONN-2004/1	10	10
AA ONN 2010/1	20	20
Sanganpur Field	50	50
Yolla Field (Australia) Licence T/L -1	11.25	11.25
Cluster 7	10	10

a) In respect of HPCL:

i. The Blocks KK-DWN-2002/2, CY-DWN-2004/1,2,3,4, CY-PR-DWN-2004/1&2, KG-DWN-2004/1,2,3,5,6, MB-OSN-2004/1, MB-OSN-2004/2 & RJ-ONN-2004/1 & 3 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2015. The Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements / data received from operator as on 31st March, 2016.

ii. The Blocks AAONN-2003/3 and KK-DWN-2002/3 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2011 and March 31, 2012 respectively. The Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements / data received from operator as on 31st March, 2016.

iii. The block CB-ONN-2002/3 was awarded under NELP IV bidding round and the production sharing contract was signed on 06.02.2004. The exploration Minimum Work Program has been completed. The block is divided into two areas i.e. Miroli and Sanand. Approval of Mining Lease to commence production from Sanand field has been received from Govt. of Gujarat. Preparation of addendum to Sanand FDP (Field development plan) for additional discovery in Kalol reservoir is in progress.

iv. The exploration block 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. 3D seismic data acquisition, Processing & interpretation have been completed. Discussion on well location and further course of action is in progress.

v. In respect of Cluster – 7, the matter is under arbitration. Please refer Note # 52.10.

HPCL's share in aggregate of Contingent Liabilities and Capital Commitments of Jointly Controlled Operations:

₹ / Crores

	2015 – 16	2014 – 15
Jointly Controlled Operations		
Contingent Liabilities	288.73	231.19
Capital Commitment	100.62	94.93

b) In respect of PPCL:

i. ONGC Onshore Marginal Fields-

The Company was awarded Service Contracts dated 28th April, 2004, for development of ONGC's Hirapur, Khambel and West Bechraji onshore marginal oil fields.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

The Company executed Agreements for development of Hirapur, Khambel and West Bechraji onshore marginal fields with Valdel Oil and Gas Private Limited (Valdel) with equal share in the Service Contracts. The Service Contracts in respect of Khambel and West Bechraji had been terminated in February, 2009 by ONGC and the Service Contract with respect to Hirapur field is operating currently.

The Company's share of assets and liabilities as at 31st March 2016 and the Income and expenditure for the year in respect of above joint venture is as follows:

₹ / Crores

Sr.	Particulars	2015-16	2014-15
A	Gross Tangible Assets	9.99	9.98
B	Pre-Producing Properties (CWIP)	1.36	1.36
C	Other Net Non-Current Assets	(0.01)	(0.00)
D	Net Current Assets (*)	1.25	1.03
E	Income	1.05	0.98
F	Expenditure	1.25	1.22

(*) Includes advances to joint venture amounting to ₹ 0.78 Crores (Previous year ₹ 0.60 Crores).

ii. Sanganpur Field-

The Company acquired 50% participating interest in Sanganpur field from M/s Hydrocarbon Development Company Pvt. Ltd. (HDCPL) effective 1st September, 2004. Accumulated amount prior to acquisition of Sanganpur field amounting ₹ 1.18 Crores have been included in Sanganpur field Assets. The Company has accounted its proportionate share in the Sanganpur field based on available un-Audited accounts as at 31st March, 2016 as made available by the Operator.

Bombay High Court vide order dated 14th Nov, 2014 in Company Petition 550 of 2013 has passed order for appointment of liquidator for assets and business of Company M/s HDCPL. This petition was filed by ETA Star Golding limited for non-payment of its invoices by M/s HDCPL. Said order of Bombay High Court was challenged before its Division Bench and is still pending before the Court. Presently the Operation in Sanganpur field is continued by HDCPL as before. Product dispatch is also continuing.

The Company's share of assets and liabilities as at 31st March 2016 and the Income, expenditure for the year in respect of above joint venture is as follows:

₹ / Crores

Sr.	Particulars	2015-16	2014-15
A	Gross Tangible Assets	5.63	5.63
B	Other Net Non-Current Assets	(0.01)	(0.00)
C	Net Current Assets (*)	(0.10)	(0.08)
D	Income	0.05	0.13
E	Expenditure	0.08	0.22

(*) Includes payable to joint venture amounting to ₹ 0.04 Crores (2014-15 ₹ 0.08 Crores)

iii. ONGC Offshore Marginal Fields (Cluster-7):

PPCL along with Consortium member, M/s Hindustan Petroleum Corporation Limited (HPCL) (PI - 60%) and M/s Trenergy (PI – 30%) was awarded a Contract vide letter of award dated 31st March, 2006 for the development of ONGC's offshore marginal Oilfields viz. B -192, B - 45 and WO – 24. The Service Contract for Cluster-7 was signed on 27th September, 2006 between ONGC and Consortium members. The Company is the Executing Contractor and its participating interest (PI) is 10%.

The said Service Contract was terminated by ONGC. Subsequently, HPCL/PPCL started arbitration proceedings against Trenergy which are still in progress, hence the joint bank account has not been closed on the advise of the legal department- HPCL.

iv. SR – ONN – 2004 / 1 (South Rewa Block):

The Company along with Consortium member M/s Jaiprakash Associates Limited (PI - 90%) was awarded PSC for the SR-ONN-2004/1 block vide letter dated 12th February, 2007 of Ministry of Petroleum & Natural Gas (MOP & NG) under NELP – VI round. The Company is the executing contractor and its PI is 10%. The PSC was signed on 2nd March, 2007.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

Consortium has proposed to relinquish the block effective from 23rd October, 2014 and Operating Committee Resolution (OCR) for relinquishment of the block has been submitted to Directorate General of Hydrocarbon (DGH).

The Company's share of assets and liabilities as at 31st March, 2016 in respect of above joint venture is as follows:

₹ / Crores

Sr.	Particulars	2015-16	2014-15
A	Gross Tangible Assets	-	-
B	Pre-producing Properties (CWIP)	-	-
C	Other Net Non-Current Assets	-	-
D	Net Current Assets (*)	2.46	1.34
E	Expenditure (**)	0.16	0.81

(*) Includes advances to joint venture amounting to ₹ 2.07 Crores (Previous year ₹ 0.95 Crores).

(**) Includes ₹ Nil (Previous year ₹ 0.13 Crores) written off towards dry wells cost. Also includes Inventory written off amounting to ₹ Nil in the F.Y. 2015-16 (Previous year ₹ 0.31 Crores).

42. 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 27 - 'Other expenses'.

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

44. During the year 2015-16, an amount of ₹ 73.40 Crores (2014-15: ₹ 29.45 Crores) has been charged to revenue towards Enabling Assets on which the Corporation does not have a control.

45. As per the provisions of the Deed of Assurance (DoA) dated 12 August 2005, signed by the HMEL with the Government of Punjab (GoP), HMEL is allowed a deferment of Central Sales Tax (CST) up to 300% of fixed capital investment for 15 years from the date of production, and the same is required to be repaid, free of interest, from 16th year onwards in 30 half yearly installments. Further, Punjab VAT Act, 2005 vide notification no. S.O. 21/P.O.5/2005/S, 92/2005 dated 6th April, 2005, prescribed certain conditions for availing deferment and exemption which inter-alia provides that any unit availing benefit of deferment, can opt for payment of deferred CST liability on a net present value basis, before the date of filing of return. HMEL had discussed with GoP for settlement of its CST liabilities in line with the above option and the management of the Company has settled the CST liability of ₹ 1,101 Crores (previous year ₹ 773 Crores) as at 31st March, 2016, for a Net Present Value (NPV) of ₹ 177 Crores (previous year ₹ 121 Crores), by discounting the gross CST liability using an appropriate interest rate. The company obtained necessary legal advice with respect to the enforceability of said adjustment and also the basis for computation of net present value of CST. Consequentially, a gain of ₹ 271 Crores (previous year ₹ 257 Crores) has been accounted for in the books of accounts in the current year. During the current year based on certain judicial pronouncements and legal advice, the Company, has treated said benefit of ₹ 922 Crores (including ₹ 652 Crores for earlier years) as not being liable to income tax and has provided for tax charge accordingly.

Further, as per the provisions of the DoA, HMEL is also entitled to an Interest Free Loan (IFL) of ₹ 612 Crores which was to be disbursed in equal monthly installments over a 5 year period starting from the date of commencement of operations viz 3rd December 2011, a date which has been recognized and approved by the Empowered Committee of GoP. The said loan is required to be repaid in 10 equal half yearly installments after expiry of 66 months from the date of disbursement. Accordingly as of 31st March, 2016 an amount of ₹ 531 Crores (Previous year ₹ 408 Crores) was due to HMEL towards IFL against which an amount of ₹ 5 Crores only was disbursed. As per the terms of the DoA, in the event of non-payment of monthly loan installments, HMEL is eligible to unilaterally adjust the loan amount in subsequent month from its sales tax or such other payment due to GoP. HMEL has exercised the said option on 31st March 2015 and has adjusted the amount of IFL against the NPV of CST payable of ₹ 177 Crores , as mentioned above, and has a resultant IFL of ₹ 182 Crores (previous year ₹ 126 Crores), including ₹ 5 Crores received earlier in cash, payable to GoP.

46. SALPG has recognized revenue upto March 31, 2014, from LPG Storage and warehouse services at ₹ 1,540 pmt and by-pass services at ₹ 200 pmt based on negotiations, with the three oil marketing companies M/s. Hindustan Petroleum Corporation Limited ('HPCL'), M/s. Indian Oil Corporation Limited ('IOCL') and M/s. Bharat Petroleum Corporation Limited ('BPCL'). Whilst,

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

the marketing companies have in principle agreed for the rates at which the invoices may be raised, only HPCL has been making the payments against the amount invoiced and the other two companies i.e. IOCL and BPCL are making part payments, pending receipt of approvals from the Ministry of Petroleum and Natural Gas, Government of India, since January 2008. The amounts retained by IOCL and BPCL aggregates to ₹ 27.78 Crores. The management is confident of receiving the entire dues, since there is no dispute with respect to the same and the amounts would be released by the two companies on receipt of requisite approvals from the Ministry. However, on a prudent basis, to cover any possible shortfall, provision against receivable for an amount of ₹ 5.56 Crores (Previous year ₹ 5.56 Crores) has been considered.

47. In respect of HRRL, the land allotted by Government of Rajasthan (GoR), was not accounted pending execution of lease agreement. There is no change in the status in the current year. Consequently, lease rent has not been recognised.

48. Subsequent to the date of the Balance Sheet, due to completion of tenure of some of the Independent Directors, the number of Independent Directors in the Board is reduced to one, which is less than the minimum number of Independent Directors required in terms of the provisions of the Listing Agreement and the Companies Act, 2013. The Company has approached the administrative ministry for appointment of requisite number of Directors for compliance of the provisions of the Listing Agreement and the Companies Act, 2013 and the same is awaited. Pending such appointment, the financial results have been reviewed and recommended to the Board by the reconstituted Audit Committee consisting of one Independent Director.

49. In line with the Notification dated August 29, 2014 issued by Ministry of Corporate Affairs (MCA), the Group has complied with the requirements of paragraph 4(a) of Notes to Schedule II to the Companies Act, 2013, relating to componentization, from Financial Year 2015-16. Due to the above compliance, the depreciation expense for the year ended March 31, 2016 is increased by ₹ 273.23 crores. As provided in para 7 (b) of Schedule II to the Companies Act, 2013, the Group has charged ₹ 227.96 crores to the statement of Profit & Loss.

50. During the year 2015 – 16, Group has spent ₹ 74.51 Crores (2014-15: ₹ 35.49 Crores) towards Corporate Social Responsibility (CSR) as against the budget of ₹ 74.42 crores (2014-15 : ₹ 35.45 Crores).

Head wise break up of CSR expenses are given below:

₹ / Crores

S. No.	Head of Expenses	2015-16	2014-15
1	Promoting Education	16.54	19.69
2	Promoting Preventive Health Care	12.06	9.00
3	Empowerment of Socially and Economically Backward groups	4.44	1.44
4	Promotion of Naturally recognised and para- olympic sports	0.68	0.85
5	Imparting Employment by enhancing vocational skills	5.89	3.09
6	Protection of National Heritage	0.05	-
7	Rural Development	0.45	-
8	Environment Sustainability	17.87	-
9	Swatch Bharat Abhiyan	15.81	-
10	Others Elligible Activities	0.72	1.42
	Total	**74.51**	**35.49**

Amount spent during the year 2015-16 on:-

₹ / Crores

	Details	In Cash	Yet to be paid in Cash	Total
(i)	Construction / Acquisition of an assets	-	-	-
(ii)	On purpose other than (i) above	74.49	0.02	74.51

Amount spent during the year 2014-15 on:-

₹ / Crores

	Details	In Cash	Yet to be paid in Cash	Total
(i)	Construction / Acquisition of an assets	-	-	-
(ii)	On purpose other than (i) above	35.45	0.04	35.49

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

51. SEGMENT REPORTING

Information regarding Primary Segment Reporting as per AS-17 for the year ended 31st March, 2016.

₹ / Crores

Particulars	2015-16				2014-15			
	Downstream Petroleum	Exploration & Production	Others	Total	Downstream Petroleum	Exploration & Production	Others	Total
Revenue								
External Revenue	187,724.65	70.86	-	187,795.51	217,497.85	22.46	-	217,520.31
Inter-segment Revenue	-	7.92	(7.56)	0.36	-	7.84	(7.51)	0.33
Total Revenue	**187,724.65**	**78.78**	**(7.56)**	**187,795.87**	**217,497.85**	**30.30**	**(7.51)**	**217,520.64**
Result								
Segment results	8,077.45	(201.50)	-	7,875.95	2,566.25	2.96	-	2,569.21
Less: Unallocated expenses (net of unallocated income)	-	-	-	-	-	-	-	-
Operating profit	**8,077.45**	**(201.50)**	**-**	**7,875.95**	**2,566.25**	**2.96**	**-**	**2,569.21**
Less:								
Borrowing Cost				1,747.25				1,841.15
Provision for dimunition in investments				-				(605.04)
Loss on Sale of Investments				35.86				29.24
Add:								
Interest/Dividend (Incl Share of profit from PII)				861.31				930.72
Profit on Sale of Investments				-				-
Profit before Tax				**6,954.15**				**2,234.58**
Less: Taxes (including Deferred tax / FBT)				(2,107.24)				(741.83)
Profit after Tax				**4,846.91**				**1,492.75**
Less : Extraordinary Expenses / (Incomes)				-				3.88
Less : Share of minority in profit / (loss)				(74.58)				(9.71)
Profit / (loss) for the period for the group				**4,921.49**				**1,498.58**
Other Information								
Segment assets	80,100.50	638.60	-	80,739.10	77,729.57	685.61		78,415.18
Unallocated corporate assets				6,827.66				7,210.96
Total assets				**87,566.76**				**85,626.14**
Segment liabilities	25,688.31	195.85	0.08	25,884.24	32,602.03	973.77	(0.25)	33,575.55
Unallocated corporate liabilities				4,721.79				403.91
Minority interest				39.73				114.33
Total liabilities				**30,645.76**				**34,093.79**
Capital expenditure	6,063.93	139.24	-	6,203.17	6,403.97	34.44	-	6,438.41
Depreciation (including prior period)	3,430.20	165.52	-	3,595.72	2,489.40		-	2,489.40
Non cash expenses excluding depreciation				97.86				(552.25)

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. Others represents Inter Segment transactions

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

52. Contingent Liabilities and Commitments

₹ / Crores

	2015-16	2014-15
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	188.57	176.58
ii. Sales Tax/Octroi	2,174.29	2,483.98
iii. Excise/Customs	280.40	353.26
iv. Land Rentals & Licence Fees	88.94	181.83
v. Others	74.86	111.77
	2,807.06	**3,307.42**
B. Contingent Liabilities not provided for in respect of appeals filed against the Corporation		
i. Income Tax	15.29	12.79
ii. Sales Tax/Octroi	14.07	3.48
iii. Excise/Customs	83.97	84.62
iv. Employee Benefits/Demands (to the extent quantifiable)	214.07	362.71
v. Claims against the Corporation not acknowledged as Debts(refer note 52.1)	517.64	803.78
vi. Others	444.00	439.79
	1,289.04	**1,707.17**
C. Guarantees given	**436.40**	**228.07**
(Includes ₹ 496.31 Crores (2014-15 : ₹ 554.52 Crores) towards share of jointly controlled entities)		
(Includes ₹ 288.73 crores (2014-15 : ₹ 231.19 crores) towards share of jointly controlled operations)		

52.1 : A claim of ₹ 282.24 crores (42.60 Million USD @ Exchange rate of 1 US = $ 66.2525), claim by M3nergy on termination of service contract of Cluster - 7 field, which was awarded by ONGC to the consortium of M3nergy (Malaysia) BHD (30%) and Group (70%). Group has also initiated arbitration proceedings against M3nergy. The share of the claim of the company is ₹ 1,038.17 crores with loss of profit and other expenses etc. Arbitration was bifurcated into two aspects one is liability and the other is quantification. Liability aspects have been held in favour of Corporation and by an interim award by Hon'ble Arbitral Tribunal, which has been challenged by M3nergy in Bombay High Court. Quantification aspect is being looked into by Arbitral Tribunal. This amount is not included above.

	2015-16	2014-15
II. Commitments		
A. Estimated amount of contracts remaining to be executed on Capital Account not provided for	3,750.36	2593.02
B. Other Commitments (for Investments in Joint Ventures)	31.93	25.52
(Includes ₹ 408.72 Crores (2014-15 : ₹ 419.99 Crores) towards share of jointly controlled entities)		
(Includes ₹ 100.62 crores (2014-15 : ₹ 94.93 crores) towards share of jointly controlled operations)		

52.2: BGL is required to complete minimum residential connections for piped gas under the terms of contract awarded by PNGRB. Failing to complete the minimum number of connections would make BGL liable for penal consequences, against which BGL has submitted bank guarantees to PNGRB and other authorities. BGL has received notices for delays in minimum installations. The charges for not completing minimum number of connections cannot be measured at this stage and also BGL has represented the matter to the concerned authorities as the delay is on account of various factors most of them being beyond the control of BGL.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

53. 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. 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.

(a). Change in defined benefit obligations during the year ended 31st March, 2016

₹ / Crores

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	LSA-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Defined benefit obligation at the beginning of the year	598.46	0.78	517.45	0.97	57.84	505.02	66.95	33.71	22.13	2.49	0.16
	577.36	*0.59*	*477.66*	*0.77*	*66.73*	*417.60*	*66.95*	*37.57*	*21.69*	*2.24*	*0.14*
Interest cost	50.73	0.06	39.59	0.08	4.21	42.52	-	2.44	1.58	0.20	0.01
	57.49	*0.05*	*42.86*	*0.07*	*5.83*	*41.18*	-	*3.24*	*1.81*	*0.24*	*0.01*
Current service cost	43.65	0.19	5.70	0.20	-	45.90	-	-	-	0.46	0.02
	36.83	*0.12*	*5.12*	*0.15*	-	*34.37*	-	-	-	*0.42*	*0.02*
Other Cost	-	0.06	0.02	-	-	-	-	-	-	-	-
	-	-	*0.00*	-	-	-	-	-	-	-	-
Past service cost (vested benefits)	-	-	-	-	-	-	93.39	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Benefit paid	-	(0.12)	(42.56)	(0.24)	(7.71)	(32.17)	(8.26)	(5.94)	(4.48)	(0.95)	(0.03)
	-	*(0.08)*	*(44.27)*	*(0.11)*	*(8.79)*	*(23.87)*	-	*(5.98)*	*(4.76)*	*(0.22)*	*(0.03)*
Actuarial (gain)/loss on obligation	(109.67)	(0.13)	(5.67)	0.01	10.50	2.30	-	1.93	(2.65)	11.37	0.01
	(73.22)	*0.09*	*36.07*	*0.08*	*(5.93)*	*35.74*	-	*(1.12)*	*3.39*	*(0.19)*	*0.01*
Defined benefit obligation at the end of the year	583.17	0.85	514.53	1.01	64.84	563.58	152.08	32.14	16.58	13.57	0.17
	598.46	*0.78*	*517.45*	*0.97*	*57.84*	*505.02*	*66.95*	*33.71*	*22.13*	*2.49*	*0.16*

(b). Change in fair value of assets during the year ended 31st March, 2016

₹ / Crores

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	LSA-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Fair value of plan asset at the beginning of the year	697.85	-	525.03	-	-	-	-	-	-	-	-
	637.19	-	*520.27*	-	-	-	-	-	-	-	-
Expected return on plan assets	60.71	-	43.84	-	-	-	-	-	-	-	-
	55.44	-	*43.42*	-	-	-	-	-	-	-	-
Actuarial gain / (loss) on plan assets	1.26	-	0.74	-	-	11.82	-	-	-	-	-
	5.22	-	*4.23*	-	-	-	-	-	-	-	-
Contribution by employer	-	-	1.83	-	-	432.13	-	-	-	-	-
	-	-	*1.37*	-	-	*23.84*	-	-	-	-	-
Benefit paid	-	-	(42.56)	-	-	(32.13)	-	-	-	-	-
	-	-	*(44.26)*	-	-	*(23.84)*	-	-	-	-	-
Fair value of plan asset at the end of the year	759.82	-	528.88	-	-	411.82	-	-	-	-	-
	697.85	-	*525.03*	-	-	-	-	-	-	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

(c) Net asset/(liability) recognized in balance sheet as at 31st March, 2016

₹ / Crores

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	LSA-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Defined benefit obligation at the end of the year	583.17	0.85	514.53	1.01	64.84	563.58	152.08	32.14	16.58	13.57	0.17
	598.46	*0.78*	*517.45*	*0.97*	*57.84*	*505.02*	*66.95*	*33.71*	*22.13*	*2.49*	*0.16*
Fair value of plan asset at the end of the year	759.82	-	528.88	-	-	411.82	-	-	-	-	-
	697.85	-	*525.03*	-	-	-	-	-	-	-	-
Amount recognised in the balance sheet	176.65	(0.85)	14.35	(1.01)	(64.84)	(151.76)	(152.08)	(32.14)	(16.58)	(13.57)	(0.17)
	99.39	*(0.78)*	*7.58*	*(0.97)*	*(57.84)*	*(505.02)*	*(66.95)*	*(33.71)*	*(22.13)*	*(2.49)*	*(0.16)*

(d) Components of employer expenses

₹ / Crores

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	LSA-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Current service cost	43.65	0.19	5.70	0.20	-	45.90	-	-	-	0.46	0.02
	36.83	*0.12*	*5.12*	*0.15*	-	*34.37*	-	-	-	*0.42*	*0.02*
Interest cost	50.73	0.06	39.59	0.08	4.21	42.52	-	2.44	1.58	0.20	0.01
	57.49	*0.05*	*42.86*	*0.07*	*5.83*	*41.18*	-	*3.24*	*1.81*	*0.24*	*0.01*
Past service cost (vested benefits)	-	-	-	-	-	-	93.39	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Expected return on plan asset	(60.71)	-	(43.84)	-	-	-	-	-	-	-	-
	(55.44)	-	*(43.42)*	-	-	-	-	-	-	-	-
Actuarial (gain) / loss	(110.93)	(0.13)	(6.41)	0.01	10.50	(9.52)	-	1.93	(2.65)	11.37	0.01
	(78.44)	*0.09*	*31.84*	*0.08*	*(5.93)*	*35.74*	-	*(1.12)*	*3.39*	*(0.19)*	*0.01*
Total expenses for the year	(77.26)	0.12	(4.96)	0.28	14.71	78.91	93.39	4.37	(1.07)	12.03	0.04
	(39.56)	*0.27*	*36.39*	*0.30*	*(0.10)*	*111.29*	-	*2.12*	*5.20*	*0.47*	*0.04*

(e) Actuarial Assumptions

in %

Particulars	Leave Encashment		Gratuity		Pension	Post Retirement Medical Benefits	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance	Other Retirement Benefits
	Funded	Unfunded	Funded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded	Unfunded
	LE-F	LE-UF	G-F	G-UF	P-UF	PRMB-UF	LSA-UF	Ex-UF	DB-UF	RA-UF	ORA-UF
Discount Rate	7.99	7.46-8.10	7.90-7.99	7.46-8.10	7.79	8.06-8.85	7.99	7.79	7.79	7.99	N/A
Expected return on plan assets	7.99	9.00	9.00	N/A	N/A	8.06	N/A	N/A	N/A	N/A	N/A
Salary escalation	7.00	5.00-10.00	6.50-10.00	5.00-10.00	N/A	5.00	N/A	N/A	N/A	N/A	N/A
Inflation						5.00					
Mortality rate	IALM (2006-08) Mortality Table										

Previous year figures are given in italics.

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2016

Schedule III - Additional Disclosure on Consolidated Financial Statements as on 31st March,2016 is as under :-

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As a % of Consolidated Net Assets	Amount (₹ in Crores)	As a % of Consolidated profit or loss	Amount (₹ in Crores)
Hindustan petroleum Corporation Limited	74.53%	12,942.35	81.14%	3,993.47
Subsidiaries				
Prize Petroleum Company Ltd.	0.06%	10.88	(3.15)%	(155.24)
HPCL Biofuels Ltd.	1.00%	174.46	(1.01)%	(49.77)
CREDA - HPCL Biofuels Ltd.	0.02%	3.77	(0.15)%	(7.15)
HPCL Rajasthan Refinery Ltd.	(0.01)%	(1.97)	0.00%	(0.01)
Minority Interests in all subsidiaries	0.23%	39.73	1.52%	74.58
Joint Ventures (as per pro- portionate consolidation)				-
Hindustan Colas Pvt. Ltd.	0.49%	85.77	0.77%	38.00
South Asia LPG Co. Pvt. Ltd.	0.59%	101.84	0.97%	47.64
HPCL Shapoorji Energy Pvt. Ltd.	0.06%	11.17	(0.01)%	(0.27)
HPCL - Mittal Energy Ltd.	15.35%	2,666.29	18.18%	894.69
Petronet MHB Ltd.	1.00%	174.19	0.38%	18.66
Petronet CCK Limited	0.05%	8.43	0.05%	2.47
Petronet India Ltd.	0.07%	11.84	0.04%	2.20
Mumbai Aviation Fuel Farm Facilities Pvt. Ltd.	0.23%	39.63	0.09%	4.48
Aavantika Gas Ltd.	0.20%	35.28	0.17%	8.57
Bhagyanagar Gas Ltd.	0.11%	18.58	0.03%	1.35
Mangalore Refinery and Petrochemicals Ltd.	5.77%	1,001.63	0.97%	47.58
GSPL India Gasnet Ltd.	0.14%	23.84	0.00%	0.13
GSPL India Transco Ltd.	0.11%	18.69	0.00%	0.10
Total		**17,366.39**		**4,921.49**

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/-
J RAMASWAMY
Director - Finance
DIN - 06627920

Sd/-
SHRIKANT M. BHOSEKAR
Company Secretary

Place : New Delhi
Date : May 27, 2016

FOR CVK & ASSOCIATES
Chartered Accountants
FRN - 101745W

Sd/-
A K PRADHAN
Partner
Membership No. 032156

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Sd/-
Atul Shah
Partner
Membership No. 039569

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Amount in ₹)

	Particulars	HPCL Biofuels Ltd.	Prize Petroleum Company Ltd.#	CREDA-HPCL Biofuels Ltd.	HPCL Rajasthan Refinery Ltd.
1	Sl. No.	1	2.	3.	4.
2.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Rupees (₹)	Rupees (₹)	Rupees (₹)	Rupees (₹)
3.	Share capital	6,251,715,110	2,450,000,000	217,564,910	500,000
4.	Reserves & surplus	(4,507,118,412)	(2,341,200,946)	(179,849,688)	(20,173,744)
5.	Total assets	8,117,928,228	6,304,676,576	57,934,173	277,381,922
6.	Total Liabilities	6,373,331,530	6,195,877,522	20,218,950	297,055,666
7.	Investments	-	-	-	-
8.	Turnover	1,682,404,419	787,811,071	-	-
9.	Profit before taxation	(497,723,354)	(1,538,630,517)	(71,473,479)	(84,863)
10.	Provision for taxation	-	13,742,000	-	-
11.	Profit after taxation	(497,723,354)	(1,552,372,517)	(71,473,479)	(84,863)
12.	Proposed Dividend	-	-	-	
13.	% of shareholding	100.00%	100.00%	74.00%	74.00%

Figures based on Consolidated Financial Statements of the Company

Notes:-

1. Names of subsidiaries which are yet to commence operations
   a) HPCL Rajasthan Refinery Ltd.
2. Names of subsidiaries which have been liquidated or sold during the year. NIL

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/-
J RAMASWAMY
Director - Finance
DIN - 06627920

Sd/-
SHRIKANT M. BHOSEKAR
Company Secretary

Date : 27th May, 2016
Place : New Delhi

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Part "A"

(Amount in ₹)

	Name of Joint Ventures	Hindustan Colas Pvt. Ltd.	HPCL-Mittal Energy Ltd.#	South Asia LPG Co. Pvt. Ltd.	Petronet MHB Ltd.*	Bhagyanagar Gas Ltd.	Petronet India Ltd.	Petronet CCK Ltd.**
1.	Latest audited Balance Sheet Date	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016
2.	Shares of Joint Ventures held by the company on the year end							
	No.	4,725,000	3,939,555,200	50,000,000	157,841,000	22,499,997	15,999,999	
	Amount of Investment in Joint Venture	47,250,000	39,395,552,000	500,000,000	1,578,410,000	224,999,970	159,999,990	
	Extend of Holding %	50.00%	48.99%	50.00%	30.03%	24.99%	16.00%	4.16%
3.	Description of how there is significant influence	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding
4.	Reason why the joint venture is not consolidated	-	-	-	-	-	-	-
5.	Networth attributable to Shareholding as per latest audited Balance Sheet	1,715,462,377	54,422,400,428	2,036,713,512	5,800,488,868	743,495,673	740,197,097	2,026,231,000
6.	Profit / Loss for the year 2015-16							
	i. Considered in Consolidation	759,976,146	18,261,819,431	952,805,855	621,507,911	53,962,577	137,232,082	594,084,000
	i. Not Considered in Consolidation	-	-	-	-	-		

Figures based on Consolidated Financial Statements of the Company

* Petronet MHB Ltd's Proportionate share includes 1.26% indirectly held through Petronet India Ltd.

** Petronet CCK Ltd's Proportionate share is indirectly held by HPCL through Petronet India Ltd.

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/-
J RAMASWAMY
Director - Finance
DIN - 06627920

Sd/-
SHRIKANT M. BHOSEKAR
Company Secretary

Date : 27th May, 2016
Place : New Delhi

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures
Part "B": Associates and Joint Ventures
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures
Part "B"

(Amount in ₹)

Name of Joint Ventures	Aavantika Gas Ltd.	Mangalore Refinery and Petrochemicals Ltd.#	HPCL Shaapoorji Energy Pvt. Ltd.	Mumbai Aviation Fuel Farm Facilities Pvt. Ltd.	GSPL India Gasnet Ltd.	GSPL India Transco Ltd.
1. Latest audited Balance Sheet Date	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016	31/03/2016
2. Shares of Joint Ventures held by the company on the year end						
No.	22,499,998	297,153,518	11,500,000	38,271,250	23,322,128	18,150,000
Amount of Investment in Joint Venture	224,999,980	4,716,799,957	115,000,000	382,712,500	233,221,280	181,500,000
Extend of Holding %	49.97%	16.96%	50.00%	25.00%	11.00%	11.00%
3. Description of how there is significant influence	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding	Shareholding
4. Reason why the joint venture is not consolidated	-	-	-	-	-	-
5. Networth attributable to Shareholding as per latest audited Balance Sheet	705,941,817	59,075,509,041	223,332,306	1,585,109,277	2,167,105,767	1,698,752,441
6. Profit / Loss for the year 2015-16						
i. Considered in Consolidation	171,528,075	7,095,590,791	(5,417,150)	179,391,370	11,627,767	8,729,714
i. Not Considered in Consolidation	-	-	-	-	-	-

Figures based on Consolidated Financial Statements of the Company

1. Names of joint ventures which are yet to commence operations.
   a) GSPL India Gasnet Ltd
   b) GSPL India Transco Ltd
   c) HPCL Shapoorji Energy Ltd
2. Names of joint ventures which have been liquidated or sold during the year.

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/-
J RAMASWAMY
Director - Finance
DIN - 06627920

Sd/-
SHRIKANT M. BHOSEKAR
Company Secretary

Date : 27th May, 2016
Place : New Delhi

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of consolidated financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the-Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139 (5) read with section 129 (4) of the Act is/are responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of (Annexure -I),but did not conduct supplementary audit of the financial statements of (Annexure-II) for the year ended on that date. Further, section 139(5) and 143 (6) (b) of the Act are not applicable to (Annexure-III) being private entities/entities incorporated in Foreign countries under the respective laws, for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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.

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

Sd/-
Tanuja Mittal
Principal Director of Commercial Audit &
ex-officio Member Audit Board-II, Mumbai

Place : Mumbai
Date : 25 July 2016

G M Kapadia & Co.
Chartered Accountants,
1007 Raheja Chambers,
213 Nariman Point,
Mumbai 400 021

CVK & Associates
Chartered Accountants
2, Samarth Apartments,
D. S. Babrekar Road,
Dadar (West),
Mumbai 400 028

Independent Auditors' Report

TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **HINDUSTAN PETROLEUM CORPORATION LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information in which, is incorporated Ind AS financial statements of Visakh Refinery, audited by the branch auditor, whose report dated May 22, 2017 has been considered in preparing this report.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

We refer to note no. 56 in connection with 21 Un-incorporated Jointly Controlled Entities (UJCEs) involved in exploration activities, of which majority of UJCEs are under relinquishment. The attached standalone Ind AS financial statements include Company's proportionate share in Assets and Liabilities, Income and Expenditure amounting to Rs. 20.02 crores and Rs. 12.29 crores, Rs. Nil crores and Rs. 15.25 crores respectively, as at March 31, 2017. In respect of these UJCEs, the audited accounts are not available with the Company. The financial information has been incorporated based on un-audited Ind AS financial statements / data received from the respective operators.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by the section 143(5) of the Act, we give in the Annexure II a statement on the directions / sub-directions issued by the Comptroller and Auditor-General of India.

3. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   (c) The reports on the accounts of the branch office of the Company viz. Visakh Refinery audited under section 143(8) of the Act by the branch auditor have been sent to us and have been properly dealt with by us in preparing this report;

(d) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;

(e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standard) (Amendment) Rules, 2016;

(f) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 164(2) of the Act, accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section;

(g) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure III.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended by the Companies (Audit and Auditors) Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

    (i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 68 to the standalone Ind AS financial statements;

    (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

    (iii) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company except minor delay involving sum of Rs. 3,430, which has been regularized post the date of balance sheet; and

    (iv) The Company has provided requisite disclosures in the standalone Ind AS financial statements as to holdings as well as dealings in Specified

Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the management – Refer Note 72 to the standalone Ind AS financial statements.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Rajen Ashar
Partner
Membership No.: 048243
Place: New Delhi
Dated : 26th May 2017

A.K. Pradhan
Partner
Membership No.: 032156

Annexure I - referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment (fixed assets).

(b) The Property Plant and Equipment of the Company, other than LPG cylinders and pressure regulators with customers are physically verified by the Management in a phased program of three to five years cycle. In our opinion, the programme is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and as per the information given by the management, the discrepancies observed were not material and have been appropriately accounted in the books of account.

(c) According to the information and explanations given to us and based on verification of records on random basis, we report that the title deeds of immovable properties held as Property Plant and Equipment, other than self-constructed properties, are held in the name of the Company, except for the following:

(Rs. In Crores)

Particulars	No. of Cases	Gross Block as at March 31, 2017	Net Block as at March 31, 2017	Remarks
Freehold Land	3	0.02	0.02	Title Deeds not available for verification

For the purpose of reporting under this clause, the title deeds of immovable properties were not available but substantial evidence like property tax payment receipts, noting in municipal records conveying the title of the Corporation over the property have not been considered.

(ii) During the year, the inventories have been physically verified at reasonable intervals by the management. The discrepancies noticed on physical verification, as compared to the book records, were not material having regards to size and nature of operations and have been properly dealt with in the books of account.

(iii) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 188 of the Act in respect of contracts or arrangements entered into between the Government companies. The Company has not granted loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Hence, the question of reporting under sub-clauses (a), (b) & (c) of the clause 3(iii) of the Order does not arise.

(iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under section 186 of the Act.

(v) The Company has not accepted any deposits from the public, within the meaning of sections 73 to 76 of the Act and the rules framed there under. We are informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in this regard.

(vi) We have broadly reviewed accounts and records maintained by the Company pursuant to rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of records with a view to determine whether they are accurate.

(vii) (a) According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever applicable.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2017 for a period of more than 6 months from the date they became payable.

(b) According to the information and explanations given to us, the particulars of statutory dues that have not been deposited on account of disputes are as under:

Statute	Forum pending	Amount in Crores	Period to which amount relates
Customs	Tribunal**	12.45	1998 to 2011
	Appellate Authority*	2.47	2007 to 2013
	Total	**14.92**	
Central Excise	Tribunal**	344.60	1994 to 2015
	Adjudicating Authority ***	25.28	2004 to 2014

	Revision Authority	1.09	1999 to 2012
	High Court	4.21	1994 to 2008
	Appellate Authority*	15.26	1996 to 2016
	Total	**390.43**	
Sales tax/ Entry tax	Board of Revenue	4.99	1999 to 2014
	Appellate Authority*	1,809.73	1976 to 2015
	Adjudicating Authority ***	4,100.62	1985 to 2014
	Supreme Court	6.68	2002 to 2004
	High Court	854.25	1979 to 2014
	Objection Hearing Authority	17.89	2008 to 2012
	Tribunal**	2,775.63	1985 to 2014
	Total	**9,569.79**	
Service Tax	Appellate Authority*	1.16	2005 to 2015
	Tribunal**	78.81	2002 to 2015
	High Court	3.75	1981 to 2013
	Total	**83.72**	
Income Tax	Tribunal**	0.17	2006 to 2011
	Total	**0.17**	

* Appellate Authority represents Assistant Commissioner (A), Deputy Commissioner (A), Joint commissioner (A), Additional Commissioner (A)

** Tribunal represents Sales Tax Appellate Tribunal, Central excise and Service tax Appellate Tribunal (CESTAT) , Income tax Appellate Tribunal (ITAT)

*** Adjudicating authority represents Assessing Officer, Additional Commissioner, Deputy Commissioner, Joint commissioner, Additional Commissioner, Chief Commissioner

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to financial institutions, banks, government or dues to debenture holders.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). According to the information and explanations given to us and on the basis of the records examined by us, the Company has prima facie applied the term loan for the purpose for which it was obtained.

(x) During the course of our examination of the books and records of the Corporation, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of material fraud by the Corporation or on the Corporation by its officers and employees have been noticed or reported during the year except suspected irregularity detected by the management of Rs. 5.60 Crores involving employees of the Corporation. The management has taken appropriate steps and the matter is under investigation.

(xi) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 197 of the Act, accordingly, the question of reporting whether the payment of managerial remuneration is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act does not arise.

(xii) The Company is not a chit fund or a nidhi company. Hence, the question of reporting under clause 3(xii) of the Order does not arise.

(xiii) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 188 of the Act in respect of contracts or arrangements entered into between the Government companies. The Company has complied with the provisions of section 177 and section 188 of the Act in respect of transactions with the related parties and the details have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him covered under the provisions of section 192 of the Act.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

Rajen Ashar
Partner
Membership No.: 048243

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 26th May 2017

Annexure II referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" of our report of even date

Based on the verification of records of the Company and based on information and explanation given to us, we give below a report on the directions issued by the Comptroller and Auditor General of India in terms of section 143(5) of the Act.

<table>
<tr><th>Sr No</th><th>Areas to be examined</th><th>Observation /Finding</th></tr>
<tr><td>1</td><td>Whether the company has clear title / lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available.</td><td>Based on the verification of the records of the Company and as reported in Annexure I para 1(c) of this report, the Company does not have the original clear title deeds in respect of 4 freehold land /lease hold lands. The details of area of such land as complied by the management is as under:
<table>
<tr><th>Particulars</th><th>No. of Cases</th><th>Acres</th><th>Remarks</th></tr>
<tr><td>Freehold Land</td><td>3</td><td>0.75</td><td>Title Deeds not available for verification</td></tr>
<tr><td>Leasehold Land</td><td>1</td><td>0.31</td><td>Lease Deeds not available for verification</td></tr>
<tr><td>Total</td><td>4</td><td></td><td></td></tr>
</table></td></tr>
<tr><td>2</td><td>Whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.</td><td>As per the process followed by the Company, any waiver of debt is accounted only with the approval of Competent Authority in line with the Delegation of Authority. Interest on delayed payments is waived from Customers on merit of each case by approving authority. During the year the Company has waived off Rs. 5.26 crores being the differential tax in respect of amounts paid to the sales tax authorities consequent to availing amnesty benefit under Maharashtra Settlement of Dispute Act, 2016</td></tr>
</table>

Sr No	Areas to be examined	Observation /Finding
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s) from Government or other authorities.	a. Proper records are maintained for inventories lying with third parties. b. During the year, the Company has not received any assets as gifts from Government or other authorities.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Rajen Ashar
Partner
Membership No.: 048243

A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 26th May 2017

Annexure III - referred to in paragraph 3(g) under "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls over Financial Reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **HINDUSTAN PETROLEUM CORPORATION LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates Visakh Refinery audited by the branch auditor, appointed under section 143(8) of the Act is based on the report of the branch auditor which has been sent to us and has been properly dealt with by us in preparing this report.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Rajen Ashar
Partner
Membership No.: 048243

A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 26th May 2017

HINDUSTAN PETROLEUM CORPORATION LIMITED

Balance Sheet as on 31st March 2017 **(₹ Crores)**

	Notes	31.03.2017	31.03.2016	01.04.2015
ASSETS				
(1) Non-Current Assets				
(a) Property, Plant and Equipment	3	35,711.00	32,692.94	28,294.38
(b) Capital Work-in-Progress	4	1,810.48	1,852.77	3,472.99
(c) Intangible Assets	5	420.88	414.63	386.94
(d) Financial Assets				
(i) Investment in Subsidiaries, Joint Ventures and Associates	6	5,052.27	5,018.56	4,881.08
(ii) Other Investments	7	757.58	568.55	748.70
(iii) Loans	8	457.01	565.16	390.86
(iv) Other Financial Assets	9	-	-	2.00
(e) Other Non-Current Assets	10	1,338.88	981.05	1,073.00
Total Non Current Assets		**45,548.10**	**42,093.66**	**39,249.95**
(2) Current Assets				
(a) Inventories	11	18,576.28	13,211.40	13,397.60
(b) Financial Assets				
(i) Investments	12	5,108.74	4,991.44	5,376.15
(ii) Trade Receivables	13	4,064.21	3,758.03	3,215.03
(iii) Cash and Cash Equivalents	14	8.85	8.05	9.16
(iv) Bank Balances other than (iii) above	15	24.82	15.71	9.49
(v) Loans	16	163.21	55.82	135.63
(vi) Other Financial Assets	17	4,318.50	4,865.45	4,788.03
(c) Other Current Assets	18	647.24	574.40	595.39
		32,911.85	**27,480.30**	**27,526.48**
(d) Assets classified as held for Sale / Disposal		3.96	5.33	1.99
Total Current Assets		**32,915.81**	**27,485.63**	**27,528.47**
Total Assets		**78,463.91**	**69,579.29**	**66,778.42**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	19	1,016.27	339.01	339.01
(b) Other Equity				
Reserves and Surplus	20a	19,298.03	17,773.29	15,935.31
Other Reserves	20b	33.11	-142.50	45.02
Total Equity		**20,347.41**	**17,969.80**	**16,319.34**
Liabilities				
(1) Non Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	21	6,278.15	10,507.35	14,649.24
(ii) Other Financial Liabilities	22	10,997.27	9,398.18	8,254.23
(b) Provisions	23	182.32	163.77	99.08
(c) Deferred Tax Liabilities (Net) (refer note 42)		5,895.59	4,919.35	4,124.50
(d) Other Non-Current Liabilities	24	7.67	11.37	2.73
Total Non Current Liabilities		**23,361.00**	**25,000.02**	**27,129.78**
(2) Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	25	10,892.41	3,887.61	2,198.80
(ii) Trade Payables	26	12,658.10	9,416.93	11,442.93
(iii) Other Financial Liabilities	27	4,755.67	7,559.40	4,063.96
(b) Other Current Liabilities	28	3,968.21	3,736.91	3,583.46
(c) Provisions	29	2,408.50	1,646.59	1,678.88
(d) Current Tax Liabilities (Net)	30	72.61	362.03	361.27
Total Current Liabilities		**34,755.50**	**26,609.47**	**23,329.30**
Total Equity and Liabilities		**78,463.91**	**69,579.29**	**66,778.42**
Significant Accounting Policies		1 & 2		

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

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director - Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

FOR CVK & Associates
Chartered Accountants
FRN - 101745W

A K Pradhan
Partner
Membership No. 032156

FOR G.M. Kapadia & Co.
Chartered Accountants
FRN - 104767W

Rajen Ashar
Partner
Membership No. 048243

Place : New Delhi
Date : May 26, 2017

HINDUSTAN PETROLEUM CORPORATION LIMITED

Statement of Profit and Loss for the year ended 31st March, 2017			(₹ Crores)
	Notes	**2016 - 17**	**2015 - 16**
Revenue			
Revenue From Operations			
Gross Sale of Products	31	213,488.95	197,437.53
Other Operating Revenues	32	314.04	306.30
		213,802.99	**197,743.83**
Other Income	33	1,514.72	1,144.16
Total Revenue		**215,317.71**	**198,887.99**
Expenses			
Cost of Materials Consumed	34	45,137.66	40,811.64
Purchases of Stock-in-Trade		122,731.74	115,948.43
Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	35	(4,454.06)	90.86
Excise Duty		26,779.28	20,043.20
Transportation Expenses		5,316.76	5,261.66
Exploration cost		15.23	20.84
Employee Benefits Expense	36	2,946.08	2,321.32
Finance Costs	37	535.65	653.60
Depreciation & Amortization Expense	3&5	2,535.28	2,653.21
Other Expenses	38	4,753.25	5,306.59
Total Expenses		**206,296.87**	**193,111.35**
Profit Before exceptional items and Tax		**9,020.84**	**5,776.64**
Exceptional Items			
Profit Before Tax		**9,020.84**	**5,776.64**
Tax expense:			
Current tax		2,236.24	1,433.56
Deferred tax		628.28	737.30
Provision for tax for earlier years written back (net)		(52.48)	(120.38)
Total Tax Expenses		**2,812.04**	**2,050.48**
Profit/(loss) for the period		**6,208.80**	**3,726.16**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans;		(23.69)	(5.57)
Equity Instruments through Other Comprehensive Income;		175.61	(187.52)
Income tax relating to items that will not be reclassified to profit or loss		8.20	1.93
Other Comprehensive Income for the period (net of tax)		**160.12**	**(191.16)**
Total Comprehensive Income for the period, net of tax		**6,368.92**	**3,535.00**
Earning per share [Basic & Diluted earnings per share (₹)]	44	**61.12**	**36.68**

Significant Accounting Policies 1 & 2

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

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director - Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

FOR CVK & Associates
Chartered Accountants
FRN - 101745W

A K Pradhan
Partner
Membership No. 032156

FOR G.M. Kapadia & Co.
Chartered Accountants
FRN - 104767W

Rajen Ashar
Partner
Membership No. 048243

Place : New Delhi
Date : May 26, 2017

Cash Flow Statement For The Year Ended 31st March, 2017

	2016 - 17	2015 - 16
		₹ / Crores
A. Cash Flow From Operating Activities		
Net Profit/(Loss) before Tax & Extraordinary Items	**9,020.84**	**5,776.64**
Adjustments to reconcile profit before tax to net cash used in operating activities:		
Depreciation/ impairment on property, plant and equipment & Intangible Assets	2,535.28	2,653.21
Interest income from HBL Preference Shares	(13.43)	(12.32)
(Gain)/loss on sale of property, plant and equipment	6.54	19.45
Remeasurement of Defined benefit plans Gain / (Loss)	(15.49)	(3.64)
Amortisation of Foreign Currency Monetary Item Translation Difference	354.38	248.82
Spares Written off	12.14	0.41
Impairment in Value of Investments	8.41	282.10
Fair value gain on Current Investments carried at FVTPL	(221.77)	(16.49)
(Profit)/Loss on Sale of Current Investment	(32.36)	35.86
Finance Costs	535.65	653.60
Un realised Exchange Rate Difference	(200.07)	242.10
Provision for Doubtful Debts & Receivables	1.94	15.51
Bad Debts written off	5.26	9.62
Interest Income	(366.75)	(379.66)
Share of Profit from Petroleum India International	(0.94)	(0.77)
Dividend Received	(80.36)	(87.45)
Operating Profit before Changes in Assets & Liabilities {Sub Total - (i)}	**11,549.27**	**9,436.99**
(Increase) / Decrease in Assets and Liabilities :		
Trade Receivables	(307.91)	(566.15)
Loans and Advances and Other Assets	358.85	(124.32)
Inventories	(5,377.02)	185.79
Liabilites and Other Payables	5,938.11	(935.04)
Sub Total - (ii)	**612.03**	**(1,439.72)**
Cash Generated from Operations (i) + (ii)	**12,161.30**	**7,997.27**
Less : Direct Taxes / FBT refund / (paid) - Net	**2,178.57**	**1,214.22**
Net Cash from Operating Activities (A)	**9,982.73**	**6,783.05**
B. Cash Flow From Investing Activities		
Purchase of Property, Plant & Equipment (incl. Capital Work in Progress /excluding interest capitalised)	(5,889.01)	(4,710.03)
Sale of Property, Plant & Equipment	37.18	15.85
Purchase of Investments (Including share application money pending allotment/Advance towards Equity)	(42.12)	(280.04)
Investment in Subsidiary	-	(125.00)
Sale Proceeds of current investments	136.84	352.42
Capital refunded from PII	-	4.95
Loan Given to Subsidiary	-	(84.00)
Interest received	366.91	384.08
Dividend Received	80.36	87.45
Net Cash Flow generated from / (used in) Investing Activities (B)	**(5,309.84)**	**(4,354.32)**
C. Cash Flow From Financing Activities		
Long term Loans raised	-	4,988.30
Long term Loans repaid	(6,980.04)	(6,637.80)
Short term Loans raised / (repaid)	7,661.61	341.76
Capital Grant Received	2.16	13.28
Finance Cost paid	(521.87)	(674.93)
Dividend paid (including dividend distribution tax)	(4,177.14)	(1,749.18)
Net Cash Flow generated from / (used in) Financing Activities (C)	**(4,015.28)**	**(3,718.57)**
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**657.61**	**(1,289.84)**
Cash and cash equivalents at the beginning of the year	**2,390.49**	**1,100.65**
Cash and cash equivalents at the end of the year	**(1,732.88)**	**(2,390.49)**

	2016 - 17	2015 - 16
		₹ / Crores
Details of cash and cash equivalents at the end of the year:		
Cash and cash equivalents as on		
Balances with Banks:		
- on current accounts	1.14	0.25
- on non-operative current accounts	0.01	0.01
Cheques, drafts on hand	0.06	0.12
Cash on hand	7.64	7.67
Current account with Municipal Co-operative Bank Ltd.	-	-
Less : Cash Credits	(1,741.73)	(2,398.54)
Cash and cash equivalents at the end of the year	**(1,732.88)**	**(2,390.49)**

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director - Finance
DIN - 06627920

FOR CVK & Associates
Chartered Accountants
FRN - 101745W

FOR G.M. Kapadia & Co.
Chartered Accountants
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SHRIKANT M. BHOSEKAR
Company Secretary

A K Pradhan
Partner
Membership No. 032156

Rajen Ashar
Partner
Membership No. 048243

Place : New Delhi
Date : May 26, 2017

Notes to Financial Statements for the year ended 31st March 2017

1. Corporate Information

Hindustan Petroleum Corporation Limited referred to as "HPCL" or "the Corporation" was incorporated on 5th July, 1952. HPCL is a Government of India Enterprise listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Corporation is engaged, primarily in the business of refining of crude oil and marketing of petroleum products. The Corporation has, among others, refineries at Mumbai and Vishakhapatnam, LPG bottling plants and Lube blending plants. The Corporation's marketing infrastructure includes vast network of Installations, Depots, Aviation Service Stations, Retail Outlets and LPG distributors.

Authorization of financial statements

The Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on 26th May 2017.

1.1. Basis for preparation:

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2015; and other relevant provisions of the Act and Rules thereunder.

The Financial Statements are prepared under historical cost convention basis, except for certain assets and liabilities measured at fair value.

The Corporation has adopted Ind AS and the adoption was carried out in accordance with Ind AS 101 (First time adoption of Indian Accounting Standards). The transition was carried out from Accounting Standard as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, (previous GAAP). The Corporation's Presentation currency and Functional currency is Indian Rupees (₹). All figures appearing in the Financial Statements are rounded to the nearest crores (₹ Crores), except where otherwise indicated.

1.2. Use of Judgement and Estimates

The preparation of the Corporation's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Corporation continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Financial instruments;
- Estimates of useful lives and residual value of Property, Plant and Equipment and intangible assets;

- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Measurement of Defined Benefit Obligation, key actuarial assumptions;
- Provisions and Contingencies; and
- Evaluation of recoverability of deferred tax assets;

Revisions to accounting estimates are recognized prospectively in the Financial Statements in the period in which the estimates are revised and in any future periods affected.

2. Significant Accounting Policies

2.1. Property, Plant and Equipment

2.1.1. Freehold lands are carried at cost. All other items of Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

2.1.2. The initial cost of an asset comprises its purchase price or construction cost (including import duties and non-refundable taxes); any costs directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by management; initial estimated present value of any of any contractual decommissioning obligation; and borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

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

2.1.4. Expenditure during construction period: Direct expenses incurred during construction period on capital projects are capitalised.

2.1.5. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Corporation.

2.1.6. Spare parts which are meeting the requirement of Property, Plant and Equipment are capitalized as Property, Plant and Equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare parts are inventorised on procurement and charged to Statement of Profit and Loss on consumption.

2.1.7. An item of Property, Plant and Equipment and any significant part initially recognised separately as part of Property, Plant and Equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal; or when the Property, Plant Equipment has been re-classified as ready for disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised.

2.1.8. The residual values and useful lives of Property, Plant and Equipment are reviewed at each financial year end and changes are accounted for as a change in accounting estimates on a prospective basis.

2.1.9. The Corporation has chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

2.2. Depreciation / amortization

2.2.1. Depreciation on Property, Plant & Equipment is provided on straight line method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, the Company has assessed the estimated useful lives of its Property, Plant & Equipment and has adopted the useful lives and residual value as prescribed in Schedule II except for the following which are based on internal technical assessment:

Plant and Machinery relating to Retail Outlets (other than Storage tanks and related equipment)	15 years
Cavern Structure	60 years
LPG cylinders & regulators	15 years

2.2.2. The Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components is assessed by considering historical experience, internal technical inputs and any other relevant factor.

2.2.3. Items of Property, Plant and Equipment costing not more than the threshold limit are depreciated at 100 percent in the year of acquisition except LPG Cylinders and Pressure Regulators which are depreciated over a useful life of 15 years based on the technical assessment.

2.2.4. Depreciation on spare parts specific to an item of Property, Plant and Equipment is based on life of the related Property, Plant and Equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment.

2.2.5. Depreciation is charged on additions / deletions on pro-rata monthly basis including the month of addition / deletion.

2.3. Intangible assets

2.3.1. Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding development costs, are not capitalised and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Development costs are capitalised if technical and commercial feasibility of the project is demonstrated, future economic benefits are probable, the Corporation has an intention and ability to complete and use or sell the asset and the costs can be measured reliably.

2.3.2. Assets where entire output generated is committed to be sold to a public sector entity (including Government body) for almost entire useful life of the asset are classified as intangible assets as per the requirements of Ind AS and are amortised (after retaining the residual value, if applicable) over their useful life.

2.3.3. In cases where, the Corporation has constructed assets and the Corporation has only a preferential right to use, these assets are classified as intangible assets and are amortised (after retaining the residual value, if applicable) over their useful life or the period of the agreement, whichever is lower.

2.3.4. The useful lives of intangible assets are assessed as either finite or indefinite.

2.3.5. Intangible assets with finite lives are amortised on straight line basis over their useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each financial year end. The amortisation expense on intangible assets with finite lives and impairment loss is recognised in the statement of Profit & Loss.

2.3.6. Intangible assets with indefinite useful lives, such as right of way which is perpetual and absolute in nature, are not amortised, but are tested for impairment annually. The useful lives are reviewed at each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If not, the change in useful life from indefinite to finite is made on a prospective basis. The impairment loss on intangible assets with indefinite life is recognised in the Statement of Profit and Loss.

2.3.7. Technical know-how / license fee relating to production process and process design are recognized as Intangible Assets.

2.3.8. Estimated lives of intangible assets (acquired) are as follows:

- Software – 2 to 4 years
- Technical know-how/license fees – 2 to 10 years
- Right to use – wind mills – 22 years

2.3.9. The Corporation has chosen the carrying value of Intangible Assets existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

2.4. Borrowing Cost

2.4.1. Borrowing cost consists of interest and other costs incurred in connection with the borrowing of funds. Borrowing cost also includes exchange rate variation to the extent regarded as an adjustment to interest cost.

2.4.2. Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset till the month in which the asset is ready for intended use. All other borrowing costs are expensed in the period in which they are incurred.

2.5. Non-currents assets held for sale

2.5.1. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met, only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets.

2.5.2. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

2.5.3. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortized.

2.6. Lease

2.6.1. Finance Lease
Lease arrangements are classified as finance leases, if substantially all the risks and rewards incidental to ownership of the leased asset is transferred to the lessee.

Leases arrangements in respect of land for lease period above threshold limit are classified as a finance lease

2.6.2. Operating Lease
Lease arrangements which are not classified as finance leases are considered as operating lease.

Payments made under operating leases are recognised in Statement of Profit and Loss with reference to lease terms and other relevant considerations. Lease incentives received / lease premium paid (if any) are recognised as an integral part of the total lease expense, over the term of the lease. Payments made under Operating Leases are generally recognised in Statement of Profit and Loss on a straight-line basis over the term of the lease, unless such payments are structured to increase in line with expected general inflation.

2.7. Impairment of Non-Financial Assets
Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment.

An impairment loss is recognised whenever the carrying amount of assets of cash generating unit (CGU) exceeds their recoverable amount.

2.8. Inventories

2.8.1. Valuation of inventories of different categories is as under: -

a) Crude oil is valued at cost on First in First Out (FIFO) basis or at net realisable value, whichever is lower. Crude oil is not written down below cost except in cases where their prices have declined subsequently and it is estimated that the cost of the finished goods will exceed their net realisable value.
b) Raw materials for 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) Finished products (lubricants) are valued at weighted average cost or at net realisable value, whichever is lower.
f) Empty packages are valued at weighted average cost.
g) Stores and spares which do not meet the recognition criteria under Property, Plant and Equipment are valued at weighted average cost. Surplus, obsolete and slow moving stores and spares, if any, are valued at cost of net realizable value whichever is lower. Surplus items, when transferred from completed projects are valued at cost / estimated value, pending periodic assessment / ascertainment of condition. Stores and Spares in transit are valued at cost.

2.8.2. Customs duty on Raw materials/Finished goods lying in bonded warehouse are provided for at the applicable rates except where liability to pay duty is transferred to consignee.

2.8.3. Excise duty on finished stocks lying at manufacturing locations is provided for at the assessable value applicable at each of the locations based on applicable duty.

2.8.4. The net realisable value of finished goods and stock in trade are final selling prices for sales to oil marketing companies and depot prices applicable to the locations. For the purpose of stock valuation, the proportion of sales of oil marketing companies and consumer sales are determined on location wise and product wise sales of subsequent period.

2.9. Revenue recognition

2.9.1. Sale of goods

Revenue from the sale of goods is recognised when the:
a) significant risks and rewards of ownership of the goods are passed to the buyer,
b) the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold,
c) revenue can be measured reliably,
d) it is probable that economic benefits associated with the transaction will flow to the Corporation, and
e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, taxes or duties collected on behalf of the government and applicable trade discounts or rebates.

Revenue is allocated between loyalty programs and other components of the sale. The amount allocated to the loyalty program is deferred, and is recognised as revenue when the Corporation has fulfilled its obligation to supply the products under the terms of the program or when it is no longer probable that the points under the program will be redeemed.

Where the Corporation acts as an agent on behalf of a third party, the associated income is recognised on a net basis.

Claims, including subsidy on LPG and SKO, from Government of India are booked on in principle acceptance thereof on the basis of available instructions / clarifications, subject to final adjustments as stipulated.

2.9.2. Interest income is recognised taking into account the amount outstanding and the applicable effective interest rate.

2.9.3. Dividend is recognised when right to receive the payment is established.

2.10. Accounting/ classification of expenditure and income

2.10.1. Income / expenditure in aggregate pertaining to prior year(s) above the threshold limit are corrected retrospectively.

2.10.2. Prepaid expenses upto threshold limit in each case, are charged to revenue as and when incurred.

2.10.3. Insurance claims are accounted on acceptance basis.

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

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

2.11. Employee benefits

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

2.11.2. Post-employment benefits

Defined Contribution Plans:
Obligations for contributions to defined contribution plans are expensed in the Statement of Profit & Loss of the year in which the related services are rendered by the employees.

Defined Benefit Plans:

Post-employment benefits
Liability towards defined employee benefits (gratuity, pension, post – retirement medical benefits, ex-gratia and resettlement allowance) are determined on actuarial valuation by independent actuaries at the year-end by using Projected Unit Credit method.

Re-measurements of the net defined benefit liability, which comprises of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income.

Other long-term employee benefits

Liability towards other long term employee benefits (leave encashment, long service awards, provident fund contribution to trust and death benefits) are determined on actuarial valuation by independent actuaries using Projected Unit Credit method.

Re-measurements gains and losses are recognized in the Statement of Profit and Loss in the period in which they arise.

2.11.3. Termination benefits
Expenditure on account of Voluntary Retirement Schemes, are charged to Statement of Profit & Loss, as and when incurred.

2.12. Foreign currency transactions

2.12.1. Monetary items:
Transactions in foreign currencies are initially recorded at the respective exchange rates prevailing at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March 2016) are recognised in Statement of Profit and Loss either as 'Exchange Rate Variation' or as 'finance costs' (to the extent regarded as an adjustment to borrowing costs), as the case maybe.

In case of long term foreign currency monetary items outstanding as of 31st March 2016, foreign exchange differences arising on settlement or translation of long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in case of other long term foreign currency monetary items, if any, accumulated in 'Foreign Currency Monetary Item Translation Difference Account' and amortised over the balance period of the asset / liability.

2.12.2. Non – Monetary items:
Non-monetary items, other than those measured at fair value, denominated in foreign currency, are valued at the exchange rate prevailing on the date of transaction.

2.13. Investment in Subsidiary, associates and joint ventures
Investments in equity shares of Subsidiaries, Joint Ventures & Associates are recorded at cost and reviewed for impairment at each reporting date.

The Corporation has chosen the carrying value of the investment in Subsidiaries, associates and joint ventures existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April 2015 as deemed cost.

2.14. Government Grants
2.14.1. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

2.14.2. When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

2.14.3. When the grant relates to property, plant and equipment, the cost of property, plant and equipment is shown at gross value and grant thereon is treated as liability (deferred income) and are credited to statement of profit and loss on a systematic basis over the useful life of the asset.

2.15. Exploration & production expenditure

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

2.15.1. Cost of surveys, studies, carrying and retaining undeveloped properties are expensed out in the year of incurrence.

2.15.2. 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.

2.15.3. Accumulated costs on exploratory wells in progress are expensed out in the year in which they are determined to be dry.

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

2.16. Provisions and contingent liabilities

2.16.1. Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.16.3. If the effect of the time value of money is material, provisions are discounted using an appropriate discount rate. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.16.4. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Corporation, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

2.16.5. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

2.16.6. Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

2.16.7. Contingent Liabilities are considered only when show-cause notice is converted into demand.

2.17. Fair value measurement

2.17.1. Fair value is the price that would be received/ paid to sell an asset or to transfer a liability, as the case may be, in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability also reflects its non-performance risk.

2.17.2. While measuring the fair value of an asset or liability, the Corporation uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

Financial Instruments

2.18. Financial Assets

2.18.1. Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset.

2.18.2. Subsequent measurement
Subsequent measurement is determined with reference to the classification of the respective financial assets. The Corporation classifies financial assets (other than equity instruments) as under;

(a) subsequently measured at amortised cost;
(b) fair value through other comprehensive income; or
(c) fair value through profit or loss

on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

The asset is held within a business model whose objective is

- To hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial recognition, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method and such amortization is recognised in the Statement of Profit and Loss.

Debt instruments at Fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for measurement of debt instruments.

After initial measurement, any fair value changes including any interest income, impairment loss and other net gains and losses are recognised in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Corporation decides to classify the same either as at FVOCI or FVTPL. The Corporation makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

For equity instruments classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income (OCI).

Equity instruments included within the FVTPL category are measured at fair value with all fair value changes being recognized in the Statement of Profit and Loss.

2.18.4. Impairment of financial assets

In accordance with Ind-AS 109, the Corporation applies Expected Credit Loss ("ECL") model for measurement and recognition of impairment loss on the financial assets measured at amortised cost.

Loss allowances on trade receivables are measured following the 'simplified approach' at an amount equal to the lifetime ECL at each reporting date.

2.19. Financial Liabilities

2.19.1. Initial recognition and measurement

All financial liabilities (not measured subsequently at fair value through profit or loss) are recognised initially at fair value net of transaction costs that are directly attributable to the respective financial liabilities.

2.19.2. Subsequent measurement

The Corporation classifies all financial liabilities as subsequently measured at amortised cost by using the Effective Interest Rate Method ("EIR") and such amortisation is recognised in the Statement of Profit and Loss.

2.20. Financial guarantees

Financial guarantee contracts are recognised initially at fair value. Subsequently on each reporting date, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation.

2.21. Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at each measurement date at fair value with the fair value changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.22. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.23. Taxes on Income

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

2.23.2. Deferred tax liability/asset on account of temporary difference is recognised using tax rates and tax laws enacted or substantively enacted as at the Balance Sheet date.

2.23.3. Deferred tax assets are recognised and carried forward for all deductible temporary differences only to the extent that it is probable that taxable profit will be available in future against which the deductible temporary difference can be utilized.

2.23.4. The carrying amount of deferred tax assets/Liabilities is reviewed at each Balance Sheet date.

2.23.5. 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.

2.24. Earnings per share

2.24.1. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

2.24.1. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

2.25. Cash and Cash equivalents

Cash and cash equivalents includes cash on hand, balances with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.26. Cash Flows

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated. For the purpose of the Statement of Cash Flows, cash and cash equivalent consist of cash, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Corporation's cash management.

Notes forming part of Financial statements as on 31st March, 2017
Note 3: Property, Plant and Equipments

The following are the carrying values of Property, Plant & Equipment: (₹ / Crores)

Particulars	Land -Freehold	Leasehold Property - Land	Buildings	Plant & Equipment	Furniture & Fixtures	Transport Equipment	Office Equipment	Roads and Culverts	Railway Siding & Rolling Stock	Total
Gross Block										
As on 01.04.2015	**692.05**	**29.76**	**3,643.78**	**20,887.21**	**92.50**	**50.18**	**897.02**	**1,800.49**	**201.39**	**28,294.38**
Additions/ Reclassifications	20.52	1.61	739.23	6,069.38	30.86	11.62	632.70	287.77	64.81	7,858.50
Deductions/ Reclassifications	17.51	-	20.26	739.32	8.50	0.20	64.17	10.52	0.10	860.58
As on 31.03.2016	**695.06**	**31.37**	**4,362.75**	**26,217.27**	**114.86**	**61.60**	**1,465.55**	**2,077.74**	**266.10**	**35,292.30**
Additions/ Reclassifications	48.15	12.71	526.77	4,210.32	54.62	19.09	447.51	227.55	18.75	5,565.47
Deductions/ Reclassifications	12.20	0.57	3.62	141.27	2.85	1.00	12.25	0.16	0.02	173.94
As on 31.03.2017	**731.01**	**43.51**	**4,885.90**	**30,286.32**	**166.63**	**79.69**	**1,900.81**	**2,305.13**	**284.83**	**40,683.83**
Depreciation/ Amortisation										-
As on 01.04.2015	-	-	-	-	-	-	-	-	-	-
For the year 2015-16	-	0.02	122.86	1,741.46	17.96	12.63	349.57	336.72	21.14	2,602.36
Deductions/ Reclassifications	-	-	0.07	2.55	0.09	0.01	0.16	0.11	0.01	3.00
As on 31.03.2016	-	**0.02**	**122.79**	**1,738.91**	**17.87**	**12.62**	**349.41**	**336.61**	**21.13**	**2,599.36**
For the year 2016-17	-	0.04	138.72	1,691.00	19.75	11.97	295.11	324.17	22.13	2,502.89
Deductions/ Reclassifications	-	-	1.57	117.74	0.93	0.83	8.21	0.12	0.02	129.42
As on 31.03.2017	-	**0.06**	**259.94**	**3,312.17**	**36.69**	**23.76**	**636.31**	**660.66**	**43.24**	**4,972.83**
Net Block as on 01.04.15	**692.05**	**29.76**	**3,643.78**	**20,887.21**	**92.50**	**50.18**	**897.02**	**1,800.49**	**201.39**	**28,294.38**
Net Block as on 31.03.16	**695.06**	**31.35**	**4,239.96**	**24,478.36**	**96.99**	**48.98**	**1,116.14**	**1,741.13**	**244.97**	**32,692.94**
Net Block as on 31.03.17	**731.01**	**43.45**	**4,625.96**	**26,974.15**	**129.94**	**55.93**	**1,264.50**	**1,644.47**	**241.59**	**35,711.00**

1. Includes assets costing Rs.0.007 crores /- (2015-2016 :Rs.0.007 crores; 2014-15 : Rs.0.007 crores) 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 Rs. 464.72 Crores (2015-2016: Rs. 477.90 Crores ; 2014-15 : Rs. 153.60 crores) towards Building, Other Machinery, Pipelines, Railway Sidings, Right of Way etc. being the Corporation's Share of Cost of Land & Other Assets jointly owned with other Companies.
3. Includes Rs.35.28 Crores (2015-2016 : Rs 35.28 Crores ; 2014-15: Rs. 35.99 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 amortized at the rate of depreciation specified in Schedule II of Companies Act, 2013.
4. a) Includes following assets which are used for distribution of PDS Kerosene under Jana Kalyan Pariyojana against which financial assistance was provided by OIDB.

	Orignal Cost (₹/ Crores)		
Description	**31.03.2017**	**31.03.2016**	**01.04.2015**
Roads & culverts	0.13	0.13	0.13
Buildings	1.62	1.62	1.62
Plant & Equipment	2.55	2.65	2.79
Total	**4.30**	**4.40**	**4.54**

b) Includes assets held under PAHAL (DBTL) scheme against which financial assistance is being provided by MOPNG.

	Orignal Cost (₹/ Crores)		
Description	**31.03.2017**	**31.03.2016**	**01.04.2015**
Computer Software	6.93	3.31	NIL
Computers/ End use devices	4.45	5.85	NIL
Office Equipment	0.01	0.01	NIL
Automation, Servers & Networks	1.55	-	NIL
Total	**12.94**	**9.17**	**NIL**

Notes forming part of Financial statements as on 31st March, 2017

5. Deduction/ reclassification includes assets Rs. 3.96 crores as on 31.03.17 (31.03.16 : Rs. 5.32 crores ; 01.04.15 Rs. 2.00 crores) for which management has given consent for disposal & hence classified as Assets held for sale.

6. Leasehold Land includes Rs.27.57 Crores (2015-16: Rs. 26.87 Crores 2014-15 : Rs. 25.25 crores) for land acquired on lease-cum-sale basis from Karnataka Industrial Area Development Board (KIADB) which is capitalized without being amortised over the period of lease. Lease shall be converted into Sale on fulfillment of certain terms and conditions, as per allotment letter.

Note 5: Intangible Assets

The following are the carrying values of Intangible assets : (₹ / Crores)

Particulars	Right of Way	Technical / Process Licenses	Software	Wind Energy Equipments	Total
Gross Block					
As on 01.04.2015	**147.22**	**42.43**	**21.23**	**176.06**	**386.94**
Additions/ Reclassifications	11.08	27.03	15.14	12.50	65.75
Deductions/ Reclassifications	-	9.70	-	-	9.70
As on 31.03.2016	**158.30**	**59.76**	**36.37**	**188.56**	**442.99**
Additions/ Reclassifications	12.55	1.93	23.35	-	37.83
Deductions/ Reclassifications	-	-	-	-	-
As on 31.03.2017	**170.85**	**61.69**	**59.72**	**188.56**	**480.82**
Depreciation/ Amortisation					-
As on 01.04.2015	-	-	-	-	-
For the year 2015-16	-	6.92	11.44	10.00	28.36
Deductions/ Reclassifications	-	-	-	-	-
As on 31.03.2016	**-**	**6.92**	**11.44**	**10.00**	**28.36**
For the year 2016-17	-	9.29	11.96	10.33	31.58
Deductions/ Reclassifications	-	-	-	-	-
As on 31.03.2017	**-**	**16.21**	**23.40**	**20.33**	**59.94**
Net Block as on 01.04.15	**147.22**	**42.43**	**21.23**	**176.06**	**386.94**
Net Block as on 31.03.16	**158.30**	**52.84**	**24.93**	**178.56**	**414.63**
Net Block as on 31.03.17	**170.85**	**45.48**	**36.32**	**168.23**	**420.88**

Notes to the Financial Statements as at 31st March, 2017 (₹ Crores)

		31.03.2017	31.03.2016	01.04.2015
4: Capital Work-in-Progress				
Unallocated Capital Expenditure and Materials at Site		1,613.52	1,602.43	2,693.42
Capital Stores lying with Contractors		6.25	9.00	304.92
Capital goods in transit		24.95	4.63	1.22
	A	**1,644.72**	**1,616.06**	**2,999.56**
Construction period expenses pending apportionment (Net of recovery) :				
Opening balance		236.71	473.42	704.66
Add: Expenditure during the year				
Establishment charges including Salaries & Wages		79.73	81.29	107.05
Interest		68.16	109.92	266.12
Loss / (gain) on foreign currency transactions and translations		(193.78)	576.61	347.38
Others		0.03	0.33	9.60
		190.85	**1,241.57**	**1,434.81**
Less: Allocated to assets capitalised during the year / charged off		25.09	1,004.86	961.38
Closing balance pending allocation	B	**165.76**	**236.71**	**473.43**
	A + B	**1,810.48**	**1,852.77**	**3,472.99**
6: Investment in Subsidiaries, Joint Ventures and Associates				
Investments in Equity Instruments				
Subsidiaries				
Un - Quoted				
HPCL - Biofuels Ltd. 20,55,20,000 (31.03.2016 : 20,55,20,000; 01.04.2015 : 20,55,20,000) Equity Shares of ₹ 10 each fully paid up		205.52	205.52	205.52
Less : Impairment		161.00	161.00	-
Prize Petroleum Co. Ltd 24,50,00,000 (31.03.2016 : 24,49,99,600; 01.04.2015 : 11,99,99,600) Equity Shares of ₹ 10 each fully paid up		245.38	245.00	120.00
Less : Impairment		129.41	105.00	-
Associates				
Quoted				
Mangalore Refinery and Petrochemicals Ltd. 29,71,53,518 (31.03.2016 : 29,71,53,518; 01.04.2015 : 29,71,53,518) Equity Shares of ₹ 10 each fully paid up		471.68	471.68	471.68
Un - Quoted				
GSPL India Transco Ltd 2,25,50,000 (31.03.2016 : 1,81,50,000; 01.04.2015 : 1,54,00,000) Equity Shares of ₹ 10 each fully paid up		22.55	18.15	15.40
GSPL India Gasnet Ltd 3,04,72,128 (31.03.2016 : 2,33,22,128; 01.04.2015 : 2,05,72,128) Equity Shares of ₹ 10 each fully paid up		30.47	23.32	20.57
Joint Ventures				
Un - Quoted				
CREDA HPCL Biofuel Ltd. 1,60,99,803 (31.03.2016 : 1,60,99,803; 01.04.2015 : 1,60,99,803) Equity Shares of ₹ 10 each fully paid up		16.10	16.10	16.10
Less : Impairment		16.10	16.10	-
HPCL Rajasthan Refinery Ltd (refer note 6.1) 37,000 (31.03.2016 : 37,000; 01.04.2015 : 37,000) Equity Shares of ₹ 10 each fully paid up		74.00	74.00	74.00
HPCL Shapoorji Energy Pvt. Ltd. 1,30,00,000 (31.03.2016 : 1,15,00,000; 01.04.2015 : 50,00,000) Equity Shares of ₹ 10 each fully paid up		13.00	11.50	5.00
HPCL-Mittal Energy Ltd. 3,93,95,55,200 (31.03.2016 : 3,93,95,55,200; 01.04.2015 : 3,69,07,35,200) Equity Shares of ₹ 10 each fully paid up		3,939.56	3,939.56	3,690.74
Hindustan Colas Pvt. Ltd. 47,25,000 (31.03.2016 : 47,25,000; 01.04.2015 : 47,25,000) Equity Shares of ₹ 10 each fully paid up		4.73	4.73	4.73
Petronet India Ltd. 1,60,00,000 (31.03.2016 : 1,59,99,999; 01.04.2015 : 1,59,99,999) Equity Shares of ₹ 10 each fully paid up		16.00	16.00	16.00
Less : Impairment		-	16.00	16.00

6.1 : Includes amount of ₹ 73.96 Crores (31.03.2016 : ₹ 73.96 crores, 01.04.2015 : ₹ 73.96 Crores) towards subscribed, but not paid shares of HPCL Rajasthan Refinery Limited being part of MOA / AOA for which liability is created under Section 10 (2) of the Companies Act, 2013.

Notes to the Financial Statements as at 31st March, 2017 (₹ Crores)

	31.03.2017	31.03.2016	01.04.2015
Petronet MHB Ltd.			
17,95,11,020 (31.03.2016 : 15,78,41,000; 01.04.2015 :			
15,78,41,000) Equity Shares of ₹ 10 each fully paid up	183.93	157.84	157.84
South Asia LPG Co. Pvt. Ltd.			
5,00,00,000 (31.03.2016 : 5,00,00,000; 01.04.2015 : 5,00,00,000)			
Equity Shares of ₹ 10 each fully paid up	50.00	50.00	50.00
Bhagyanagar Gas Ltd.			
2,25,00,000 (31.03.2016 : 2,24,99,997; 01.04.2015 : 2,24,99,997)			
Equity Shares of ₹ 10 each fully paid up	22.50	22.50	22.50
Aavantika Gas Ltd			
2,25,00,000 (31.03.2016 : 2,24,99,998; 01.04.2015 : 2,24,99,998)			
Equity Shares of ₹ 10 each fully paid up	22.50	22.50	22.50
Mumbai Aviation Fuel Farm Facility Pvt. Ltd.			
3,82,71,250 (31.03.2016 : 3,82,71,250; 01.04.2015 : 45,02,500)			
Equity Shares of ₹ 10 each fully paid up	38.27	38.27	4.50
Godavari Gas Pvt. Ltd.			
26,00,000 Equity Shares of ₹ 10 each fully paid up	2.60	-	-
	5,052.27	**5,018.56**	**4,881.08**

	₹ / Crores		
	31.03.2017	**31.03.2016**	**01.04.2015**
Disclosure towards Cost / Market Value			
a Aggregate amount of Quoted Investments (Market Value)	3,169.14	1,992.41	1,995.39
b Aggregate amount of Quoted Investments (Cost)	471.68	471.68	471.68
c Aggregate amount of Unquoted Investments (Cost)	4,887.10	4,844.98	4,425.40
d Aggregate amount of impairment	306.51	298.10	16.00

7: Other Investments

	31.03.2017	31.03.2016	01.04.2015
Investment in equity instruments carried at fair value through other comprehensive income			
Quoted			
Oil India Ltd. (refer note 7.1)			
1,78,33,700 (31.03.2016 : 1,33,75,275; 01.04.2015 : 1,33,75,275)			
Equity Shares of ₹ 10 each fully paid up	594.84	419.25	606.77
Scooters India Ltd. (refer note 7.1)			
10,000 (31.03.2016 : 10,000; 01.04.2015 : 10,000) Equity Shares			
of ₹ 10 each fully paid up	0.04	0.03	0.03
Investment in equity instruments carried at fair value through Profit and Loss Account			
Un - Quoted			
Shushrusha Citizen Co-operative Hospital Limited			
100 Equity Shares of ₹ 100/- each fully paid	0.00	0.00	0.00
Total Investments in Equity Instruments	**594.88**	**419.28**	**606.80**
Investments in Preference Shares carried at amortized cost			
Subsidiaries			
Un - Quoted			
5% HPCL - Biofuels Ltd. Non-Cumulative Pref Shares			
41,96,51,511 Preference Shares of ₹ 10 each fully paid up	162.63	149.20	136.88
Total Investments in Preference Shares	**162.63**	**149.20**	**136.88**
Investment in Government securities carried at amortized cost			
Government Securities of the face value of ₹ 0.02 Crores			
- Deposited with Others	0.02	0.02	0.02
- On hand - ₹ 0.25 lakhs	0.00	0.00	0.00
Government Securities of the face value of ₹ 0.24 lakhs			
- Deposited with Others - ₹ 0.10 lakhs	0.00	0.00	0.00
- On hand - ₹ 0.14 lakhs	0.00	0.00	0.00
Less: impairment	- 0.00	- 0.00	- 0.00
Total Investments in Government securities	**0.02**	**0.02**	**0.02**
Investment in Debentures carried at amortized cost			
East India Clinic Ltd.			
- 1/2% Debenture of face value of - ₹ 0.15 lakhs	0.00	0.00	0.00
- 5% Debenture of face value of - ₹ 0.07 lakhs	0.00	0.00	0.00
Total Investments in Debentures	**0.00**	**0.00**	**0.00**

7.1 : The Company has designated these investment at fair value through other comprehensive income because these investments represent the investments that the Company intends to hold for long-term strategic purposes. No strategic investments were disposed of during the year. There have been no transfers of the cumulative gains or losses on these investments

	31.03.2017	31.03.2016	01.04.2015
Other investments carried at fair value through Profit and Loss Account			
Structured Entities			
Un - Quoted			
Petroleum India International (Association of Persons) Contribution towards Seed Capital (refer note 7.2)	0.05	0.05	5.00
Total Investments in Structured Entities	**0.05**	**0.05**	**5.00**
	757.58	**568.55**	**748.70**

7.2 : 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 Indian Oil Corporation which is holding 30% and Bharat Petroleum Corporation Ltd. which is holding 20%.

	01.04.2015	31.03.2016	01.04.2015
Disclosure towards Cost / Market Value			
a Aggregate amount of Quoted Investments (Market Value)	594.88	419.28	606.80
b Aggregate amount of Quoted Investments (Cost)	561.77	561.77	561.77
c Aggregate amount of Unquoted Investments (Cost)	162.70	149.27	141.90
d Aggregate amount of impairment	-	-	-

8: Loans

Secured, considered good			
Employee loans and advances & Interest thereon	283.58	290.57	280.17
Unsecured, considered good			
Deposits	89.99	83.24	73.67
Loans to related parties (refer note 63)	50.40	159.00	-
Other Loans	33.04	32.35	37.02
	457.01	**565.16**	**390.86**

9: Other Financial Assets

Share application money pending allotment	-	-	2.00
	-	**-**	**2.00**

10: Other Non-Current Assets

Balances with Excise, Customs, etc.	163.84	214.27	214.92
Deposits	42.09	30.03	8.12
Advance Tax (net of provisions)	250.86	185.22	192.00
Capital advances	220.24	23.03	160.90
Prepaid employee cost	129.67	126.70	130.45
Prepaid Lease Rental	509.07	391.00	364.80
Others Prepaid Expenses	23.11	10.80	1.81
	1,338.88	**981.05**	**1,073.00**

11: Inventories

Raw materials (Including in transit 31.03.2017 : ₹ 1,420.99 crores; 31.03.2016 : ₹ 1,229.77 Crores, 01.04.2015 : ₹ 1,083.53 Crores)	3,312.86	2,365.36	2,320.39
Work-in-progress	442.25	224.33	449.58
Finished goods (Including in transit 31.03.2017 : ₹ 123.78 crores ; 31.03.2016 : ₹ 244.06 Crores; 01.04.2015 : ₹ 245.41 Crores)	5,988.50	6,646.47	5,685.56
Stock-in-trade (Including in transit 31.03.2017 : ₹ 907.13 crores ;31.03.2016 : ₹ 493.42 Crores; 01.04.2015 : ₹ 363.92 Crores)	8,456.30	3,562.18	4,388.71
Stores and spares (Including in transit 31.03.2017 : ₹ 13.90 crores; 31.03.2016 : ₹ 8.81 Crores; 01.04.2015 : ₹ 105.82 Crores)	373.02	399.65	536.03
Less : provision for stores and spares	9.49	-	-
Packages	12.84	13.41	17.33
	18,576.28	**13,211.40**	**13,397.60**

11.1. The write-down of inventories to net realisable value during the year amounted to ₹ 212.09 crores (31.03.2016 : ₹ 58.32 crores; 01.04.2015 : ₹ 192.77 crores). The reversal of write downs during the year amount to ₹ Nil (31.03.2016 : ₹ Nil; 01.04.2015 : ₹ Nil). The write downs and reversal are included in cost of materials consumed or changes in inventories of finished goods and work in progress.

12: Investments

Investments carried at Fair Value Through Profit or Loss			
Quoted - Government Securities			
6.90% Oil Marketing Companies' GOI Special Bonds, 24,71,36,000 (31.03.2016 : 27,71,36,000; 01.04.2015 : 31,76,36,000) ₹ 100 each face value (refer note 12.1)	2,388.88	2,560.38	2,949.25
8.00% Oil Marketing Companies' GOI Special Bonds, 24,41,000, ₹ 100 each face value (31.03.2016 : 24,41,000; 01.04.2015 : 24,41,000) ₹ 100 each face value	25.13	24.43	24.51
8.20% Oil Marketing Companies' GOI Special Bonds, 1,23,49,000, ₹100 each face value (31.03.2016: 1,23,49,000; 01.04.2015: 1,23,49,000) ₹100 each face value	128.64	125.35	125.59
6.35% Oil Marketing Companies' GOI Special Bonds, 25,32,33,000 (31.03.2016 : 25,32,33,000; 01.04.2015 : 25,32,33,000) ₹ 100 each face value	2,364.43	2,277.39	2,276.80
7.59% Government of India, G - Sec Bonds, 1,85,00,000, ₹ 100 each face value (refer note 12.1)	193.88	-	-
A	**5,100.96**	**4,987.55**	**5,376.15**

HINDUSTAN PETROLEUM CORPORATION LIMITED

Notes to the Financial Statements as at 31st March, 2017 (₹ Crores)

	31.03.2017	31.03.2016	01.04.2015
Un - Quoted - Equity instruments			
Sai Wardha Power Ltd			
77,83,468 (31.03.2016 : 38,91,734) Equity Shares of ₹ 10 each fully paid up	7.78	3.89	-
B	**7.78**	**3.89**	**-**
A+B	**5,108.74**	**4,991.44**	**5,376.15**

12.1 : 6.90% Special Bonds of face value of ₹ 2,178.64 Crores and 7.59% G - Sec Bonds of face value of ₹ 90 crores are pledged with Clearing Corporation of India Limited against CBLO Loan.

	₹ / Crores		
	31.03.2017	**31.03.2016**	**01.04.2015**
Disclosure towards Cost / Market Value			
a Aggregate amount of Quoted Investments (Market Value)	5,100.96	4,987.55	5,376.15
b Aggregate amount of Quoted Investments (Cost)	5,343.23	5,451.59	5,856.59
b Aggregate amount of Un - Quoted Investments (Cost)	7.78	3.89	-
d Aggregate amount of impairment	-	-	-

	31.03.2017	31.03.2016	01.04.2015
13: Trade Receivables			
Unsecured considered good;	4,085.90	3,773.72	3,250.66
Doubtful	143.08	147.79	131.27
Less: Allowances for Bad and Doubtful Debts	143.08	147.79	131.27
Less: Impairment Provision (Expected Credit Loss Model)	21.69	15.69	35.63
	4,064.21	**3,758.03**	**3,215.03**
14: Cash and Cash Equivalents			
Balances with Scheduled Banks:			
- on Current Accounts	1.14	0.25	0.27
- on Non-Operative Current Accounts	0.01	0.01	0.01
Cheques Awaiting Deposit	0.06	0.12	1.06
Cash on Hand	7.64	7.67	7.82
Current account with Municipal Co-operative Bank Ltd.	-	-	-
Fixed Deposits with Original Maturity Less than 3 months	-	-	-
	8.85	**8.05**	**9.16**
15: Other Bank Balances			
Earmarked balances with banks for unpaid dividend	14.90	6.37	3.02
Fixed Deposits with 3 - 12 months maturity (Earmarked with Port trust Authorites)	9.92	9.35	6.47
Earmarked for DBTL Claim	-	415.11	-
Less : DBTL Buffer Liability (refer note 15.1)	-	415.11	-
	24.82	**15.71**	**9.49**
Government of India.			
16: Loans			
Secured, considered good;			
Employee loans and advances & Interest thereon	33.13	33.78	36.42
Unsecured, considered good; and			
Loans to related parties (refer note 63)	108.60	-	75.00
Other Loans	21.49	22.04	24.21
	163.21	**55.82**	**135.63**
17: Other Financial Assets			
Amounts recoverable under subsidy schemes	1,211.33	2,019.08	737.03
Interest accrued on Investments	74.39	74.55	78.97
Derivative Assets	58.41	-	0.11
Delayed payment charges receivable from customers	205.68	209.91	219.97
Less : Provision for doubtful of delyed payment charges receivables	78.85	83.66	66.72
Receivables from Govt of India towards DBTL	1,195.08	1,663.17	2,835.27
Receivables from LIC	826.52	759.81	697.84
Other Receivables	837.36	228.54	289.53
Less:Provision for doubtful of other receivables	11.42	5.95	3.97
	4,318.50	**4,865.45**	**4,788.03**
18: Other Current Assets			
Advance recoverable other than cash	9.37	19.68	56.68
Balances with Excise, Customs, etc.	481.39	443.42	449.84
Prepaid employee cost	13.67	12.95	12.20
Prepaid Lease Rental	36.53	28.58	19.08
Other Prepaid Expenses	83.85	48.94	22.05
Gold Coins in Hand	5.33	5.32	5.18
Other Current Assets	17.10	15.51	30.37
	647.24	**574.40**	**595.39**

Notes to the Financial Statements as at 31st March, 2017 (₹ Crores)

	31.03.2017	31.03.2016	01.04.2015
19: Equity Share capital			
A. Authorised:			
75,000 (31.03.2016 : 75,000; 01.04.2015 : 75,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	0.75	0.75	0.75
2,49,92,50,000 (31.03.2016 : 34,92,50,000; 01.04.2015 : 34,92,50,000) Equity Shares of ₹ 10/- each	2,499.25	349.25	349.25
	2,500.00	**350.00**	**350.00**
B. Issued :			
1,01,65,84,500 (31.03.2016 : 33,93,30,000; 01.04.2015 : 33,93,30,000) Equity Shares of ₹ 10 each	1,016.58	339.33	339.33
C. Subscribed & Fully Paid up :			
1,015,881,750 (31.03.2016 : 33,86,27,250; 01.04.2015 : 33,86,27,250) Equity Shares of ₹ 10 each fully paid up	1,015.88	338.63	338.63
D. Shares Forfeited :			
7,02,750 (31.03.2016 : 7,02,750; 01.04.2015: 7,02,750) Shares Forfeited (money received)	0.39	0.39	0.39
	1,016.27	**339.01**	**339.01**

E. Reconciliation of number of equity shares

	31.03.2017	31.03.2016
Outstanding at the beginning of the year	338,627,250	338,627,250
Equity shares allotted as fully paid bonus shares (refer note # H)	677,254,500	-
Outstanding at the end of the year	**1,015,881,750**	**338,627,250**

F. Rights and Restrictions on Equity / preference 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.

G. Details of shares held by each shareholder, holding more than 5% shares in the company:

	31.03.2017	
Name of shareholders	**% Holding**	**No. of Shares**
President of India	51.11	519,230,250
Life Insurance Corporation of India	2.17	22,027,765
	31.03.2016	
Name of shareholders	**% Holding**	**No. of Shares**
President of India	51.11	173,076,750
Life Insurance Corporation of India	2.60	8,816,223
	01.04.2015	
Name of shareholders	**% Holding**	**No. of Shares**
President of India	51.11	173,076,750
Life Insurance Corporation of India	5.18	17,531,442

H. During Financial Year 2016-17, the Corporation had issued Bonus Shares in the ratio of 2:1 by capitalization of Reserve. The total number of Bonus Shares issued is 67,72,54,500 equity shares having face value of ₹ 10 each.

		31.03.2017	31.03.2016	01.04.2015
20(a): Reserves and Surplus				
Share Premium Account	(i)	476.52	1,153.77	1,153.77
Debenture Redemption Reserve	(ii)	265.13	265.13	413.30
Foreign Currency Monetary Item Translation Difference Account	(iii)	(0.44)	(194.80)	(62.79)
General Reserve	(iv)	1,809.07	1,809.07	1,809.07
Retained Earnings	(v)	16,747.75	14,740.12	12,621.96
		19,298.03	**17,773.29**	**15,935.31**

	31.03.2017	31.03.2016
(i) Share Premium Account		
As per last Balance Sheet	1,153.77	1,153.77
Less: bonus shares issue	677.25	-
	476.52	**1,153.77**
(ii) Debenture Redemption Reserve		
As per last Balance Sheet	265.13	413.30
Less: Transfer to Surplus in the Statement of Profit and Loss	-	148.17
	265.13	**265.13**
(iii) Foreign Currency Monetary Item Translation Difference Account		
As per last Balance Sheet	(194.80)	(62.79)
Add : Additions during the year	(160.02)	(380.83)
Less : Amortised during the year	(354.38)	(248.82)
	(0.44)	**(194.80)**
(iv) General Reserve		
As per last Balance Sheet	**1,809.07**	**1,809.07**

	31.03.2017	31.03.2016
(v) Retained Earnings		
As per last Balance Sheet	14,740.12	12,621.96
Add : Profit for the year	6,208.80	3,726.16
Add : Transfer from Debenture Redemption Reserve	-	148.17
Less : Profit appropriated to Interim / Proposed Dividend	3,477.70	1,456.10
Less : Profit appropriated to Tax on Distributed Profits	707.98	296.43
Less : Remeasurment Gain / Loss on Defined Benefit Plans	15.49	3.64
	16,747.75	**14,740.12**
	19,298.03	**17,773.29**

		31.03.2017	31.03.2016	01.04.2015
20(b): Other Reserves				
Equity Instruments through Other Comprehensive Income	(i)	33.11	(142.50)	45.02
		33.11	**(142.50)**	**45.02**

	31.03.2017	31.03.2016
(i) Equity Instruments through Other Comprehensive Income		
As per last Balance Sheet	(142.50)	45.02
Add : Additions during the year	175.61	(187.52)
	33.11	**(142.50)**

	31.03.2017	31.03.2016	01.04.2015
21: Borrowings			
Bonds or Debentures			
Secured			
8.77% Non-convertible debentures (refer note 21.1(i))	975.00	975.00	975.00
8.75% Non-convertible debentures (refer note 21.1(ii))	-	-	545.00
Term loans			
Secured			
Oil Industry Development Board (refer note 21.2)	283.75	348.25	258.00
Un - secured			
Syndicated Loans from Foreign Banks (repayable in foreign currency) (refer note 21.3)	9,098.55	9,248.60	9,654.05
Oil Industry Development Board (refer note 21.2)	-	125.00	325.00
Syndicated Working Capital Loans from Foreign Banks (repayable in foreign currency) (refer note 21.3)	-	6,583.00	6,162.56
	10,357.30	**17,279.85**	**17,919.61**
Less : Current Maturities of Long Term Borrowings	4,079.15	6,772.50	3,270.37
	6,278.15	**10,507.35**	**14,649.24**

21.1 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 first legal mortgage by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Visakh Refinery. The value of such assets is ₹ 1,111.87 Crs as on 31/03/2017, ₹ 1,072.98 Crs. as on 31/03/2016 and ₹ 1,126.39 Crs. as on 01/04/2015. During the year ended March, 2017 an amount of ₹ 975.00 crores of 8.77% Non-Convertible Debentures is repayable within one year and shown in note # 27.

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, by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Mumbai Refinery. The value of such assets as on 01/04/2015 is ₹ 936.15 Crores. During the year ended March, 2017 an amount of Nil (31.03.2016 : Nil; 31.03.2015 : ₹ 545.00 crores) of 8.75% Non-Convertible Debentures is repayable within one year and shown in note # 27. These Debentures Matured on 9th November, 2015.

	31.03.2017	31.03.2016	01.04.2015

21.2 Term Loans from Oil Industry Development Board

Repayable during	Amount in (₹) Crores As on 31.03.2017	As on 31.03.2016	As on 01.04.2015
2015-16	-	-	234.50
2016-17	-	189.50	189.50
2017-18	95.69	95.69	64.50
2018-19	95.69	95.69	64.50
2019-20	61.19	61.19	30.00
2020-21	31.18	31.18	-
Total	**283.75**	**473.25**	**583.00**
Secured	283.75	348.25	258.00
Un - Secured	-	125.00	325.00

Security has been created with first charge on the facilities of Awa Salawas Pipeline, Manglore Hasan Mysore LPG Pipeline, Uran - Chakan / Shikarpur LPG Pipeline & Rewari Project Pipeline. ₹ 95.69 Crores (31.03.2016 : ₹ 189.50 crores; 31.03.2015 : ₹ 234.50 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 27.

Period	Range of Interest Rate As on 31.03.2017	As on 31.03.2016	As on 01.04.2015
2015-16	-	-	7.20%-9.27%
2016-17	-	8.07 %-9.27 %	8.07%-9.27%
2017-18	7.86%-9.27%	7.86 %-9.27 %	8.78%-9.27%
2018-19	7.86%-9.27%	7.86 %-9.27 %	8.78%-9.27%
2019-20	7.86%-9.11%	7.86 %-9.11 %	8.78%-9.11%
2020-21	7.86%-8.09%	7.86 %-8.09 %	

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

The Corporation has availed Long Term Foreign Currency Syndicated Loans from banks at 3 months floating LIBOR plus spread (spread range : 65 to 155 basis point p.a.). These loans are taken for the period of 5 years. ₹ 3,008.46 Crores (31.03.2016 :₹ 6,583.00 crores; 31.03.2015 : ₹ 2,490.87 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 27.

22: Other Financial Liabilities

	31.03.2017	31.03.2016	01.04.2015
Deposits (refer note 22.1 & 22.2)	10,996.83	9,397.77	8,253.85
Other Liabilities	0.44	0.41	0.38
	10,997.27	**9,398.18**	**8,254.23**

22.1 : Amount reflected towards deposits received from customers/ dealers have been presented as non - current financial liabilities. In view of the Corporation, such presentation would reflect an appropriate classification based on commercial practice as these are generally not claimed in short term.
22.2 : Includes depost received towards Rajiv Gandhi Gramin LPG Vitrak Yojana and Prime Minister Ujjavala Yojana of ₹ 941.61 crores (31.03.2016 : ₹ 219.64 crores; 01.04.2015 : ₹ 34.07 crores) The deposits against these schemes have been funded from CSR fund or by Government of India.

23: Provisions

	31.03.2017	31.03.2016	01.04.2015
Provision for employee benefits	182.32	163.77	99.08
	182.32	**163.77**	**99.08**

24: Other Non-Current Liabilities

	31.03.2017	31.03.2016	01.04.2015
Capital Grant	7.67	11.37	2.73
	7.67	**11.37**	**2.73**

25: Borrowings

	31.03.2017	31.03.2016	01.04.2015
Loans repayable on demand			
Secured			
from banks			
Cash Credit (Secured by hypothecation of Inventories in favour of Banks on pari passu basis)	1,741.73	2,398.54	1,109.81
from other parties			
Collateral Borrowing and Lending Obligation (Secured by Pledge of 6.90 % Oil Marketing Companies' GOI Special Bonds, 2026 and 7.59% G Sec Bonds 2026)	1,489.51	1,489.07	1,088.99
Un - Secured			
from banks			
Clean Loans	1,200.00	-	-
Short term loans	-	-	-
from other parties			
Commercial papers	6,461.17	-	-
	10,892.41	**3,887.61**	**2,198.80**

26: Trade Payables

	31.03.2017	31.03.2016	01.04.2015
Micro, Small and Medium Enterprises (MSME) (refer note 26.1)	22.76	18.55	15.19
Other than MSME	12,635.34	9,398.38	11,427.74
	12,658.10	**9,416.93**	**11,442.93**

26.1 : To the extent Micro, Small and Medium 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.

HINDUSTAN PETROLEUM CORPORATION LIMITED

Notes to the Financial Statements as at 31st March, 2017 (₹ Crores)

	31.03.2017	31.03.2016	01.04.2015
27: Other Financial Liabilities			
Current maturities of Long Term Borrowings (refer note 27.1)	4,079.15	6,772.50	3,270.37
Interest accrued but not due on loans	21.19	28.83	47.74
Unpaid Dividend (refer note 27.2)	14.90	6.36	3.02
Preference share capital redeemed remaining unclaimed/unencashed	-	0.01	0.01
Unpaid matured Fixed Deposits	-	-	0.02
Derivative liability	1.75	22.39	1.96
Other Financial Deposits	11.49	10.00	8.10
Other liabilities	627.19	719.31	732.74
	4,755.67	**7,559.40**	**4,063.96**

27.1 : This includes loans repayable withing one year: Syndicated Loans from Foreign Banks (repayable in foreign currency) ₹ 3,008.46 crores (31.03.2016 : ₹ 6,583 crores; 01.04.2015: ₹ 2,490.87 Crores), 8.77% Non - Convertible Debenture ₹ 975 crores as on 31.03.2017, 8.75% Non - Convertible Debtures ₹ 545 crores as on 01.04.2015, and Loan from Oil Industry and Development Board ₹ 95.69 crores (31.03.2016 : ₹ 189.50 crores; 01.04.2015: ₹ 234.50 Crores).

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

	31.03.2017	31.03.2016	01.04.2015
28: Other Current Liabilities			
Revenue Received in Advance	726.98	692.34	799.36
Capital Grant	3.50	2.92	0.21
Statutory Payables	3,046.39	2,849.73	2,680.85
Other Liabilities	191.34	191.92	103.04
	3,968.21	**3,736.91**	**3,583.46**
29: Provisions			
Employee Benefits	1,584.96	978.90	1,520.12
Provisions for probable obligations(refer note 74)	823.54	667.69	158.76
	2,408.50	**1,646.59**	**1,678.88**
30: Current Tax Liabilities (Net)			
Provision for tax (net of advance tax)	72.61	362.03	361.27
	72.61	**362.03**	**361.27**

HINDUSTAN PETROLEUM CORPORATION LIMITED

Notes to the Financial Statements for the year ended 31st March, 2017 (₹ Crores)

	2016 - 17	2015 - 16
31 : Gross Sale of Products		
Sale of Products (refer note 31.1)	212,196.37	195,664.50
Recovery under Subsidy Schemes	1,292.58	1,773.03
	213,488.95	**197,437.53**

31.1 : Net of discount of ₹ 1,920.07 crores (2015 - 16 : ₹ 1,805.78 crores) and includes amount towards additional SSC of ₹ 57.21 Crores (2015 - 16 : ₹ 430.14 Crores).

	2016 - 17	2015 - 16
32 : Other Operating Revenues		
Rent Recoveries	116.74	113.84
Net Recovery for LPG Filling Charges	2.40	3.08
Miscellaneous Operating Income	194.90	189.38
	314.04	**306.30**
33 : Other Income		
Interest Income on Financial Assets carried at amortized cost:		
On Deposits	0.87	0.80
On Staff Loans	35.06	34.32
On Customers' Accounts	135.47	117.71
Interest On Current Investments carried at fair value through P&L	366.75	379.66
Interest on Others assets carried at amortized cost	182.85	148.46
	721.00	**680.95**
Dividend Income from Joint Venture Companies	52.72	50.37
Dividend Income from non-current equity instruments at FVOCI	27.64	24.08
Dividend Income from current investments carried at FVTPL	-	13.01
Gain on Foreign Currency Transaction & Translation (net)	147.44	-
Fair value gain on Current Investments carried at FVTPL	221.77	16.49
Profit on Sale of Current Investment	32.36	-
Write on of Stores and Spares	-	0.65
Share of Profit from Petroleum India International (AOP)	0.94	0.77
Miscellaneous Income	310.85	357.84
	793.72	**463.21**
	1,514.72	**1,144.16**
34 : Cost of Materials Consumed		
Cost of Raw Materials Consumed	44,879.42	40,523.83
Packages Consumed	258.24	287.81
	45,137.66	**40,811.64**
35 : Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress (Increase)/ Decrease		
Closing Stock:		
Work-in-progress	442.25	224.33
Finished Goods	5,988.50	6,646.48
Stock-in-trade	8,456.30	3,562.18
	14,887.05	**10,432.99**
Less: Opening Stock:		
Work - in - Progress	224.33	449.58
Finished Goods	6,646.48	5,685.56
Stock - in - Trade	3,562.18	4,388.71
	10,432.99	**10,523.85**
	(4,454.06)	**90.86**
36 : Employee Benefits Expense		
Salaries, Wages, Bonus, etc.	1,986.01	1,636.82
Contribution to Provident Fund	129.70	121.14
Pension, Gratuity and Other Employee Benefits	516.35	179.06
Employee Welfare Expenses	314.02	384.30
	2,946.08	**2,321.32**

Notes to the Financial Statements for the year ended 31st March, 2017 (₹ Crores)

	2016 - 17	2015 - 16
37 : Finance costs		
Interest	422.13	485.40
Exchange differences regarded as an adjustment to borrowing costs	-	58.33
Other borrowing costs (refer note 37.1)	113.52	109.87
	535.65	**653.60**

37.1 : Includes interest u/s 234B / 234C of Income Tax Act, 1961 for an amount ₹ 26.73 crores (2015 - 16 : ₹ 31.86 crores).

	2016 - 17	2015 - 16
38 : Other Expenses		
Consumption of Stores, Spares and Chemicals	296.22	223.72
Power and Fuel	2,255.69	2,291.22
Less : Fuel of own production consumed	2,118.83	2,061.09
	136.86	230.13
Repairs and Maintenance - Buildings	50.52	54.85
Repairs and Maintenance - Plant & Machinery	835.60	779.60
Repairs and Maintenance - Other Assets	323.85	289.36
Insurance	64.18	55.23
Rates and Taxes	174.26	184.99
Irrecoverable Taxes and Other Levies	376.42	339.07
Equipment Hire Charges	1.53	7.87
Lease Rentals on Operating Lease	335.09	552.40
Travelling and Conveyance	202.52	184.67
Printing and Stationery	18.36	16.78
Electricity and Water	733.70	777.96
Corporate Social Responsibility (CSR) Expenses	108.11	71.76
Stores & spares written off	12.14	0.41
Loss on Sale of Current Investment	-	35.86
Impairment in value of Non - Current Investments	8.41	282.10
Provision for Doubtful Receivables (After adjusting provision no longer required)	5.48	1.98
Provision for Doubtful Debts (After adjusting provision no longer required written back ₹ 5.92 crores, 2015-16 : ₹ 0.30 crores)	(3.53)	13.53
Bad Debts written off	5.26	9.62
Loss on Sale/ write off of Fixed Assets/ CWIP (Net)	6.54	19.45
Security Charges	164.42	139.09
Advertisement & Publicity	156.79	70.19
Sundry Expenses and Charges (Not otherwise classified)	666.50	612.04
Consultancy & Technical Services	73.09	50.15
Exchange Rate Variation (Net)	-	302.99
Payments to the auditors for:		
- Audit Fees	0.59	0.47
- other Services	0.25	0.23
- Reimbursement of expenses	0.09	0.09
	4,753.25	**5,306.59**

Note 39: First-time adoption of Ind AS

Transition to Ind AS

These are the Corporation's first financial statements prepared in accordance with Ind AS.

For the year ended 31.03.2016, the Corporation had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2014, notified under Section 133 of the Companies Act 2013 and other relevant provisions of the Act ('IGAAP').
The accounting policies set out in Note 2 have been applied in preparing the Financial Statements for the year ended 31.03.2016 onwards and the opening Ind AS Balance Sheet on the date of transition (i.e. 01.04.2015).
In preparing its Ind AS Balance Sheet as at 01.04.2015 and in presenting the comparative information for the year ended 31.03.2016, the Corporation has adjusted amounts previously reported in the Financial Statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Corporation in restating its Financial Statements prepared in accordance with IGAAP, and how the transition from IGAAP to Ind AS has impacted the Corporation's financial position, financial performance and cash flows.

A. Exemptions and exceptions availed

In preparing the Financial Statements, the Corporation has availed the below mentioned optional exemptions and mandatory exceptions.

A.1 Optional exemptions

A.1.1 Property, Plant and Equipment and Intangible Assets

The Corporation has availed the exemption available under Ind AS 101 to continue the carrying value for all of its Property, Plant and Equipment and Intangible Assets as recognised in the Financial Statements as at the date of transition to Ind ASs, measured as per the IGAAP and use that as its deemed cost as at the date of transition (1 April 2015).

A.1.2 Intangible Assets accounted for in accordance with Service Concession Arrangements

The Corporation has reclassified from its Property, plant and equipment certain Wind Mill Assets forming part of Service Concession Arrangements under Ind AS to Intangible assets on the date of transition. The Corporation has availed exemption available under Ind AS 101 to carry such wind mill assets at its IGAAP carrying values on the date of transition since it is impracticable to apply the requirements of Appendix C, Service Concession Arrangements to Ind AS 11 retrospectively.

A.1.3 Designation of previously recognised financial instruments

As per Ind AS 101, the Corporation has designated its investment in equity shares held as at 1 April 2015 as fair value through other comprehensive income (FVTOCI) based on facts and circumstances on the date of transition to Ind AS (i.e. 1 April 2015).
The Corporation has availed this exemption for its investment in equity shares other than Subsidiaries, Joint Ventures and Associates.

A.1.4 Investment in Subsidiaries, Joint Ventures and Associates

The Corporation has availed the exemption available under Ind AS 101 to measure its investments in subsidiaries, joint venture and associates as the IGAAP carrying value as deemed cost as on 1 April 2015.

A.1.5 Long term foreign currency monetary items

For borrowings taken upto 31 March 2016, the Corporation has availed the exemption under Ind AS 101 to continue recognising foreign exchange differences on long-term foreign currency monetary items. Accordingly, exchange difference relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortised over the balance period of the Borrowings.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with IGAAP. Corporation has made estimates for following items in accordance with Ind AS at the date of transition as these were not required under IGAAP:
- Investment in equity instruments carried at FVPL or FVOCI;
- Impairment of financial assets based on expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.

A.2.2 Classification and measurement of financial assets

As permited under Ind AS 101, the Corporation has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. In line with Ind AS 101, measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

B: Reconciliations between previous GAAP and Ind AS

B.1. Reconciliation of Balance Sheet as at 31 March 2016 and 1 April 2015 (date of transition): (₹ Crores)

	31.03.2016			01.04.2015		
	IGAAP*	**Ind AS Adjustment**	**Ind AS**	**IGAAP***	**Ind AS Adjustment**	**Ind AS**
ASSETS						
Non-Current Assets						
Property, Plant and Equipment	32,656.81	36.13	32,692.94	28,302.02	(7.64)	28,294.38
Capital Work-in-Progress	1,852.77	-	1,852.77	3,472.99	-	3,472.99
Intangible Assets	413.21	1.42	414.63	386.94	-	386.94
Financial Assets:			-			-
Investment in Subsidiaries, Joint Ventures and Associates	5,018.56	-	5,018.56	4,881.08	-	4,881.08
Other Investments	981.50	(412.95)	568.55	986.45	(237.75)	748.70
Loans	565.16	-	565.16	390.86	-	390.86
Others Financial Assets	-	-	-	2.00	-	2.00
Other Non-Current Assets	987.19	(6.14)	981.05	1,077.67	(4.67)	1,073.00
Total Non Current Assets	**42,475.20**	**(381.54)**	**42,093.66**	**39,500.01**	**(250.06)**	**39,249.95**
Current assets						
Inventories	12,683.44	527.96	13,211.40	12,956.17	441.43	13,397.60
Financial Assets			-			-
Investments	4,989.56	1.88	4,991.44	5,373.95	2.20	5,376.15
Trade Receivables	4,362.66	(604.63)	3,758.03	3,740.29	(525.26)	3,215.03
Cash and Cash Equivalents	8.05	-	8.05	9.16	-	9.16
Bank Balances other than (iii) above	15.71	-	15.71	9.49	-	9.49
Loans	55.82	-	55.82	135.63	-	135.63
Others Financial Assets	4,865.45	-	4,865.45	4,788.03	-	4,788.03
Current Tax Assets (Net)	-	-	-	-	-	-
Other Current Assets	574.15	0.25	574.40	595.23	0.16	595.39
	27,554.84	**(74.54)**	**27,480.30**	**27,607.95**	**(81.47)**	**27,526.48**
Assets classified as held for Sale / Disposal	5.33		5.33	1.99		1.99
Total Current Assets	**27,560.17**	**(74.54)**	**27,485.63**	**27,609.94**	**(81.47)**	**27,528.47**
Total Assets	**70,035.37**	**(456.08)**	**69,579.29**	**67,109.95**	**(331.53)**	**66,778.42**
EQUITY AND LIABILITIES						
Equity						
Equity Share Capital	339.01		339.01	339.01		339.01
Other Equity						
Reserves and Surplus	18,159.59	(386.30)	17,773.29	15,638.04	297.27	15,935.31
Other Reserves	(142.50)	-	(142.50)	45.02	-	45.02
Total equity	**18,356.10**	**(386.30)**	**17,969.80**	**16,022.07**	**297.27**	**16,319.34**
Liabilities						
Non Current Liabilities						
Financial Liabilities						
Borrowings	10,500.17	7.18	10,507.35	14,649.80	(0.56)	14,649.24
Other Financial Liabilities	9,398.18		9,398.18	8,253.97	0.26	8,254.23
Provisions	163.77		163.77	99.08		99.08
Deferred Tax Liabilities (Net)	4,380.89	538.46	4,919.35	3,759.27	365.23	4,124.50
Other Non-Current Liabilities	(2.92)	14.29	11.37	(0.22)	2.95	2.73
Total Non Current Liabilities	**24,440.09**	**559.93**	**25,000.02**	**26,761.90**	**367.88**	**27,129.78**
Current Liabilities						
Financial Liabilities						
Borrowings	3,887.61		3,887.61	2,198.80		2,198.80
Trade Payables	9,416.93		9,416.93	11,442.93		11,442.93
Other Financial Liabilities	7,559.40		7,559.40	4,063.96		4,063.96
Other Current Liabilities	3,714.52	22.39	3,736.91	3,581.61	1.85	3,583.46
Provisions	2,298.69	(652.10)	1,646.59	2,677.41	(998.53)	1,678.88
Current Tax Liabilities (Net)	362.03		362.03	361.27		361.27
Total Current Liabilities	**27,239.18**	**(629.71)**	**26,609.47**	**24,325.98**	**(996.68)**	**23,329.30**
Total Equity and Liabilities	**70,035.37**	**(456.08)**	**69,579.29**	**67,109.95**	**(331.53)**	**66,778.42**

*IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

B.2. Reconciliation of Equity as at 31 March 2016 and 1 April 2015: (₹ Crores)

	Note	31.03.2016	01.04.2015
Net worth under IGAAP - (A)		**18,356.09**	**16,022.08**
Summary of Ind AS adjustments:			
Proposed dividend for 14 - 15	B.2.1	-	998.53
Proposed dividend for 15 - 16	B.2.1	652.10	-
Fair valuation of equity instruments (FVOCI)	B.2.2	(142.50)	45.02
Fair valuation of investment in preference shares	B.2.3	(270.45)	(282.77)
Fair valuation of investment in OMC GOI special bonds	B.2.4	1.88	2.20
Fair valuation of derivative contracts	B.2.5	(22.39)	(1.85)
Borrowings - transaction costs adjustment	B.2.6	(7.18)	0.56
Capital grant	B.2.7	(14.29)	(2.95)
Timing of revenue recognition	B.2.8	(68.78)	(64.39)
Impairment of trade receivables - expected credit loss method	B.2.9	(7.94)	(19.44)
Amortisation of prepaid lease rentals	B.2.10	(5.73)	(4.67)
Reversal of amortisation of right of way	B.2.11	1.42	-
Stores and Spares	B.2.12	(4.10)	(7.64)
Enabling assets Capitalisation	B.2.13	41.75	-
Others		(1.62)	(0.11)
Tax effects of adjustments	B.2.16	(538.46)	(365.23)
Total Ind AS adjustments - (B)		**(386.29)**	**297.26**
Net worth under Ind AS - (A+B)		**17,969.80**	**16,319.34**

B.3. Reconciliation of Statement of Profit and Loss for the year ended 31 March 2016: **(₹ Crores)**

	2015 - 16		
	IGAAP*	**Ind AS Adjustment**	**Ind AS**
Revenue			
Revenue From Operations			
Sale of Products	197,528.40	(90.87)	197,437.53
Other Operating Revenues	306.30	-	306.30
	197,834.70	**(90.87)**	**197,743.83**
Other Income	1,131.84	12.32	1,144.16
Total Income	**198,966.54**	**(78.55)**	**198,887.99**
Expenses			
Cost of Materials Consumed	40,811.64	-	40,811.64
Purchases of Stock-in-Trade	115,948.43	-	115,948.43
Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	177.43	(86.57)	90.86
Excise Duty	20,043.20	-	20,043.20
Transportation Expenses	5,261.66	-	5,261.66
Exploration cost	20.84	-	20.84
Employee Benefits Expense	2,326.89	(5.57)	2,321.32
Finance Costs	643.85	9.75	653.60
Depreciation & Amortization Expense	2,655.69	(2.48)	2,653.21
Other Expenses	5,338.84	(32.25)	5,306.59
Total Expenses	**193,228.47**	**(117.12)**	**193,111.35**
Profit Before exceptional items and Tax	**5,738.07**	**38.57**	**5,776.64**
Exceptional Items			
Profit Before Tax	**5,738.07**	**38.57**	**5,776.64**
Tax expense:			
Current tax	1,433.56	-	1,433.56
Deferred tax	562.14	175.16	737.30
Provision for Tax for Earlier years written back (net)	(120.38)	-	(120.38)
Tax Expenses	**1,875.32**	**175.16**	**2,050.48**
Profit/(loss) for the period	**3,862.75**	**(136.59)**	**3,726.16**
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
Remeasurements of the defined benefit plans;	-	(5.57)	(5.57)
Equity Instruments through Other Comprehensive Income;	-	(187.52)	(187.52)
Income tax relating to items that will not be reclassified to profit or loss	-	1.93	1.93
	-	**(191.16)**	**(191.16)**
Other Comprehensive Income for the year, net of tax	**-**	**(191.16)**	**(191.16)**
Total Comprehensive Income for the year, net of tax	**3,862.75**	**(327.75)**	**3,535.00**

*IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

B.4. Reconciliation of Statement of Profit and Loss for the period ended 31 March 2016: **(₹ Crores)**

		2015 - 16
Profit for the year as per IGAAP	**A**	**3,862.74**
Summary of Ind AS adjustments:		
Enabling assets Capitalisation	B.2.13	43.05
Fair valuation of derivative contracts	B.2.5	(20.54)
Impairment of trade receivables - expected credit loss method	B.2.9	11.51
Interest Income on HBL- Preference Shares	B.2.3	12.32
Borrowings - transaction costs adjustment	B.2.6	(9.75)
Timing of revenue recognition	B.2.8	(4.38)
Stores and Spares	B.2.12	3.54
Depreciation on lease hold lands	B.2.10	(1.06)
Depreciation reversal on ROW assets	B.2.11	1.30
Depereication on Enabling Assets	B.2.13	(1.30)
Fair valuation of investment in OMC GOI special bonds	B.2.4	(0.32)
Impact on Inc/Dec in inventory of FG/ISD due to change in Opex	B.2.8	0.08
Others		(1.44)
Defined Benefit Obligation		3.64
Deferred Tax impact of Ind AS Adjustments	B.2.16	(173.23)
Total Ind AS adjustments	**B**	**(136.58)**
Profit for the year as per Ind AS	**A + B**	**3,726.16**

B.5. Statement of Cash Flows

The transition from IGAAP to Ind AS has not made a material impact on Statement of Cash Flows.

Notes to the Equity reconciliation:

Note B.2.1.: Proposed Dividend

Under IGAAP, dividends proposed by the Board of Directors after the Balance Sheet date but before the approval of Financial Statements were considered as adjusting event. Accordingly, provision for proposed final dividend was recognised as a liability. Under Ind AS, proposed dividend is recognised as a liability in the period in which it is declared by Corporation i.e. usually when approved by shareholders in an Annual General Meeting.

Accordingly, the liability for proposed final dividend as at 1 April 2015 and 31 March 2016 included under the Provisions, in respective accounting periods, has been reversed with corresponding adjustments to respective period's Retained Earnings.

Note B.2.2.: Fair valuation of Equity Instruments

Under IGAAP, Corporation accounted for long term investments in quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, Corporation has designated such investments as FVTOCI (Fair Value through Other Comprehensive Income) investments.

At the date of transition to Ind AS, the difference between the cost of the investments and the fair value is recognised under equity in a separate reserve i.e. Equity Instruments through Other Comprehensive Income reserve.

Note B.2.3.: Investment in Preference Shares of HPCL Biofuels Limited (HBL)

Under IGAAP, investment in preference shares of HBL were carried at its Face Value. Under Ind AS, the investment in Preference Shares is fair valued on initial recognition and subsequently measured at amortised cost. Hence, the difference between the carrying amount as per IGAAP and its amortised cost under Ind AS is recognised in Opening Retained Earnings. Interest income is recognised in Statement of Profit and Loss for the year 2015-16 under Ind AS on account of unwinding of discount of such investments.

Note B.2.4.: Investment in Oil Marketing Companies GOI Special Bonds

Under IGAAP, Corporation had classified the investment in GOI Special Bonds as current investment. These investments were carried at lower of cost or its fair value. Hence, loss in respect of fair valuation of such investments was recognised and gain, if any, was ignored.

Under Ind AS, Corporation has elected to carry these investments at fair value with fair value changes being recognised in Statement of Profit and Loss. Hence, gain or loss on account of fair valuation of such bonds is recognised in Statement of Profit and Loss.

Note B.2.5.: Derivative contracts

Under Ind AS, outstanding derivative contracts are considered as financial instruments and hence, needs to be fair valued at every reporting date.

Consequently, under Ind AS, fair value gain or loss on the date of transition is recognized in Opening Retained Earnings and for other periods in respective period's Statement of Profit and Loss.

Note B.2.6.: Adjustment of transaction cost on borrowings

Under IGAAP, trasaction costs incurred for borrowings were recognised as an asset (Unamortised prepaid expenses) and amortised to Statement of Profit and Loss on a straight-line basis over the tenure of the borrowings. Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition and subsequntly measured at amortized cost.

Accordingly, under Ind AS, restatement of outstanding ancillary cost is recognized in Opening Retained Earnings on transition date and subsequently in respective period's Statement of Profit and Loss.

Note B.2.7.: Capital Grant

Under IGAAP, Capital Grants received from Government are presented as part of Reserves. Under Ind AS, Capital Grants received from Government need to be recognised as a Liability.

Accordingly, under Ind AS, amount of Capital Grant has been reclassified from Reserves to Liabilities.

Note B.2.8.: Timing of Revenue Recognition

Under IGAAP, revenue from sale of goods is recognised when the same is dispatched by the Corporation.

Under Ind AS, in situations where goods have left Corporation's premises but Corporation continues to exercise effective managerial control on such goods till the time goods reach the customers premises, revenue is deferred and recognised when goods are accepted by the customer. Accordingly, impact on account of margin elimination on deferred sales is recognised in Retained Earnings on transition date and in Statement of Profit and Loss for Financial Year 2015-16.

Note B.2.9.: Impairment of Trade Receivables

Under IGAAP, the Corporation recognised provision on Trade Receivables based on specific provisions to reflect the Corporation's expectation. Under Ind AS, impairment of Trade Receivables shall be recognised based on Expected Credit Loss.

Accordingly, Corporation has recognised impairment loss on Trade Receivables at transition date in Opening Retained Earnings and in Statement of Profit and Loss for Financial Year 2015 - 16.

Note B.2.10.: Reclassification of freehold and leasehold land into operating leases

Under IGAAP, the Corporation has classified leasehold land with a period of 99 years or more as freehold land and accordingly not amortised the same. Also, leasehold land with a lease period of less than 99 years is classified as leasehold land under tangible fixed assets. The same was amortised over the tenure of lease and presented under Statement of Profit and Loss as Depreciation and Amortisation Expense.

Under Ind AS, land leases with long tenure of lease are required to be classified as Finance Lease. Hence, Corporation has decided to consider leasehold lands with lease period of more than 99 years as finance lease. Accordingly, the same will also be subject to amortisation under Ind AS. Also, land with a lease tenure of 99 years or less is treated as operating lease and amortised over the tenure of lease as Rent Expense. The amortisation of prepaid operating lease rentals is presented under Rent Expense.

Accordingly, lease hold land for 99 years has been amortized and impact on account of amortization upto transition date has been recognised in Opening Retained Earnings. Subsequently, the amortization charge is recognized as Rent Expenses in the statement of Profit and Loss. For the purpose of tenure, the Corporation has considered the lease period including the lease period where the Corporation has an un - conditional right to renew the lease at a rate below market price or a fix price.

Note B.2.11.: Reversal of amortisation of Right of Way Assets

Under IGAAP, the Right of Way Assets with indefinite useful lives were amortised over a period of 99 years based on Expert Advisory Commitee opinion issued by Institute of Chartered Accountants of India. Under Ind AS, Intangible Assets with indefinite useful life are not required to be amortised but shall be tested for impairment annually or when there is an indication. Accordingly amortisation charge created during Financial Year 2015-16, in Statetment of Profit and Loss, on Right of Way Assets with indefinite useful lives has been reversed under Ind AS.

Note B.2.12.: Stores and Spares

Under IGAAP, Stores and Spares which can be identified with a particular item of Property, Plant and Equipment (PPE) and whose use is expected to be irregular is capitalised as part of Tangible Fixed Assets. Other Stores and Spares are treated as inventory and charged to Statement of Profit and Loss on consumption. Under Ind AS, Stores and Spares with a useful life of more than one year shall be treated as PPE. Such Stores and Spares need to be depreciated from the date they are ready for use (based on clarification received from ITFG) over their estimated useful life. Hence, Stores and Spares which were erstwhile treated as inventory under IGAAP have been classified as part of PPE if recognition criteria are met (referred to as capital spares). Also, such capital spares are depreciated from the date of purchase over their estimated useful life. Additionally, since capital spares would be depreciated, spares charged to Statement of Profit and Loss on consumption have been reversed and depreciated over its estimated useful life.

Note B.2.13.: Enabling Asset

Under IGAAP, expenditure incurred on construction/acquisition of enabling assets on which the Corporation does not have a control were expensed out as and when incurred.

Under Ind AS, if the expenditure incurred on such enabling asset is of such nature that it is necessary for making the item of Property, Plant and Equipment capable of operating in the manner intended by the management, then the same has been capitalised with corresponding depreciation expense charged in the statement of Profit and Loss.

Note B.2.14.: Excise duty

Under IGAAP, revenue from sale of goods was presented net of the excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty has been presented in the Statement of Profit and Loss as an expense. This has resulted in an increase in the Revenue from Operations and Expenses for the year ended 31 March 2016.

Note B.2.15.: Actuarial gains/(losses)

Under Ind AS, the Corporation's Accounting Policy is to recognise all actuarial gains and losses on Post-Employment Benefit Plans in other comprehensive income. Under IGAAP the Corporation recognised actuarial gains and losses in the Statement of Profit and Loss. However, this has no impact on the total comprehensive income and total Equity as on 1 April 2015 as well as 31 March 2016.

Note B.2.16.: Deferred tax assets / (liabilties) (net)

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on Ind AS adjustments which was not required under Indian GAAP.

The table below summaries the deferred tax impact of adjustments considered on transition to Ind AS:

	31.03.2016	**01.04.2015**
Property plant and equipments	(13.03)	2.64
Investment in Oil Marketing Companies GOI Special Bonds	(0.65)	(0.76)
Derivatives	7.75	0.64
Borrowings	3.18	(0.19)
Deferral of sales	23.79	22.28
Trade receivables	2.75	6.73
Deferred tax on capitalization of excchange differences*	(562.15)	(396.52)
Others	(0.10)	(0.05)
	(538.46)	**(365.23)**

*:Deferred Tax has been created on temporary difference arising from capitalization of exchange differences (based on the clarification received from ITFG).

Note 40: Fair Value Measurements

40.A. Classification of Financial Assets and Financial Liabilities:

The following table shows the carrying amounts of Financial Assets and Financial Liabilities which are classified as at Fair value through Profit and Loss (FVTPL), Fair value through other comprehancive Income (FVTOCI) and Amortized Cost. (₹ crores)

	31.03.2017			**31.03.2016**			**01.04.2015**		
	FVTPL	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**	**FVTPL**	**FVTOCI**	**Amortised cost**
Financial assets									
(a) Investments									
- Investment in Equity Instruments		594.88			419.28			606.80	
- Investment in Preference Shares			162.63			149.20			136.88
- Investment in OMC GOI special bonds	5,100.96			4,987.55			5,376.15		
- Others	7.84		0.02	3.95		0.02	5.00		0.02
(b) Loans									
- Employee Loans			316.71			324.35			316.59
- Loans to Related Parties			159.00			159.00			75.00
- Others			144.51			137.63			134.90
(c) Trade receivables			4,064.21			3,758.03			3,215.03
(d) Cash and cash equivalents			8.85			8.05			9.16
(e) Other Bank Balances			24.82			15.71			9.49
(f) Derivative Assets	58.41			-			0.11		
(g) Amounts recoverable under subsidy schemes			1,211.33			2,019.08			737.03
(h) Others			3,048.77			2,846.37			4,052.89
Total	**5,167.20**	**594.88**	**9,140.84**	**4,991.50**	**419.28**	**9,417.43**	**5,381.26**	**606.80**	**8,686.99**
Financial liabilities									
(a) Borrowings									
- Non-convertible debentures			975.00			975.00			1,520.00
- Oil Industry Development Board			283.75			473.25			583.00
- Syndicated Loans from Foreign Banks			9,098.55			15,831.60			15,816.61
- Cash Credit			1,741.73			2,398.54			1,109.81
- Short term loans from banks			-			-			-
- Clean Loans			1,200.00			-			-
- Collateral Borrowing and Lending Obligation			1,489.51			1,489.07			1,088.99
- Commercial papers			6,461.17			-			-
(b) Trade Payables			12,658.10			9,416.93			11,442.93
(c) Deposits from Consumers			10,996.83			9,397.77			8,253.85
(d) Derivative liabilities	1.75			22.39			1.96		
(e) Others			675.21			764.92			792.01
Total	**1.75**	**-**	**45,579.85**	**22.39**	**-**	**40,747.08**	**1.96**	**-**	**40,607.20**

40.B Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the Financial Assets and Financial Liabilities that are recognised and measured at fair value and at amortised cost. To provide an indication about the reliability of the inputs used in determining fair value, Corporation has classified its Financial Assets and Financial Liabilities into the three levels prescribed under the accounting standard. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. An explanation of each level is provided under Significant Accounting Policy.

(₹ Crores)

	31.03.2017			31.03.2016			01.04.2015		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets									
Investments									
- Investment in Equity Instruments	594.88			419.28			606.80		
- Investment in Preference Shares		265.21			186.13			136.73	
- Investment in OMC GOI special bonds	5,100.97			4,987.57			5,376.17		
- Others		7.84			3.95			5.00	
Loans & Advances									
- Employee Loans		316.71			324.35			316.59	
Derivative Assets		58.41		-				0.11	
Financial liabilities									
Borrowings									
- Non-convertible debentures		990.66			987.84			1,533.40	
- Oil Industry Development Board		290.99			480.90			590.77	
- Syndicated Loans from Foreign Banks		9,098.55			15,831.60			15,816.61	
Derivative Liabilities		1.75			22.39			1.96	
Total	**5,695.85**	**11,030.11**	**-**	**5,406.85**	**17,837.17**	**-**	**5,982.97**	**18,401.17**	**-**

40.C. Valuation techniques used to determine Fair Value

Type	Valuation technique
Derivative instruments - forward exchange contracts	Discounted cash flow i.e. fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.
Commodity derivatives	Fair value of commodity derivative contracts is estimated by determing the difference between the contractual price and the current forward price for the residual maturity of the contract.
Derivative instruments - interest rate swap	Discounted cash flows i.e. Present value of expected receipt/payment.
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows. The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.

Note 41: Financial risk management

41.A. Risk management framework

The Corporation has adopted a well-defined process for managing its risks on an ongoing basis and for conducting the business in a risk conscious manner. These self-regulatory processes and procedures are contained in our Risk Management Charter and Policy, 2007. The Corporation has a structures and comprehensive Risk Management Framework, under which the risks are identified, assessed, monitored and reported, as a part of a normal business practice. The Corporation has leveraged technology to seamlessly integrate and automate the entire process of risk monitoring and reporting which also facilitate Corporation-wide process of managing the risks. The Corporation's risk management system is fully aligned with the corporate and operational objectives.

The Corporation has engaged the services of an independent expert to assist in continued implementation of effective Risk Management Framework. In that direction, Risk Management Steering Committee (RMSC) continues to provide its guidance. The Corporation has put in place mechanism to inform Board Members about the risk management and minimisation procedures, and periodical review to ensure that executive management controls risks by means of a properly defined framework.

41.B. Corporation has identified financial risk and categorised them in three parts Viz. (i) Credit Risk, (ii) Liquidity Risk & (iii) Market Risk. Details regarding sources of risk in each such category and how Corporation manages the risk is explained in following notes:

41.B.1 - Credit risk ;

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Corporation grants credit terms in the normal course of business. The Corporation establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

The maximum exposure to credit risk in case of all the financial instuments covered below is resticted to their respective carrying amount.

Trade receivables

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Corporation grants credit terms in the normal course of business.

At 31.03.2017, the Corporation's most significant customer accounted for ₹ 1,068.86 crores of the trade receivables carrying amount (31.03.2016 : ₹ 855.93 crores and 01.04.2015 : ₹ 704.47 crores).

The Corporation uses an allowance matrix to measure the expected credt losses of trade receivables (which are considered good). The following table provides information about the exposure to credit risk and loss allowance (including expected credit loss provision) for trade receivables: (₹ Crores)

	31.03.2017			31.03.2016			01.04.2015		
	Gross carrying amount	**Weighed average loss rate**	**Loss allowance**	**Gross carrying amount**	**Weighed average loss rate**	**Loss allowance**	**Gross carrying amount**	**Weighed average loss rate**	**Loss allowance**
Past due 0-90 days	3,694.81	0.06%	2.26	3,533.96	0.03%	1.21	2,904.61	0.07%	1.90
Past due 91–360 days	355.68	0.69%	2.20	202.74	1.00%	2.03	298.95	6.30%	18.83
More than 360 days	178.48	89.82%	160.31	184.80	86.71%	160.24	178.37	81.87%	146.04
	4,228.98		**164.77**	**3,921.50**		**163.47**	**3,381.92**		**166.76**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Balance as at 01.04.2015	**166.76**
Add : Impairment loss recognised	6.33
Less : Amounts written off	9.62
Balance as at 31.03.2016	**163.47**
Add : Impairment loss recognised	5.48
Less : Amounts written off	4.18
Balance as at 31.03.2017	**164.77**

The amounts written off at each reporting date relates to customers who have defaulted on their payments to the Corporation and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

Cash and cash equivalents

The Corporation held cash and cash equivalents of ₹ 8.85 crores at 31.03.2017 (31.03.2016 : ₹ 8.05 crores; 01.04.2015 : ₹ 9.15 crores). The cash and cash equivalents are held with consortium banks. Corporation invests its surplus funds in bank fixed deposit, GOI T-bills and liquid schemes of mutual funds, which carry no mark to market risks for short duration and exposes the Corporation to low credit risk.

Derivatives

The forex and interest rate derivatives were entered into with banks having an investment grade rating and exposure to counter-parties are closely monitor and kept within the approved limits. Commodity derivatives are entered with reputed Counterparties in the OTC (Over-the-Counter) Market.

Investment in debt securities

Investment in debt securities are in government securities or bonds which do not carry any credit risk.

Other than trade receivables, the Corporation has no other financial assets that are past due but not impaired.

41.B.2. Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. Corporation has a strong focus on effective management of its liquidity to ensure that all business and financial commitments are met on time. The corporation has adequate borrowing limits in place duly approved by its shareholders and board. Corporation sources of liquidity includes operating cash flows, cash and cash equivalents, fund and non-fund based lines from banks and liquid investment portfolio. Corporation ensures that there is minimal concentration risk by diversifing its portfolio across instruments and counterparties. Cash and fund flow management is monitored daily in order to have smooth and continuous business operations.

(i) Financing arrangements

The Corporation has an adequate fund and non-fund based lines from various banks. The corporation has sufficient borrowing limits in place duly, approved by its shareholders and board. Domestic and international credit rating from reputed credit rating agencies enables access of funds both from domestic as well as international market. HPCL's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. HPCL diversifies its capital structure with a mix of instruments and financing products across varying maturities and currencies. The financing products include syndicated loans, foreign currency bonds, commercial paper, non-convertible debentures, buyer's credit loan, clean loan etc. HPCL taps domestic as well as foreign debt markets from time to time to ensure appropriate funding mix and diversification of geographies.

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows. (₹ Crores)

	Contractual cash flows								
	31.03.2017			31.03.2016			01.04.2015		
	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years	Upto 1 year	1-3 years	more than 3 years
Non-derivative financial liabilities									
Borrowings and interest thereon	15,282.28	4,880.95	1,685.94	10,698.81	6,883.62	3,601.38	5,920.01	10,845.56	4,535.77
Trade payables	12,658.10	-	-	9,416.93	-	-	11,442.93	-	-
Other financial liabilities	675.21	-	10,996.83	764.92	-	9,397.77	792.01	-	8,253.85
Financial guarantee contracts*	-	-	570.72	-	-	-	-	-	-
Total	**28,615.58**	**4,880.95**	**12,682.77**	**20,880.65**	**6,883.62**	**12,999.15**	**18,154.95**	**10,845.56**	**12,789.62**
Derivative financial liabilities									
Interest rate swaps	10.75	9.86	0.54	11.94	22.20	6.45	5.68	1.82	-
Commodity contracts (net settled)	5.14	-	-	-	-	-	-	-	-
Forward exchange contracts (Gross settled)	-	-	-	-	-	-	-	-	-
- Inflows	-	-	-	(333.09)	-	-	-	-	-
- Outflows	-	-	-	333.44	-	-	-	-	-
Total	**15.89**	**9.86**	**0.54**	**12.29**	**22.20**	**6.45**	**5.68**	**1.82**	**-**

* Guarantee issued by the Corporation on behalf of the Subsidiary is with respect to borrowings raised by the Subsidiary. This amount will be payable on default by the concerned Subsidiary. As of the reporting date there has been no default by the Subsidiary and hence, the Corporation does not have any present obligation in relation to such guarantee.

41.C.3. Market Risk - Market Risk is further categorised in (i) Currecy risk , (ii) Interest rate risk & (iii) Commodity risk:

41.C.3.1. Currency risk:

The corporation is exposed to currency risk mainly on account of its borrowings and import payables in foreign currency. Our exposures are mainly denominated in U.S. dollars. The Corporation has used generic derivative contracts to mitigate the risk of changes in foreign currency exchange rates in line with corporation forex risk management policy. The corporation has a Forex Risk Management Cell (FRMC) which actively review the forex and interest rate exposures. The Corporation does not uses derivative financial instruments for trading or speculative purposes.

Following is the derivative financial instruments to hedge the foreign exchange rate risk as of dates:

Category	Instrument	Currency	Cross Currency	31.03.2017	31.03.2016	01.04.2015	Buy/Sell
Hedges of recognized assets and liabilities	Forward contract	USD	INR	-	$ 50.27 mn	-	Buy

Exposure to currency risk - The currency profile of financial assets and financial liabilities is as below: (₹ Crores)

	31.03.2017		31.03.2016		01.04.2015	
	INR	**Exposure in USD (INR terms)**	**INR**	**Exposure in USD (INR terms)**	**INR**	**Exposure in USD (INR terms)**
Financial assets						
Non-current investments	757.58	-	568.55	-	748.70	-
Current investments	5,108.74	-	4,991.44	-	5,376.15	-
Long-term loans	457.01	-	565.16	-	390.86	-
Short-term loans	163.21	-	55.82	-	135.63	-
Trade receivables	3,746.34	317.87	3,092.88	665.15	2,926.57	288.46
Cash and Cash Equivalents	8.85	-	8.05	-	9.16	-
Other Bank Balances	24.82	-	15.71	-	9.49	-
Others Non Current Financial Assets	-	-	-	-	2.00	-
Others Current Financial Assets	4,318.50	-	4,865.45	-	4,788.03	-
Net exposure for assets - A	**14,585.05**	**317.87**	**14,163.06**	**665.15**	**14,386.59**	**288.46**
Financial liabilities						
Long term borrowings	1,258.75	9,098.55	1,448.25	15,831.60	2,103.00	15,816.61
Short term borrowings	10,892.41	-	3,887.61	-	2,198.80	-
Trade Payables	7,652.81	5,005.29	6,584.35	2,832.58	8,566.70	2,876.23
Other Financial Liabilities	11,673.79	-	10,185.08	-	9,047.82	-
	31,477.76	**14,103.84**	**22,105.29**	**18,664.18**	**21,916.32**	**18,692.84**
Less: Foreign curency forward exchange contracts		-		333.09		-
Net exposure for liabilities - B		**14,103.84**		**18,331.09**		**18,692.84**
Net exposure (Assets - Liabilities)(A - B)		**13,785.97**		**17,665.95**		**18,404.38**

The following exchange rates have been applied during the year:

INR	**31.03.2017**	**31.03.2016**	**01.04.2015**
USD 1	64.8550	66.2525	62.5050

Sensitivity analysis:

The table below show sensitivity of open forex exposure to USD/INR movement. We have considered 1% (+/-) change in USD/INR movement, increase indicates appreciation in USD/INR whereas decrease indicates depreciation in USD/INR. The indicative 1% movement is directional and does not reflect management forecast on currency movement.

Effect in INR	Impact on profit or loss due to % increase / Decrease in currency					
	Increase	Decrease	Increase	Decrease	Increase	Decrease
	31.03.2017		31.03.2016		01.04.2015	
1% movement		1%		1%		1%
USD	137.86	(137.86)	176.66	(176.66)	184.04	(184.04)

41.C.3.2 Interest rate risk

Corporation's has a long-term foreign currency syndicated loans with floating rate, which expose the Corporation to cash flow interest rate risk. The borrowings at floating rate were denominated in USD. The Corporation manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the Corporation agrees with other parties to exchange, at specified intervals (i.e quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Corporation monitors the interest rate movement and manages the interest rate risk based on the corporation forex risk management policy. The corporation also has a Forex Risk Management Cell (FRMC) which actively review the forex and interest rate exposures. The Corporation does not uses derivative financial instruments for trading or speculative purposes.

The Corporation's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Following is the derivative financial instruments to hedge the interest rate risk as of dates:

Category	Instrument	Currency	Cross Currency	31.03.2017	31.03.2016	01.04.2015	Buy/Sell
Hedges of floating rate foreing currency loans	Interest rate swaps	USD	INR	$ 530 mn	$ 260 mn	$ 200 mn	Buy

Interest rate risk exposure:

Corporation's interest rate risk arises from borrowings. The interest rate profile of the Corporation's interest-bearing financial instruments as reported to the management of the Corporation is as follows.

	Carrying amount in ₹ crores		
	31.03.2017	31.03.2016	01.04.2015
Fixed-rate instruments			
Financial assets	5,100.96	4,987.55	5,376.15
Financial liabilities	12,151.16	5,335.86	4,301.80
Variable-rate instruments			
Financial assets	316.71	324.35	316.59
Financial liabilities	9,098.55	15,831.60	15,816.61

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 25 basis points in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. The indicative 25 basis point (0.25%) movement is directional and does not reflect management forecast on interest rate movement.

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss					
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2017		31.03.2016		01.04.2015	
Floating rate borrowings	(20.08)	20.08	(37.40)	37.40	(40.45)	40.45
Interest rate swaps (notional principal amount)	8.71	(8.71)	3.79	(3.79)	3.02	(3.02)
Cash flow sensitivity (net)	**(11.37)**	**11.37**	**(33.62)**	**33.62**	**(37.44)**	**37.44**

41.C.3.3. Commodity Risk

The Corporation's activities are exposed to Oil price risks and therefore its Oil Price Risk Management program focuses on reducing the impact of the volatility of International Oil prices. With this objective, Risk Management activities aspire to protect the Margins of the Organization. In order to therefore manage its exposure to the risks associated with volatile Oil market / Commodity prices, the Corporation enters into derivative contracts in the OTC Market.

The Oil Price Risk Management Committee regularly reviews and monitors risk management principles, policies, and risk management activities.

41.C.3.4. Offsetting

The following table presents the recognised financial instruments that are eligible for offset and other similar arrangements but are not offset, as at 31.03.2017, 31.03.2016 and 01.04.2015. The column 'net amount' shows the impact on the Company's balance sheet if all set-off rights are exercised.

(₹ Crores)

	Effect of offsetting on the balance sheet			Related amounts not offset	
	Gross amounts	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Financial Instrument collateral	Net Amount
March 31, 2017					
Financial assets					
Trade Receivables	5,388.63	(1,090.21)	4,298.42	(234.21)	4,064.21
Financial liabilities					
Trade Payables	13,748.31	(1,090.21)	12,658.10	-	12,658.10
Other Current Financial Liabilities	4,989.88	-	4,989.88	(234.21)	4,755.67
March 31, 2016					
Financial assets					
Trade Receivables	8,003.98	(3,980.50)	4,023.48	(265.45)	3,758.03
Financial liabilities					
Trade Payables	13,397.44	(3,980.50)	9,416.93	-	9,416.93
Other Current Financial Liabilities	4,329.41	-	4,329.41	(265.45)	4,063.96
April 1, 2015					
Financial assets					
Trade Receivables	7,336.79	(4,121.76)	3,215.03	-	3,215.03
Financial liabilities					
Trade Payables	8,185.72	(4,121.76)	4,063.96	-	4,063.96

Note 42: Tax expense

(a) Amounts recognised in profit and loss (₹ Crores)

	2016 - 17	2015 - 16
Current tax expense		
Current year	2,236.24	1,433.56
Changes in estimates relating to prior years	(285.21)	(261.47)
Deferred tax expense		
Origination and reversal of temporary differences	628.28	737.30
Changes in estimates relating to prior years	232.73	141.09
Tax expense recognised in the income statement	**2,812.04**	**2,050.48**

(b) Amounts recognised in other comprehensive income (₹ Crores)

	2016 - 17			2015 - 16		
	Before tax	Tax expense/ (benefit)	Net of tax	Before tax	Tax expense/ (benefit)	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(23.69)	8.20	(15.49)	(5.57)	1.93	(3.64)

(c) Reconciliation of effective tax rate

	31.03.2017		31.03.2016	
	%	₹ Crores	%	₹ Crores
Profit before tax		**9,020.84**		**5,776.64**
Tax as per Corporate Tax Rate	**34.608%**	**3,121.93**	**34.608%**	**1,999.18**
Tax effect of:				
Non-deductible tax expenses	0.460%	41.51	5.813%	335.79
Tax-exempt income	-1.428%	(128.82)	-0.347%	(20.03)
Interest expense u/s 234B/C not deductible for tax purposes	0.103%	9.25	0.191%	11.03
Deduction for research and development expenditure	-0.953%	(85.97)	-1.132%	(65.39)
Investment allowance claim	-1.126%	(101.58)	-1.587%	(91.65)
Adjustments recognised in current year in relation to the current tax of prior years	-0.582%	(52.48)	-2.084%	(120.38)
Amounts directly recognised in OCI	0.091%	8.20	0.033%	1.93
Income Tax Expense	**31.173%**	**2,812.04**	**35.496%**	**2,050.48**

(e) Movement in deferred tax balances

	Net balance 01.04.2016	Recognised in profit or loss	Recognised in OCI	Net balance 31.03.2017
Deferred tax Asset				
Provision for Employee Benefits	211.83	41.67	2.54	256.04
Current investments	166.78	(77.40)	-	89.38
MAT Credit	429.57	(112.70)	-	316.87
Provision for Doubtful Debts & Receivables	87.59	0.67	-	88.26
Disallowance u/s 43B	102.42	(1.27)	-	101.15
Others	45.39	(38.06)	-	7.33
	1,043.58	**(187.09)**	**2.54**	**859.03**
Deferred Tax Liabilities			-	
Property, plant and equipment	5,866.68	872.15	-	6,738.83
Others	96.25	(80.46)	-	15.79
	5,962.93	**791.69**	**-**	**6,754.62**
Deferred Tax (assets) / Liabilities	**4,919.35**	**978.78**	**(2.54)**	**5,895.59**

	Net balance 01.04.2015	Recognised in profit or loss	Recognised in OCI	Net balance 31.03.2016
Deferred tax Asset				
Provision for Employee Benefits	272.62	(57.16)	(3.63)	211.83
Current investments	172.57	(5.79)	-	166.78
MAT Credit	344.33	85.24	-	429.57
Provision for Doubtful Debts & Receivables	82.22	5.37	-	87.59
Disallowance u/s 43B	93.09	9.33	-	102.42
Others	27.90	17.49	-	45.39
	992.73	**54.48**	**(3.63)**	**1,043.58**
Deferred Tax Liabilities				
Property, plant and equipment	5,101.59	765.09	-	5,866.68
Others	15.64	80.61	-	96.25
	5,117.23	**845.70**	**-**	**5,962.93**
Tax assets (Liabilities)	**4,124.50**	**791.22**	**3.63**	**4,919.35**

Note 43 : Leases

Operating Lease

A. Leases as lessee

a) The Corporation enters into cancellable/non-cancellable operating lease arrangements for land, office premises, staff quarters and others. Payments made under operating leases are generally recognised in statement of Profit and Loss based on corresponding periods contractual terms of the lease, since the Corporation considers it to be more representative of time pattern of benefits flowing to it.The lease rentals paid for the same are charged to the Statement of Profit and Loss.

The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

i. Future minimum lease payments

At March 31, the future minimum lease payments under non-cancellable leases were payable as follows:

(₹ Crores)

	31.03.2017	31.03.2016
Less than one year	11.34	10.29
Between one and five years	45.87	40.05
More than five years	361.97	308.16
	419.18	**358.50**

(₹ Crores)

	31.03.2017	31.03.2016
ii. Amounts recognised in profit or loss		
Lease expense	335.09	552.40

Note 44 : Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

i. Profit attributable to Equity holders (₹ Crores)

	31.03.2017	31.03.2016
Profit attributable to equity holders for basic and diluted earnings per share	**6,208.80**	**3,726.16**

ii. Weighted average number of ordinary shares

	31.03.2017	31.03.2016
Issued ordinary shares at April 1	338,627,250	338,627,250
Effect of shares issued as Bonus shares*	677,254,500	677,254,500
Weighted average number of shares for basic and diluted earnings per shares	**1,015,881,750**	**1,015,881,750**
Basic and Diluted earnings per share	**61.12**	**36.68**

*The Company has issued bonus shares @ 2:1 during 2016-17. The EPS for 2016-17 and 2015-16 has been appropriately adjusted.

Note 45 : Capital management

The Corporation's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Corporation monitors capital using debt equity ratio. The Corporation's debt to equity ratio at March 31, 2017 is as follows.

	31.03.2017	31.03.2016	01.04.2015
Long term borrowings (refer note # 21)	10,357.30	17,279.85	17,919.61
Total equity (refer note # 20a and 20b)	20,347.41	17,969.80	16,319.34
Debt to Equity ratio	**0.51**	**0.96**	**1.10**

Note 46 : Dividends

	31.03.2017	31.03.2016
(i) Dividends paid during the year		
Final dividend for the year ended 31.03.2016 of ₹ 16.00 (31.03.2015 ₹ 24.50) per fully paid share. This included Dividend distribution tax of ₹ 110.30 crores (31.03.2015 ₹ 168.89 crores).	652.10	998.53
First Interim dividend for the year ended 31.03.2017 of ₹ 22.50 (31.03.2016 – ₹ 11.50) per fully paid share. This included Dividend distribution tax of ₹ 465.32 crores (31.03.2016 ₹ 79.28 crores)	2,751.05	468.70
Second Interim dividend for the year ended 31.03.2017 of ₹ 6.40 (31.03.2016 – ₹ 7) per fully paid share. This included Dividend distribution tax of ₹ 132.36 crores (31.03.2016 ₹ 48.26 crores)	782.53	285.30
(ii) Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of ₹ 1.10 per fully paid equity share (31.03.2016 – ₹ 16.00). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	111.75	541.80
Dividend distribution tax on above	22.75	110.30

47. The Corporation has accounted the discount of ₹ Nil (2015-16: ₹ 190.33 crores) on Crude Oil purchased from ONGC and has adjusted it against purchase cost of Crude Oil.

48. During the current financial year 2016-17, Subsidy on PDS Kerosene and Domestic Subsidized LPG from Central and State Governments amounting to ₹ 20.01 crores (2015-16: ₹ 11.77 crores) has been accounted.

49. Approval of Government of India for Budgetary Support amounting to ₹ 1,272.57 crores (2015-16: 1,761.26 crores) has been received and the same has been accounted under 'Recovery under Subsidy Schemes'.

50. (a) Inter-Oil company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/reconciliation which is not likely to have a material impact.
(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.

51. In accordance with Para 7AA of Ind AS 21 read with Para D13AA of Ind AS 101, 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 useful life of the assets.

52. In accordance with the option exercised by the Company as referred in note # 20(a), an exchange loss of ₹ 0.44 crores (2015-16: ₹ 194.80 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, 2017.

53. (a) Current Tax includes MAT Credit utilisation of ₹ 327.03 Crore (2015-16: ₹ 133.61 Crore).

(b) The recognition of MAT Credit Entitlements of ₹ 316.87 Crore as at March 31, 2017 (₹ 429.57 Crore as at March 31, 2016) 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(net) of ₹ 52.48 Crore (2015-16: ₹ 120.38 Crore) represents reversal of excess provision towards current tax of ₹ 216.40 Crore (2015-16 : ₹ 249.75 Crore), additional provision towards deferred Tax of ₹ 232.73 Crore (2015-16: ₹ 141.08 Crore) and recognition of MAT credit Entitlements of ₹ 68.81 Crore (2015-16: ₹ 11.71 Crore).

54. 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**	**2016-17**	**2015-16**	**01.04.2015**
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/17: - - Principal - Interest	22.76 -	18.55 -	15.19 -

2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2016 – 17 (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	-	-	

55. Related Party Disclosure:

A. Names of and Relationship with Related Parties

1. **Jointly controlled entities**
   i. HPCL-Mittal Energy Ltd.
   ii. Hindustan Colas Pvt. Ltd.
   iii. South Asia LPG Company Pvt. Ltd.
   iv. Petronet India Ltd.
   v. HPCL Shapoorji Energy Pvt. Ltd.

2. **The Company has not included disclosure in respect of following related parties which are Govt. related entities as per Ind AS 24.**

   i. Subsidiaries
   1. HPCL Biofuels Ltd.
   2. Prize Petroleum Company Ltd.

   ii. Jointly controlled entities
   1. CREDA-HPCL Biofuels Ltd.
   2. HPCL Rajasthan Refinery Ltd.
   3. Bhagyanagar Gas Ltd.
   4. Petronet MHB Ltd.
   5. Mumbai Aviation Fuel Farm facility Pvt. Ltd.
   6. Godavari Gas Pvt Ltd
   7. Aavantika Gas Ltd..

   iii. Associates
   1. GSPL India Gasnet Ltd.
   2. GSPL India Transco Ltd.
   3. Mangalore Refinery and Petrochemicals Ltd.

3. **Key Management Personnel**
   i. Shri Mukesh Kumar Surana, Chairman and Managing Director (w.e.f. 01.04.2016)
   ii. Shri J. Ramaswamy, Director – Finance

iii. Shri Vinod S. Shenoy, Director – Refineries (from 01-11-2016)
iv. Shri B. K. Namdeo, Director- Refineries (till 31.10.2016)
v. Shri S. Jeyakrishnan, Director – Marketing (from 01-11-2016)
vi. Shri Y.K. Gawali, Director – Marketing (till 31.10.2016)
vii. Shri Pushp Kumar Joshi, Director - Human Resources
viii. Shri Shrikant Madhukar Bhosekar, Company Secretary

4. **Independent Directors**
   i. Shri Ram Niwas Jain, Independent Director
   ii. Smt. Asifa Khan (from 13.02.2017)
   iii. Shri G.V. Krishna (from 13.02.2017)
   iv. Dr. Trilok Nath Singh (from 20.03.2017)

B. Details of transactions with related parties

1. Transaction with Jointly controlled entities (₹ Crores)

No.	Nature of Transactions	2016-17	2015-16
(i)	**Sale of goods**		
	HPCL-Mittal Energy Ltd.	86.61	127.77
	Hindustan Colas Pvt. Ltd.	332.48	268.28
	South Asia LPG Company Pvt. Ltd.	0.17	0.18
		419.26	**396.23**
(ii)	**Purchase of goods**		
	HPCL-Mittal Energy Ltd.	23101.18	23,593.34
	Hindustan Colas Pvt. Ltd.	115.34	159.00
		23,216.52	**23,752.34**
(iii)	**Dividend income received**		
	Hindustan Colas Pvt. Ltd.	16.54	22.87
	South Asia LPG Company Pvt. Ltd.	32.50	27.50
	Petronet India Ltd.	3.68	-
		52.72	**50.37**
(iv)	**Services given (Manpower Supply Service)**		
	HPCL-Mittal Energy Ltd.	0.42	0.39
	Hindustan Colas Pvt. Ltd.	2.03	2.04
	South Asia LPG Company Pvt. Ltd.	1.21	1.28
		3.66	**3.71**
(v)	**Lease rental received**		
	HPCL-Mittal Energy Ltd.	1.20	1.20
	Hindustan Colas Pvt. Ltd.	0.23	0.24
	South Asia LPG Company Pvt. Ltd.	0.87	1.68
		2.30	**3.12**
(vi)	**Others – (Services provided)**		
	HPCL-Mittal Energy Ltd.	14.25	24.07
	Hindustan Colas Pvt. Ltd.	3.02	2.39
	South Asia LPG Company Pvt. Ltd.	0.58	0.39

		17.85	**26.85**
(vii)	**Others - (Services availed)**		
	HPCL-Mittal Energy Ltd.	15.60	13.51
	Hindustan Colas Pvt. Ltd.	2.36	4.74
	South Asia LPG Company Pvt. Ltd.	125.12	93.61
		143.08	**111.86**
(viii)	**Purchases of Equity shares of M/s Petronet MHB Ltd. from Petronet India Ltd**	**26.09**	**-**
(ix)	**Investment in equity shares / Converted to Equity Shares**		
	HPCL-Mittal Energy Ltd.	-	248.82
	HPCL Shapoorji Energy Pvt. Ltd.	1.50	6.50
		1.50	**255.32**

No.	Description	31.03.2017	31.03.2016	01.04.2015
(x)	**Receivables as on**			
	HPCL-Mittal Energy Ltd.	8.28	0.36	12.39
	Hindustan Colas Pvt. Ltd.	10.82	5.04	32.97
	South Asia LPG Company Pvt. Ltd.	0.12	0.11	0.96
		19.22	**5.51**	**46.32**
(xi)	**Payables as on**			
	HPCL-Mittal Energy Ltd.	1,321.25	1,220.35	1448.47
	Hindustan Colas Pvt. Ltd.	25.74	16.84	21.37
	South Asia LPG Company Pvt. Ltd.	13.94	11.53	8.89
		1,360.93	**1,248.72**	**1478.73**

C. Transactions with other government-controlled entities

The corporation is a Government related entity engaged in the business of refining of crude oil and marketing of petroleum products. The corporation also deals on regular basis with entities directly or indirectly controlled by the central/state governments through its government authorities, agencies, affiliations and other organizations (collectively referred as “Government related entities”).

Apart from transactions with corporations’ group companies, the corporation has transactions with other Government related entities, including but not limited to the followings:

- sale and purchase of products;
- rendering and receiving services;
- lease of assets;
- depositing and borrowing money; and
- use of public utilities

These transactions are conducted in the ordinary course of the corporation's business on terms comparable to those with other entities that are not Government related.

D. Remuneration paid to Key Management Personnel*

(₹ Crores)

No.	Description	2016-17	2015-16
(i)	Short – Term Employee Benefits	3.66	3.23
(ii)	Post – Employment Benefits	0.23	0.51
		3.89	**3.74**

* Remuneration to KMP has been considered from / to the date from which they became KMP.

E. Amount due from Key Management Personnel

(₹ Crores)

No.	Description	31.03.2017	31.03.2016	01.04.2015
(i)	Smt. Nishi Vasudeva		-	0.02
(ii)	Shri Mukesh Kumar Surana	0.11	-	-
(iii)	Shri K. V. Rao		-	0.00
(iv)	Shri J Ramaswamy	0.01	0.02	-
(v)	Shri Pushp Kumar Joshi	0.06	0.06	0.07
(vi)	Shri Shrikant Madhukar Bhosekar	0.04	0.05	0.05
(vii)	Shri S Jeyakrishnan	0.26	-	-
(viii)	Shri Vinod S Shenoy	0.09	-	-
		0.57	**0.13**	**0.14**

F. Sitting Fee paid to Non-Executive Directors:

(₹ / Crores)

Details of Meeting	Shri Ram Niwas Jain	Smt. Asifa Khan	Shri G.V. Krishna	Dr. Trilok Nath Singh
Board	0.04	0.01	0.01	0.01
Audit Committee	0.02	-	-	-
Nomination & Remuneration Committee	0.00	-	-	-
Stakeholders Relationship Committee	0.00	-	-	-
Investment Committee	0.00	-	-	-
CSR & SD Committee	0.02	-	-	-
Total Sitting Fees Paid	**0.08**	**0.01**	**0.01**	**0.01**

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

Name of the Block	Participating Interest of HPCL in %		
	31.03.2017	**31.03.2016**	**01.04.2015**
In India			

Under NELP IV			
KK- DWN-2002/2	20	20	20
KK- DWN-2002/3	20	20	20
CB- ONN-2002/3	15	15	15
Under NELP V			
AA-ONN-2003/3	15	15	15
Under NELP VI			
CY-DWN-2004/1	10	10	10
CY-DWN-2004/2	10	10	10
CY-DWN-2004/3	10	10	10
CY-DWN-2004/4	10	10	10
CY-PR-DWN-2004/1	10	10	10
CY-PR-DWN-2004/2	10	10	10
KG-DWN-2004/1	10	10	10
KG-DWN-2004/2	10	10	10
KG-DWN-2004/3	10	10	10
KG-DWN-2004/5	10	10	10
KG-DWN-2004/6	10	10	10
MB-OSN-2004/1	20	20	20
MB-OSN-2004/2	20	20	20
RJ-ONN-2004/1	22.22	22.22	22.22
RJ-ONN-2004/3	15	15	15
Under NELP IX			
MB-OSN-2010/2	30	30	30
Cluster – 7	60	60	60

a) The Blocks CY-DWN-2004/1,2,3,4, CY-PR-DWN-2004/1&2, RJ-ONN-2004/1&3, KK-DWN-2002/2, MB-OSN-20010/2, MB-OSN-2004/1, MB-OSN-2004/2 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2016. Blocks KG-DWN-2004/1,2,3,5 and 6 are under relinquishment and the operating committee had decided not to maintain books of accounts for the projects as they are under relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2015. The Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements / data received from operator as on 31st March, 2017.

b) The Blocks AA-ONN-2003/3 and KK-DWN-2002/3 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2011 and March 31, 2012 respectively. The Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements / data received from operator as on 31st March, 2017.

c) The block CB-ONN-2002/3 was awarded under NELP IV bidding round and the production sharing contract was signed on 06.02.2004. The exploration Minimum Work Program has been completed. The block is divided into two areas i.e. Miroli and Sanand. Approval of Mining Lease to commence production from Sanand field has been received from Govt. of Gujarat. Preparation of addendum to Sanand FDP (Field development plan) for additional discovery in Kalol reservoir is in progress.

d) In respect of Cluster – 7, the matter is under arbitration. Please refer Note # 68.1.

57. In compliance of Ind AS-27 'separate Financial Statements', the required information is as under:

	Country of Incorporation	**Nature of Investments**	**Percentage of ownership interest as on**		
			31.03.17	**31.03.16**	**01.04.15**
HPCL - Biofuels Ltd.	India	Subsidiary	100.00	100.00	100.00
Prize Petroleum Co. Ltd	India	Subsidiary	100.00	100.00	100.00
HPCL Rajasthan Refinery Ltd	India	Joint Venture	74.00	74.00	74.00
CREDA HPCL Biofuel Ltd.	India	Joint Venture	74.00	74.00	74.00
Hindustan Colas Private Ltd.	India	Joint Venture	50.00	50.00	50.00
South Asia LPG Company Pvt. Ltd.	India	Joint Venture	50.00	50.00	50.00
HPCL Shapoorji Energy Private Ltd.	India	Joint Venture	50.00	50.00	50.00
HPCL-Mittal Energy Ltd.	India	Joint Venture	48.99	48.99	48.94
Aavantika Gas Ltd.	India	Joint Venture	49.97	49.97	49.97
Petronet MHB Ltd.	India	Joint Venture	32.72	28.77	28.77
Godvari Gas Pvt. Ltd.	India	Joint Venture	26.00	-	-
Mumbai Aviation Fuel Farm Facility Pvt Ltd.	India	Joint Venture	25.00	25.00	25.00
Bhagyanagar Gas Ltd.*	India	Joint Venture	24.99	24.99	24.99
Petronet India Ltd.	India	Joint Venture	16.00	16.00	16.00
Mangalore Refinery and Petrochemicals Ltd.	India	Associate	16.96	16.96	16.96
GSPL India Transco Ltd	India	Associate	11.00	11.00	11.00
GSPL India Gasnet Ltd	India	Associate	11.00	11.00	11.00

* As of 31st March 2014, paid up equity capital of BGL was ₹ 5 lacs, in which HPCL and GAIL were holding 24.99% each. Balance 50.02% of shares were held by Kakinada Seaports Ltd (KSPL) on warehousing basis. In addition, each one of HPCL and GAIL had paid ₹ 22.49 crores as Advance against Equity / Share application money (totaling to ₹ 44.98 crores) in earlier years. On 20th August 2014, BGL allotted 2,24,87,500 shares on preferential basis to each of HPCL and GAIL towards the money paid earlier. Meanwhile there are certain issues pending adjudication with another shareholder. Accordingly, keeping in view financial prudence, HPCL's share has been considered at 24.99% (considered as 24.99% in F.Y. 2015-16).

58. The net worth of HPCL Biofuel Limited, a 100% subsidiary, was partially eroded. The management had considered ₹ 161 Crores as an impairment in the value of Investment and accordingly, a provision was made during financial year 2015-16. No further impairment is considered during financial year 2016 – 17.

59. During the financial year 2015-16, Corporation had made 100% provision amounting to ₹ 16.10 crores for impairment in value of investment in CREDA HPCL Biofuels Ltd. as all the

business activities of the company had been suspended and Financial Statement of the company had not been prepared on a going concern basis.

60. Net worth of M/s Prize Petroleum Company Limited (PPCL), a 100% subsidiary of the Corporation is partially eroded. Accordingly, the Management considered R 24.41 crores (2015 – 16 : R 105 crores) as an impairment loss in value of HPCL's investment in M/s PPCL and made provision.

61. As per the guidelines issued by Department of Public Enterprises (DPE) in August, 2005, the Board of Directors of Navratna Public Sector Enterprises (PSEs) can invest in joint ventures and wholly owned subsidiaries subject to an overall ceiling of 30% of the net worth of the PSE. The company has requested Ministry of Petroleum & Natural Gas (MOP&NG) to confirm its understanding that for calculating this ceiling limit, the amount of investments specifically approved by Government of India (i.e. investment in HMEL and HPCL Rajasthan Refinery Limited) are to be excluded. The Company has calculated the limit of 30% investment in joint ventures and wholly owned subsidiaries, by excluding the investments specifically approved by Govt. of India. As per financial position as on 31st march 2017, the investments in joint ventures and wholly owned subsidiaries are well within 30% limit.

62. 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.

63. Disclosure as required by Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

₹ in Crores

	Particulars	**Balance as on**			**Maximum amount outstanding during the year**	
		31.03.2017	**31.03.2016**	**01.04.2015**	**2016 – 17**	**2015 – 16**
a)	Loans and advances in the nature of loans to subsidiary Companies (by name and amount)					
	Inter Corporate Loan to HPCL – Biofuels Ltd.	84.00	84.00	-	84.00	84.00
b)	Loans and advances in the nature of loans to joint ventures (by name and amount)					
	Inter Corporate Loan to Bhagyanagar Gas Ltd.	75.00	75.00	75.00	75.00	75.00
c)	Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-	-	-	-
d)	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					

64. The Corporation had complied with the requirement of para 4 (a) of Notes to Schedule II to the Companies Act, 2013 relating to componentization from 2015-16. As per para 7 (b) of Schedule II to the Companies Act, 2013, the Corporation has charged ₹ 219.49 crores to Statement of Profit and Loss for 2015 - 16 as one-time impact.

65. The Corporation has considered the ISBL (Inside boundary Limit) pipeline directly associated as an integral part of Plant and Machinery / Tanks and has depreciated such pipelines based on the useful life of respective plants, which is considered as 25 years in line with the Schedule II of the Companies Act, 2013.

66. During the year 2016 – 17, Corporation has spent ₹ 108.11 Crores (2015-16: 71.76 Crores) towards Corporate Social Responsibility (CSR) as against the budget of ₹ 107.90 crores (2015-16: 71.67 Crores).

Head wise break up of CSR expenses are given below: **(₹ in Crores)**

S.No.	**Head of Expenses**	**2016-17**	**2015-16**
1	Promoting Education	27.24	16.00
2	Promoting Preventive Health Care	11.76	11.64
3	Empowerment of Socially and Economically Backward groups	4.91	4.37
4	Promotion of Nationally recognized and Para-Olympic Sports	0.99	0.68
5	Imparting Employment by Enhancing Vocation Skills	11.48	5.38
6	Swachh Bharat Abhiyaan	10.15	15.82
7	Environment Sustainability	16.58	17.87
8	Others	25.00	-
	Total	**108.11**	**71.76**

Amount spent during the year 2016-17 on:-

(₹ in Crores)

Details	**In Cash**	**Yet to be paid in Cash**	**Total**
(i) Construction / Acquisition of an assets	-	-	-
(ii) On purpose other than (i) above	108.11	-	108.11

Amount spent during the year 2015-16 on:-

Details	**In Cash**	**Yet to be paid in Cash**	**Total**
(i) Construction / Acquisition of an assets	-	-	-
(ii) On purpose other than (i) above	71.76	-	71.76

67. There are no reportable segments other than downstream petroleum, as per Ind AS - 108 on Segment Reporting.

68. Contingent Liabilities and Commitments

(₹ in Crores)

		31.03.2017	31.03.2016	01.04.2015
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	75.74	75.74	75.74
	ii. Sales Tax/Octroi	2,141.88	2,156.45	2,483.43
	iii. Excise/Customs	229.65	260.87	324.84
	iv. Land Rentals & Licence Fees	132.65	88.94	181.83
	v. Others	66.95	74.02	111.28
		2,646.87	**2,656.02**	**3,177.12**
B.	Contingent Liabilities not provided for in respect of appeals filed against the Corporation			
	i. Sales Tax/Octroi	6.16	6.16	-
	ii. Employee Benefits/Demands (to the extent quantifiable)	210.11	214.07	362.71
	iii. Claims against the Corporation not acknowledged as Debts(refer note 68.1)	321.12	382.52	400.62
	iv. Others	218.68	304.81	300.38
		756.07	**907.56**	**1,063.71**
C.	Guarantees given to others	**390.31**	**136.21**	**158.28**
	68.1: A claim of ₹ 236.81 crores (36.51 Million USD @ Exchange rate of 1 US = $ 64.855), claim by M3nergy on termination of service contract of Cluster - 7 field, which was awarded by ONGC to the consortium of M3nergy (Malaysia) BHD (30%), Prize Petroleum Company Limited (10%) and HPCL (60%). HPCL and Prize Petroleum has also initiated arbitration proceedings against M3nergy. The share of the claim of the company is ₹ 871.09 crores with loss of profit and other expenses etc. Arbitration was bifurcated into two aspects one is liability and the other is quantification. Liability aspects have been held in favour of Corporation and by an interim award by Hon'ble Arbitral Tribunal, which has been challenged by M3nergy in Bombay High Court. The said Partial Award has been challenged by M3energy before High Court of Bombay wherein Court refused the request of M3nergy to stay arbitration proceedings. The matter is pending for further arguments. The final hearing set of hearing before the before the Hon'ble Arbitral Tribunal dealing with nature and extent of relief to be granted to the PPCL and HPCL as well as question of costs were held on November 4-5, 2016, as the oral argument could not be completed, by M3nergy filed their written submission on Apr 6, 2017. The rejoinder to the same is now to be filed by PPCL and HPCL. This amount is not included above.			
II.	**Commitments**			

A.	Estimated amount of contracts remaining to be executed on Capital Account not provided for	**3,654.26**	**3,634.45**	**2,353.39**
B.	Other Commitments (for Investments in Joint Ventures)	**-**	**27.74**	**-**
	68.2 : Company has entered into a long term product off take agreement with M/s HPCL- Mittal Energy Limited (HMEL), its joint venture company, for purchase of petroleum products produced by the refinery. This agreement has a take or pay clause and the Company is committed to purchase the said petroleum products over the tenure of the agreement.			
	68.3 : The Company and Mittal Energy Investment Pte. Ltd. (its joint venture partner in HPCL-Mittal Energy Limited) have committed that they would jointly hold at least 51 % of share capital of HPCL-Mittal Energy Limited till the repayment of certain bank loans / bonds.			
III.	Corporation's Share in aggregate of Contingent Liabilities and Capital Commitments of Jointly Controlled Operations:			
	Jointly controlled Operations			
	Contingent Liabilities	239.77	288.73	231.19
	Capital Commitment	Nil	100.62	94.93

(₹ Crores)

		2016 - 17	**2015 – 16**
69.	Expenditure incurred on Research and Development		
	- Capital	209.75	136.78
	- Revenue	66.79	43.54
70.	Interest on Project borrowings capitalized* *(weighted average cost borrowing rate used for capitalization of general borrowing (other than specific borrowings) is 7.95% during FY 2016 – 17 (FY 2015 – 16 : 8.28%).	67.26	115.08
71.	Exchange Differences adjusted in the carrying amount of Assets during the accounting period.	(191.42)	541.35

72. Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 are produced herein below:

(in full Rupees)

	SBNs	**Other Denomination Notes**	**Total**
Closing cash in hand as on 08.11.2016	11,63,67,000	53,65,383	12,17,32,383
(+) Permitted receipts	2,26,76,62,000	1,20,15,02,273	3,46,91,64,273
(-) Permitted payments	4,14,000	38,27,116	42,41,116
(-) Amount deposited in Banks	2,38,36,15,000	1,14,87,76,664	3,53,23,91,664
Closing cash in hand as on 30.12.2016	-	5,42,63,876	5,42,63,876

73. Based on 3rd Pay Revision Committee recommendation, a provision of ₹ 449.52 crores have been made towards increase in gratuity ceiling from ₹ 10 lakhs to ₹ 20 lakhs and revision in salary for management staff w.e.f. 01.01.2017.

74. In compliance of Ind AS – 37 on “Provisions, Contingent Liabilities and Contingent Assets”, the required information is as under:

Particulars	**Opening Balance as on 01.04.16**	**Additions**	**Utilization**	**Reversals**	**Closing Balance 31.03.17**
Excise	0.59	0.00	0.00	0.00	0.59
Sales Tax	323.29	6.31	0.00	4.95	324.65
Service Tax	12.59	0.00	0.00	0.00	12.59
Others	331.22	220.12	1.97	0.45	548.92
Total	667.69	226.43	1.97	5.40	886.75
Less: Pre Deposit	-	-	-	-	63.21
Net	667.69	226.43	1.97	5.40	823.54

Particulars	**Opening Balance as on 01.04.15**	**Additions**	**Utilization**	**Reversals**	**Closing Balance 31.03.16**
Excise	0.59	0.00	0.00	0.00	0.59
Sales Tax	82.66	266.10	8.27	17.20	323.29
Service Tax	12.58	0.00	0.00	0.00	12.58
Others	62.93	285.36	17.07	0.00	331.22
Total	158.76	551.46	25.34	17.20	667.69

The above provisions are made based on estimates and expected timing of outflows is not ascertainable at this stage.

75. **Threshold limits adopted in respect of financial statements is given below:**

Threshold item	**Unit of measurement**	**Threshold limits**
Capitalization of spare parts meeting the definition of property plant and equipment.	₹ Lakhs	10.00
Deprecation at 100% in the year of acquition except LPG cylinders and pressure regulators.	₹	5,000.00
Classification as finance lease for land	Lease period (years)	More than 99
Income / expenditure pertaining to prior year (s)	₹ Crores	75.00
Prepaid expenses	₹ Lakhs	5.00
Disclosure of contingent liabilities	₹ Lakhs	5.00
Disclosure of capital commitments	₹ Lakhs	1.00

Note 76 : Employee benefit obligations

A: Provident Fund

The Corporation's contribution to the Provident Fund is remitted to a separate trust established for this purpose based on a fixed percentage of the eligible employees salary and charged to Statement of Profit and Loss.

Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Corporation and charged to Statement of Profit and Loss. The actual return earned by the fund has mostly been higher than the Government specified minimum rate of return in the past years. There is no shortfall in the fund as on 31st March 2017, 31st March 2016 and 1st April 2015.

Present value of benefit obligation at period end is ₹ 3,438.00 crores (31.03.2016 : ₹ 3,156.89 crores; 01.04.2015 : ₹ 2,852.56 crores).

During the year, the company has recognised ₹ 128.90 crore (2015-16 : ₹ 120.46 crore) as Employer's contribution to Provident Fund in the Statement of Profit and Loss.

B: Superannuation Fund

The company has Superannuatin Scheme - Defined Contribution Scheme maintained by SBFS trust wherein Company contributes a certain percentage every month out of 30% of Basic plus DA (in accordance with DPE guidelines) to the credit of individual employee accounts maintained with LIC.

During the year, the company has recognised ₹ 152.15 crore (2015-16 : ₹ 178.34 crore) as Employer's contribution to Superannuation Fund in the statement of Profit and Loss.

C: The amounts recognised in the Balance Sheet and the movements in the net defined benefit obligation over the year are as follows:

S#		Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
1	**Present value of projected benefit obligation**					
	Present value of Benefit Obligation at the beginning of the period	495.06	562.61	64.84	32.14	13.57
		501.31	504.15	57.84	33.71	2.49
	Interest Cost	39.56	45.35	5.05	2.50	1.08
		38.19	42.45	4.21	2.44	0.20
	Current Service Cost	4.90	49.08	-	-	2.52
		3.04	45.84	-	-	0.46
	Past Service Cost	368.44	-	-	-	-
		-	-	-	-	-
	Benefit paid	(46.15)	(40.06)	(3.51)	(5.72)	(1.51)
		(41.75)	(32.13)	(7.71)	(5.94)	(0.95)
	Actuarial (gains)/ losses on obligations - due to change in financial assumptions	36.91	49.40	2.51	0.71	0.62
		(1.70)	(5.02)	1.22	0.28	(0.17)
	Actuarial (gains)/ losses on obligations - due to experience	(20.96)	(19.59)	(9.86)	0.72	(3.82)
		(4.03)	7.32	9.28	1.65	11.54
	Present value of Benefit Obligation a the end of the period	877.76	646.79	59.03	30.35	12.46
		495.06	562.61	64.84	32.14	13.57
2	**Changes in fair value of plan assets**					
	Fair value of Plan Assets at the beginning of the period	512.75	411.81	NA	NA	NA
		510.96	-	NA	NA	NA
	Interest income	40.97	33.19	NA	NA	NA
		40.37	-	NA	NA	NA
	Contributions by the employer	0.01	144.21	NA	NA	NA
		0.18	432.13	NA	NA	NA
	Contributions by the employee	-	0.59	NA	NA	NA
		-	-	NA	NA	NA
	Benefit paid	(46.15)	(40.06)	NA	NA	NA
		(41.75)	(32.13)	NA	NA	NA
	Return on plan assets, excluding interest income	1.84	11.11	NA	NA	NA
		2.99	11.81	NA	NA	NA
	Fair value of Plan Assets at the end of the period	509.42	560.85	NA	NA	NA
		512.75	411.81	NA	NA	NA
3	**Included in profit and loss account**					
	Current Service Cost	4.90	49.08	-	-	2.52
		3.04	45.84	-	-	0.46
	Past Service Cost	368.44	-	-	-	-
		-	-	-	-	-
	Net interest cost	(1.41)	12.16	5.05	2.50	1.08
		(2.18)	42.45	4.21	2.44	0.20
	Contributions by the employee	-	(0.59)	-	-	-
		-	-	-	-	-
	Total amount recognised in profit and loss account	371.93	60.65	5.05	2.50	3.60
		0.86	88.29	4.21	2.44	0.66

4	**Remeasurements**					
	Return on plan assets, excluding interest income	(1.84)	(11.11)	-	-	-
		(2.99)	(11.81)	-	-	-
	(Gain)/loss from change in demographic assumptions	-	-	-	-	-
		-	-	-	-	-
	(Gain)/loss from change in financial assumptions	36.91	49.40	2.51	0.71	0.62
		(1.70)	(5.02)	1.22	0.28	(0.17)
	Experience (gains)/losses	(20.96)	(19.59)	(9.86)	0.72	(3.82)
		(4.03)	7.32	9.28	1.65	11.54
	Change in asset ceiling, excluding amounts included in interest expense	-	-	-	-	-
		-	-	-	-	-
	Total amount recognised in other comprehensive income	14.11	18.70	(7.35)	1.43	(3.20)
		(8.72)	(9.51)	10.50	1.93	11.37

D: Amount recognised in the Balance Sheet

	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Present value of benefit obligation as on 01.04.2015	501.31	504.15	57.84	33.71	2.49
Fair value of plan assets as on 01.04.2015	510.96	-	-	-	-
Net Liability / (Asset) recognised in Balance Sheet	**(9.65)**	**504.15**	**57.84**	**33.71**	**2.49**

	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Present value of benefit obligation as on 31.03.2016	495.06	562.61	64.84	32.14	13.57
Fair value of plan assets as on 31.03.2016	512.75	411.81	-	-	-
Net Liability / (Asset) recognised in Balance Sheet	**(17.69)**	**150.80**	**64.84**	**32.14**	**13.57**

	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Present value of benefit obligation as on 31.03.2017	877.76	646.79	59.03	30.35	12.46
Fair value of plan assets as on 31.03.2017	509.42	560.85	-	-	-
Net Liability / (Asset) recognised in Balance Sheet	**368.34**	**85.94**	**59.03**	**30.35**	**12.46**

E: Plan assets

	31.03.2017		31.03.2016	
	Gratuity	PRMBS	Gratuity	PRMBS
Plan assets comprise the following:				
Insurance fund	509.42	560.85	512.75	411.81
	509.42	**560.85**	**512.75**	**411.81**

F: Significant estimates: actuarial assumptions and sensitivity

F(i): The significant actuarial assumptions were as follows:

31.03.2017	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Expected Return on Plan Assets	7.26%	7.45%	NA	NA	NA
Rate of Discounting	7.26%	7.45%	7.12%	7.09%	7.26%
Rate of Salary Increase	7.00%	7.00%	NA	NA	7.00%
Medical Cost Inflation	NA	3.00%	NA	NA	NA
Rate of Emloyee Turnover	2.00%	2.00%	NA	NA	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)				
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08)				

31.03.2016	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Expected Return on Plan Assets	7.99%	8.06%	NA	NA	NA
Rate of Discounting	7.99%	8.06%	7.79%	7.79%	7.99%
Rate of Salary Increase	7.00%	7.00%	NA	NA	NA
Rate of Emloyee Turnover	2.00%	2.00%	NA	NA	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)				
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08)				

F(ii): Sensitivity analysis

31.03.2017	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Delta effect of +1% Change in Rate of Discounting	(49.76)	(77.63)	(2.99)	(1.00)	(0.83)
Delta effect of -1% Change in Rate of Discounting	56.44	97.93	3.36	1.07	0.95
Delta effect of +1% Change in Future Benefit cost inflation	-	98.50	-	-	-
Delta effect of -1% Change in Future Benefit cost inflation	-	(78.43)	-	-	-
Delta effect of +1% Change in Rate of Salary Increase	17.49	-	-	-	-
Delta effect of -1% Change in Rate of Salary Increase	(19.61)	-	-	-	-
Delta effect of +1% Change in Rate of Employee Turnover	13.41	-	-	-	-
Delta effect of -1% Change in Rate of Employee Turnover	(14.87)	-	-	-	-

31.03.2016	Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
Delta effect of +1% Change in Rate of Discounting	(26.83)	(64.61)	(3.99)	(1.35)	(1.19)
Delta effect of -1% Change in Rate of Discounting	30.27	80.39	2.79	0.91	1.25
Delta effect of +1% Change in Rate of Salary Increase	2.97	-	-	-	-
Delta effect of -1% Change in Rate of Salary Increase	(3.39)	-	-	-	-
Delta effect of +1% Change in Rate of Employee Turnover	14.74	-	-	-	-
Delta effect of -1% Change in Rate of Employee Turnover	(16.28)	-	-	-	-

G: The expected maturity analysis of undiscounted benfits is as follows:

	Less than 1 year	1 - 2 year	2 - 5 year	6 - 10 year
31.03.2017				
Gratuity	92.85	68.54	308.90	452.75
PRMBS	28.30	30.89	111.09	199.19
Pension	6.82	6.78	20.04	32.19
Ex - Gratia	5.24	5.12	14.95	22.32
Resettlement Allowance	0.96	0.64	3.89	7.02
Total	**134.17**	**111.97**	**458.87**	**713.47**
31.03.2016				
Gratuity	62.18	38.27	175.90	281.41
PRMBS	26.18	28.61	102.51	184.94
Pension	7.54	7.50	22.19	35.68
Ex - Gratia	5.34	5.29	15.47	24.16
Resettlement Allowance	1.11	0.53	3.68	7.69
Total	**102.35**	**80.20**	**319.75**	**533.88**

H: Notes:

Gratuity : All employees are entitled to receive gratuity as per the provisions of Payment of Gratuity Act, 1972. The Defined Benefit Plan of Gratuity is administered by Gratuity Trust. The Board of Trustees comparises of representatives from the Corporation who are also plan participants in accordance with the plans regulation. Based on 3rd pay commission recommendation, the gratuity ceiling has been considered as Rs. 20 lakhs due to that, past service cost of Rs. 368.44 crores is estimated and provided.

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

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.

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.

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.

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.

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.

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.

Figures in italics represent last year figures

77 Previous periods figures are reclassified / regrouped wherever necessary.

HINDUSTAN PETROLEUM CORPORATION LIMITED

Statement of changes in equity as on 31st March 2017

A. Statement of Changes in Equity

	No. of Share	₹ Crores
Balance at 1st April 2015	**338,627,250**	**339.01**
Changes in equity Share Capital	-	-
Balance at 31 March 2016	**338,627,250**	**339.01**
Changes in equity Share Capital	677,254,500	677.25
Balance at 31 March 2017	**1,015,881,750**	**1,016.26**

B. Other Equity **(₹ Crores)**

	Reserves & Surplus					Equity instruments through OCI	Total Other Equity
	General reserve	Share premium	Debenture redemption reserve	FCMITDA	Retained earnings		
Balance at 1 April 2015	**1,809.07**	**1,153.77**	**413.30**	**(62.79)**	**12,621.96**	**45.02**	**15,980.33**
Profit or Loss for the year	-	-	-	-	3,726.16	-	**3,726.16**
Other Comprehensive income for the year	-	-	-	-	(3.64)	(187.52)	**(191.16)**
Proposed dividend for 2014 - 15 (₹ 24.50 per share)	-	-	-	-	(829.64)	-	**(829.64)**
Dividend distribution Tax on above	-	-	-	-	(168.89)	-	**(168.89)**
First Interim Dividends 2015 - 16 (₹ 11.50 per share)	-	-	-	-	(389.42)	-	**(389.42)**
Dividend distribution Tax on above	-	-	-	-	(79.28)	-	**(79.28)**
Second Interim Dividends 2015 - 16 (₹ 7.00 per share)	-	-	-	-	(237.04)	-	**(237.04)**
Dividend distribution Tax on above	-	-	-	-	(48.26)	-	**(48.26)**
Transfer to retained earnings	-	-	(148.17)	-	148.17	-	**-**
Net Addition in FCMITDA	-	-	-	(132.01)	-	-	**(132.01)**
Balance as 31 March 2016	**1,809.07**	**1,153.77**	**265.13**	**(194.80)**	**14,740.12**	**(142.50)**	**17,630.79**
Profit or Loss for the year	-	-	-	-	**6,208.80**	-	**6,208.80**
Other Comprehensive income for the year	-	-	-	-	(15.49)	175.61	**160.12**
Proposed dividend for 2015 - 16 (₹ 16.00 per share)	-	-	-	-	(541.80)	-	**(541.80)**
Dividend distribution Tax on above	-	-	-	-	(110.30)	-	**(110.30)**
First Interim Dividends 2016 - 17 (₹ 22.50 per share)	-	-	-	-	(2,285.73)	-	**(2,285.73)**
Dividend distribution Tax on above	-	-	-	-	(465.32)	-	**(465.32)**
Second Interim Dividends 2016 - 17 (₹ 6.40 per share)	-	-	-	-	(650.16)	-	**(650.16)**
Dividend distribution Tax on above	-	-	-	-	(132.37)	-	**(132.37)**
Issuance of Bonus shares (2 equity shares for each existing share)	-	(677.25)	-	-	-	-	**(677.25)**
Net Addition / amortization in FCMITDA	-	-	-	194.36	-	-	**194.36**
Balance at 31 March 2017	**1,809.07**	**476.52**	**265.13**	**(0.44)**	**16,747.75**	**33.11**	**19,331.14**

Note:

General Reserve : General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of dividend.

Share Premium : Premium collected on issue of securities are accumulated as part of securities premium. Utilisation of such reserve is restricted by the Companies Act, 2013.

Debenture redemption reserve : Debenture redemption reserve represents amounts set aside by the Company for future redemption of debentures.

Foreign Currenyc Monetary Item Translation Difference Account (FCMITDA) : Reserve recognised on account of translation of long term foreign currency denominated borrowings related to non - depreciable Property, Plant & Equipment. Amounts recognised as part of such reserve is recognised in the statement of profit or loss over remaining maturity of related borrowing.

Retained earnings : The balance held in this reserve is the accumulated retained profits and is permitted to be distributed to shareholders as part of dividend.

Equity instruments through OCI : The Corporation has choosen to recognise the changes in the value of certain investments in equity securitites in other comprehansive income. These changes are accumulated within the Equity instruments through OCI reserve.

FOR AND ON BEHALF OF THE BOARD

MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

J RAMASWAMY
Director - Finance
DIN - 06627920

SHRIKANT M. BHOSEKAR
Company Secretary

FOR CVK & Associates
Chartered Accountants
FRN - 101745W

A K Pradhan
Partner
Membership No. 032156

FOR G.M. Kapadia & Co.
Chartered Accountants
FRN - 104767W

Rajen Ashar
Partner
Membership No. 048243

Independent Auditors' Report

TO THE MEMBERS OF HINDUSTAN PETROLEUM CORPORATION LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of HINDUSTAN PETROLEUM CORPORATION LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the 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 Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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.

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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

a) We refer to note no. 58 which indicates that the Company has less than the minimum number of Independent Directors required in terms of the provisions contained in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013. Pending such appointment, these financial statements have been reviewed and recommended to the Board of Directors by the Audit Committee consisting of only one Independent Director; and

b) We refer to note no. 41 in connection with 21 Un-incorporated Joint Ventures (UJVs) involved in exploration activities, of which majority of UJVs are under relinquishment. The attached financial statements include Company's proportionate share in Assets and Liabilities, Income and Expenditure amounting to ₹ 19.98 crores and ₹ 123.41 crores, ₹ 0.47 crores and ₹ 20.22 crores respectively, as at March 31, 2016. In respect of these UJVs, the audited accounts are not available with the Company. The financial information has been incorporated based on un-audited financial statements / data received from the respective operators.

Our opinion is not modified in respect of these matters.

Independent Auditors' Report

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by the section 143(5) of the Act, we give in the Annexure II a statement on the directions / sub-directions issued by the Comptroller and Auditor-General of India.
3. As required by section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The reports on the accounts of the branch office of the Company viz. Visakh Refinery audited under section 143(8) of the Act by the branch auditor have been sent to us and have been properly dealt with by us in preparing this report;
   (d) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;
   (f) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 164(2) of the Act, accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section;
   (g) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure III.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 55 to the standalone financial statements;
      (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
      (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

Sd/-
Atul Shah
Partner
Membership No.: 039569

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Sd/-
A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated : 27th May 2016

Independent Auditors' Report

Annexure I - referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" 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.

(b) The fixed assets of the Company, other than LPG cylinders and pressure regulators with customers are physically verified by the Management in a phased program of three to five years cycle. In our opinion, the programme is reasonable having regard to the size of the Company and the nature of its assets. In our opinion and as per the information given by the management, the discrepancies observed were not material and have been appropriately accounted in the books of account.

(c) According to the information and explanations given to us and based on verification of records on random basis, we report that the title deeds of immovable properties held as fixed assets, other than self-constructed properties, are held in the name of the Company, except for the following:

(₹ In Crores)

Particulars	No. of Cases	Gross Block as at March 31, 2016	Net Block as at March 31, 2016	Remarks
Freehold Land	59	5.12	5.12	Title Deeds not available for verification
Leasehold Land	4	0.30	0.13	Title Deeds not available for verification
Leasehold Land	4	195.18	145.76	Legal formalities of registration of lease deeds pending
Jointly owned land – Lease hold	1	7.21	5.31	Legal formalities of conclusion and registration of joint ownership agreement pending
Total	**68**	**207.81**	**156.32**	
Buildings	11	4.95	3.15	Title Deeds not available for verification

(ii) During the year, the inventories have been physically verified at reasonable intervals by the management. The discrepancies noticed on physical verification, as compared to the book records, were not material having regards to size and nature of operations and have been properly dealt with in the books of account.

(iii) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 188 of the Act in respect of contracts or arrangements entered into between the Government companies. The Company has not granted loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Hence, the question of reporting under sub-clauses (a), (b) & (c) of the clause 3(iii) of the Order does not arise.

(iv) The Company has not granted any loans or provided any guarantees or security to the parties covered under section 185 of the Act. The Company has complied with the provisions of section 186 of the Act in respect of investments made or loans or guarantee or security provided to the parties covered under section 186 of the Act.

(v) The Company has not accepted any deposits from the public, within the meaning of sections 73 to 76 of the Act and the rules framed there under except old cases under dispute aggregating to ₹ 0.02 crores where the Company has complied with necessary directions During the year, the said amount has been transferred to Investor Education and Protection Fund. We are informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in this regard.

(vi) We have broadly reviewed accounts and records maintained by the Company pursuant to rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, in respect of Company's products to which the said rules are made applicable and are of the opinion that, prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of records with a view to determine whether they are accurate.

(vii) (a) According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and any other statutory dues, wherever applicable.

According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2016 for a period of more than 6 months from the date they became payable.

(b) According to the information and explanations given to us, the particulars of statutory dues that have not been deposited on account of disputes are as under:

Statute	Forum pending	Amount in Crores	Period to which amount relates
Customs	Tribunal**	12.16	1998 to 2011
	Appellate Authority*	2.15	1996 to 2015
	Supreme Court	40.78	2005 to 2007
	Total	**55.09**	

Independent Auditors' Report

Statute	Forum pending	Amount in Crores	Period to which amount relates
Central Excise	Tribunal**	325.50	1994 to 2015
	Adjudicating Authority ***	23.50	2004 to 2009
	Revision Authority	1.08	1999 to 2012
	High Court	3.95	1992 to 2008
	Appellate Authority*	12.04	1996 to 2015
	Total	**366.07**	
Sales tax/ Entry tax	Board of Revenue	3.07	2003 to 2013
	Appellate Authority*	3,085.13	1996 to 2015
	Adjudicating Authority ***	6.65	1985 to 2008
	Supreme Court	64.25	2002 to 2004, 2006 to 2008
	High Court	933.94	1979 to 2014
	Objection Hearing Authority	18.04	2008 to 2012
	Appellate & Revisional Board	0.57	2009 to 2010
	Tribunal**	5,315.95	1985 to 2011
	Total	**9,427.60**	
Service Tax	Appellate Authority*	0.80	1996 to 2015
	Tribunal**	67.45	2002 to 2013
	High Court	3.75	1981 to 2010
	Total	**72.00**	
Income Tax	Tribunal**	0.17	2006 to 2011
	Total	**0.17**	

* Appellate Authority represents Assistant Commissioner (A), Deputy Commissioner (A), Joint commissioner (A), Additional Commissioner (A)

** Tribunal represents Sales Tax Appellate Tribunal, Central excise and Service tax Appellate Tribunal (CESTAT) , Income tax Appellate Tribunal (ITAT)

*** Adjudicating authority represents Assessing Officer, Additional Commissioner, Deputy Commissioner, Joint commissioner, Additional Commissioner, Chief Commissioner

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to financial institutions, banks, government or dues to debenture holders.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). According to the information and explanations given to us and on the basis of the records examined by us, the Company has prima facie applied the term loan for the purpose for which it was obtained.

(x) During the course of our examination of the books and records of the Corporation, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of material fraud by the Corporation or on the Corporation by its officers and employees have been noticed or reported during the year,

(xi) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 197 of the Act, accordingly, the question of reporting whether the payment of managerial remuneration is in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act does not arise.

(xii) The Company is not a chit fund or a nidhi company. Hence, the question of reporting under clause 3(xii) of the Order does not arise.

(xiii) As per notification no. G.S.R 463(E) dated June 5, 2015, the Government companies are exempted from the provisions of section 188 of the Act in respect of contracts or arrangements entered into between the Government companies. The Company has complied with the provisions of section 177 and section 188 of the Act in respect of transactions with the related parties and the details have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with him covered under the provisions of section 192 of the Act.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W
Sd/-
Atul Shah
Partner
Membership No.: 039569

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W
Sd/-
A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 27th May, 2016

Independent Auditors' Report

Annexure II referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" of our report of even date

Based on the verification of records of the Company and based on information and explanation given to us, we give below a report on the directions issued by the Comptroller and Auditor General of India in terms of section 143(5) of the Act.

<table>
<tr><th>Sr No</th><th>Areas to be examined</th><th>Observation /Finding</th></tr>
<tr><td>1</td><td>Whether the company has clear title / lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available.</td><td>Based on the verification of the records of the Company and as reported in Annexure I para 1(c) of this report, the Company does not have the original clear title deeds in respect of 68 freehold land /lease hold lands. The details of area of such land as complied by the management is as under:
<table>
<tr><th>Particulars</th><th>No. of Cases</th><th>Acres</th><th>Remarks</th></tr>
<tr><td>Freehold Land</td><td>59</td><td>294.91</td><td>Title Deeds not available for verification</td></tr>
<tr><td>Leasehold Land</td><td>4</td><td>35.86</td><td>Title Deeds not available for verification</td></tr>
<tr><td>Leasehold Land</td><td>4</td><td>306.00</td><td>Legal formalities of registration of lease deeds pending</td></tr>
<tr><td>Jointly owned land – lease hold</td><td>1</td><td>37.00</td><td>Legal formalities of conclusion and registration of joint ownership agreement pending</td></tr>
<tr><td>Total</td><td>68</td><td></td><td></td></tr>
</table></td></tr>
<tr><td>2</td><td>Whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.</td><td>As per the process followed by the Company, any waiver of debt is accounted only with the approval of Competent Authority in line with the Delegation of Authority. Interest on delayed payments is waived from Customers on merit of each case by approving authority. During the year, the Company has written off ₹ 9.62 crores. This includes ₹ 6.75 crores in respect of recoveries on account of Additional Sales tax on CST sales which is not recoverable as per the determination order passed by the Office of the Commissioner of Commercial taxes, West Bengal.</td></tr>
<tr><td>3</td><td>Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s) from Government or other authorities.</td><td>a. Proper records are maintained for inventories lying with third parties.
b. During the year, the Company has not received any assets as gifts from Government or other authorities.</td></tr>
</table>

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

Sd/-
Atul Shah
Partner
Membership No.: 039569

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Sd/-
A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 27th May, 2016

Independent Auditors' Report

Annexure III - referred to in paragraph 3(g) under "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls over Financial Reporting under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **HINDUSTAN PETROLEUM CORPORATION LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and

Independent Auditors' Report

such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates Visakh Refinery audited by the branch auditor, appointed under section 143(8) of the Act is based on the report of the branch auditor which has sent to us and have been properly dealt with by us in preparing this report.

For G. M. Kapadia & Co.
Chartered Accountants
Firm Registration No.: 104767W

Sd/-
Atul Shah
Partner
Membership No.: 039569

For CVK & Associates
Chartered Accountants
Firm Registration No.: 101745W

Sd/-
A.K. Pradhan
Partner
Membership No.: 032156

Place: New Delhi
Dated: 27th May, 2016

Balance Sheet as at 31st March, 2016

₹ / Crores

	Notes	31.03.2016	31.03.2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	339.01	339.01
(b) Reserves and Surplus	4	18,017.09	15,683.08
		18,356.10	**16,022.09**
(2) Non-Current liabilities			
(a) Long - Term Borrowings	5	10,633.48	14,855.83
(b) Deferred Tax Liabilities (Net)	6	4,810.46	4,103.60
(c) Other Long Term Liabilities	7A	9,450.58	8,286.61
(d) Long - Term Provisions	7B	431.27	581.47
		25,325.79	**27,827.51**
(3) Current Liabilities			
(a) Short - Term Borrowings	8	3,888.54	2,199.81
(b) Trade Payables			
(A) total outstanding dues of micro enterprises and small enterprises	9	-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	9	6,587.07	8,935.65
(c) Other Current Liabilities	10A	14,587.91	10,168.06
(d) Short - Term Provisions	10B	1,725.52	2,397.52
		26,789.04	**23,701.04**
TOTAL		**70,470.93**	**67,550.64**
II. ASSETS			
1) Non - Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	33,211.12	28,852.05
(ii) Intangible Assets	12	234.65	210.76
(iii) Capital Work - in - Progress	13	1,876.94	3,474.42
(b) Non - Current Investments	14	6,000.06	5,867.52
(c) Long - Term Loans and Advances	15	1,573.40	1,429.86
(d) Other Non - Current Assets	16	86.03	116.55
		42,982.20	**39,951.16**
(2) Current Assets			
(a) Current Investments	17	4,994.62	5,378.97
(b) Inventories	18	12,709.12	12,972.26
(c) Trade Receivables	19	4,192.66	3,603.05
(d) Cash and Bank Balances	20	19.69	17.07
(e) Short - Term Loans and Advances	21	5,295.52	5,306.52
(f) Other Current Assets	22	277.12	321.61
		27,488.73	**27,599.48**
TOTAL		**70,470.93**	**67,550.64**
Significant Accounting Policies	1 & 2		

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

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/-
J RAMASWAMY
Director - Finance
DIN - 06627920

Sd/-
SHRIKANT M. BHOSEKAR
Company Secretary

FOR CVK & ASSOCIATES
Chartered Accountants
FRN - 101745W

Sd/-
A K PRADHAN
Partner
Membership No. 032156

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Sd/-
Atul Shah
Partner
Membership No. 039569

Place : New Delhi
Date : May 27, 2016

Statement of Profit and Loss for the Year Ended 31st March, 2016

₹ / Crores

	Notes	2015 - 16	2014 - 15
Revenue from Operations			
a. Gross Sale of Products	23A	197,744.28	217,061.11
Less : Excise Duty		18,463.21	10,680.74
b. Net Sale of Products		**179,281.07**	**206,380.37**
c. Other Operating Revenues	23B	290.12	245.81
d. Other Income	23C	1,138.05	1,706.15
Total Revenue (b+c+d)		**180,709.24**	**208,332.33**
Expenses:			
Cost of Materials Consumed		40,523.83	56,158.44
Purchases of Stock-in-Trade		115,948.43	129,278.36
Packages Consumed		287.81	231.40
Excise Duty on Inventory Differential		1,579.99	1,039.36
Transportation Expenses		5,367.18	4,998.75
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	24	177.40	3,749.44
Employee Benefits Expense	25	2,314.53	2,414.66
Exploration Expenses		20.84	27.13
Finance Costs	26	640.14	706.59
Depreciation and Amortization Expense	11 & 12	2,659.44	1,978.76
Other Expenses	27	5,446.04	3,599.79
Total Expenses		**174,965.63**	**204,182.68**
Profit Before Prior Period, Exceptional and Extraordinary Items and Tax		**5,743.61**	**4,149.65**
Prior Period Expenses / (Incomes)	28	5.54	(4.47)
Profit Before Tax		**5,738.07**	**4,154.12**
Tax Expense: (refer note # 38)			
Current tax		1,429.93	1,015.56
Deferred tax		565.78	432.77
Provision for Tax for Earlier years written back (net)		(120.38)	(27.47)
Total Tax Expenses		**1,875.33**	**1,420.86**
Profit / (Loss) after Tax for the Period		**3,862.74**	**2,733.26**
Earnings per equity share: (Basic and Diluted)		114.07	80.72
(2015 - 16 : EPS = Net Profit ₹ 3,862.74 Crores / Weighted Avg. no of shares - 33.863 Crores)			
(2014 - 15 : EPS = Net Profit ₹ 2,733.26 Crores / Weighted Avg. no of shares - 33.863 Crores)			
Significant Accounting Policies	1 & 2		

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

FOR AND ON BEHALF OF THE BOARD

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FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Sd/-
Atul Shah
Partner
Membership No. 039569

Place : New Delhi
Date : May 27, 2016

Cash Flow Statement For The Year Ended 31st March, 2016

₹ / Crores

		2015 - 16	2014 - 15
A.	**Cash Flow From Operating Activities**		
	Net Profit/(Loss) before Tax & Extraordinary Items	**5,738.07**	4,154.12
	Adjustments for :		
	Depreciation / Amortisation	**2,666.77**	1,971.15
	Loss/(Profit) on Sale/write off of Fixed Assets/ CWIP	**19.45**	(67.30)
	Amortisation of Foreign Currency Monetary Item Translation Difference	**251.61**	36.13
	Amortisation of Capital Grant	**(1.94)**	(0.55)
	Spares Written off	**0.41**	1.06
	Provision for Diminution in Value of Non - Current Investments	**282.10**	-
	Provision for Diminution in Value of Current Investments	**-**	(605.04)
	(Profit)/Loss on Sale of Current Investment	**35.86**	34.08
	Finance Costs	**640.14**	706.58
	Exchange Rate Difference on Loans (unrealised)	**279.33**	376.70
	Provision for Doubtful Debts & Receivables	**27.02**	13.30
	Bad Debts written off	**9.62**	-
	Interest Income	**(379.66)**	(409.86)
	Share of Profit from PII	**(0.77)**	(0.59)
	Dividend Received	**(87.45)**	(55.09)
	Operating Profit before Changes in Assets and Liabilities {Sub Total - (i)}	**9,480.56**	**6,154.69**
	(Increase) / Decrease in Assets and Liabilities :		
	Trade Receivables	**(623.46)**	1,849.01
	Loans and Advances and Other Assets	**(166.43)**	5,110.20
	Inventories	**262.74**	5,794.99
	Liabilites and Other Payables	**(930.46)**	(305.65)
	Sub Total - (ii)	**(1,457.61)**	**12,448.55**
	Cash Generated from Operations (i) + (ii)	**8,022.95**	**18,603.24**
	Less : Direct Taxes / FBT refund / (paid) - Net	**1,214.22**	762.15
	Net Cash from Operating Activities (A)	**6,808.73**	**17,841.09**
B.	**Cash Flow From Investing Activities**		
	Purchase of Fixed Assets (incl. Capital Work in Progress / excluding interest capitalised)	**(4,704.59)**	(4,176.23)
	Sale of Fixed Assets	**15.97**	109.81
	Purchase of Investments (Including share application money pending allotment/Advance towards Equity)	**(296.53)**	(14.75)
	Investment in Subsidiary	**(125.00)**	-
	Sale Proceeds of Oil bonds	**352.42**	321.04
	Loan given to Subsidiary	**(84.00)**	-
	Capital refunded from PII	**4.95**	-
	Interest received	**384.09**	413.71
	Dividend Received	**87.45**	55.09
	Net Cash Flow generated from / (used in) Investing Activities (B)	**(4,365.24)**	**(3,291.33)**

Cash Flow Statement For The Year Ended 31st March, 2016

₹ / Crores

		2015 - 16	2014 - 15
C.	**Cash Flow From Financing Activities**		
	Long term Loans raised	4,988.29	4,478.58
	Long term Loans repaid	(6,637.80)	(2,741.43)
	Short term Loans raised / (repaid)	1,615.65	(14,927.14)
	Capital Grant Received	13.28	-
	Finance Cost paid	(674.84)	(764.69)
	Dividend paid (including Interim dividend and dividend distribution tax)	(1,749.18)	(613.58)
	Net Cash Flow generated from / (used in) Financing Activities (C)	**(2,444.60)**	**(14,568.26)**
	Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	**(1.11)**	**(18.50)**
	Opening Balance of Cash and Cash Equivalents		
	Cash and Cash Equivalents		
	Cash on hand	7.81	12.58
	Cheques Awaiting Deposit	1.07	0.15
	With Scheduled Banks:		
	- On Current Accounts	0.27	14.92
	- On Non-operative Current Accounts	0.01	0.01
		9.16	**27.66**
	Closing Balance of Cash and Cash Equivalents		
	Cash and Cash Equivalents		
	Cash on hand	7.67	7.81
	Cheques Awaiting Deposit	0.12	1.07
	With Scheduled Banks:		
	- On Current Accounts	0.25	0.27
	- On Non-operative Current Accounts	0.01	0.01
		8.05	**9.16**
	Net Increase / (Decrease) in Cash and Cash Equivalents	**(1.11)**	**(18.50)**

FOR AND ON BEHALF OF THE BOARD

Sd/-
MUKESH KUMAR SURANA
Chairman & Managing Director
DIN - 07464675

Sd/-
J RAMASWAMY
Director - Finance
DIN - 06627920

Sd/-
SHRIKANT M. BHOSEKAR
Company Secretary

Place : New Delhi
Date : May 27, 2016

FOR CVK & ASSOCIATES
Chartered Accountants
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Partner
Membership No. 032156

FOR G.M. KAPADIA & CO.
Chartered Accountants
FRN - 104767W

Sd/-
Atul Shah
Partner
Membership No. 039569

Notes to the Financial Statements as at 31st March, 2016

CORPORATE OVERVIEW

Hindustan Petroleum Corporation Limited referred to as "HPCL" or "the Corporation" was incorporated on 5th July, 1952. HPCL is a Government of India Enterprise listed on the Bombay Stock exchange Limited and National Stock Exchange of India Limited. The Corporation is engaged in the business of refining of crude oil and marketing of petroleum products. It has refineries at Mumbai and Vishakhapatnam, LPG bottling plants and Lube blending plants. The Corporation's marketing infrastructure includes vast network of Installations, Depots, Retail Outlets, Aviation Service Stations and LPG distributors.

SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements are prepared under historical cost convention in accordance with Generally Accepted Accounting Principles in India (Indian GAAP), Accounting Standards notified under Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. In accordance with first proviso to Section 129 (1) of the Act and Schedule III to the Act, the terms contained in the enclosed financial statements are in accordance with the Accounting Standards.

1.2 Use of Estimates

Necessary estimates and assumptions that affect the amounts reported in the financial statements and notes thereto are made during the reporting period and difference between the actual and the estimates are recognised in the period in which the results materialise.

2.1 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.
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 straight line method. In accordance with requirements prescribed under Schedule II of Companies Act, 2013, the Company has assessed the estimated useful lives of its fixed assets and has adopted the useful lives and residual value as prescribed in Schedule II except for, plant and machinery relating to Retail Outlets (other than Storage tanks and related equipment), Cavern Structure and LPG cylinders & regulators. The useful life of plant and machinery relating to Retail Outlets (other than Storage tanks and related equipment) and LPG Cylinders & Regulators is considered as 15 years and for Cavern Structure as 60 years based on internal technical assessment.
b. In line with the provisions of Schedule II of the Companies Act 2013, the Company depreciates significant components of the main asset (which have different useful lives as compared to the main asset) based on the individual useful life of those components. Useful life for such components has been assessed based on the historical experience and internal technical inputs.
c. All assets costing up to ₹ 5000/-, other than LPG cylinders and pressure regulators, are fully depreciated in the year of capitalisation.
d. Premium on leasehold land is amortised over the period of lease.
e. 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.
f. 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.
g. Application software are normally amortised over a period of four years, or over its useful life, whichever is earlier.

Notes to the Financial Statements as at 31st March, 2016

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, except 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 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.

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

2.12 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.

Notes to the Financial Statements as at 31st March, 2016

The Company's contribution to the Provident Fund is remitted to separate trusts established for this purpose based on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss. Shortfall, if any, in the fund assets, based on the Government specified minimum rate of return, will be made good by the Company and charged to Statement of Profit and 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.

2.13 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

2.14 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.

2.15 CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND PROVISIONS

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.

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.

c. 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.

2.16 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.

2.17 EARNINGS PER SHARE

a. Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period.

b. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjustedfor the effect of all dilutive potential equity shares.

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
3. SHARE CAPITAL		
A. Authorised:		
75,000 (31.03.2015 : 75,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	0.75	0.75
34,92,50,000 (31.03.2015 : 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 (31.03.2015 : 33,93,30,000) Equity Shares of ₹ 10/- each	339.33	339.33
Less: 7,02,750 (31.03.2015 : 7,02,750) Shares Forfeited	0.70	0.70
33,86,27,250 (31.03.2015 : 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) Reconciliation of number of Equity Shares

	31.03.2016	31.03.2015
Opening Balance	33,86,27,250	33,86,27,250
Shares Issued \ Shares bought back	-	-
Closing Balance	**33,86,27,250**	**33,86,27,250**

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

Name of shareholder	31.03.2016		31.03.2015	
	% Holding	No. of Shares	% Holding	No. of Shares
President of India	51.11	17,30,76,750	51.11	17,30,76,750
Life Insurance Corporation of India	2.60	88,16,223	5.18	1,75,31,442

(c) 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

	31.03.2016	31.03.2015
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	413.31	275.54
Add: Transfer from Surplus in the Statement of Profit and Loss	-	137.77
Less: Transfer to Surplus in the Statement of Profit and Loss	148.17	-
	265.14	**413.31**

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
Capital Grant		
As per last Balance Sheet	2.94	3.50
Add : Additions during the year	13.28	-
Less: Amortised during the year	1.94	0.56
	14.28	**2.94**
Foreign Currency Monetary Item Translation Difference Account		
As per last Balance Sheet	(63.16)	161.56
Add : Additions during the year	(385.59)	(260.86)
Less : Amortised during the year	(251.61)	(36.14)
	(197.14)	**(63.16)**
General Reserve		
As per last Balance Sheet	1,809.08	1,809.08
Add : Transfer from The Statement of Profit and Loss	-	-
	1,809.08	**1,809.08**
Surplus		
As per last Balance Sheet	12,367.14	11,269.70
Less : Depreciation on Assets where revised useful life as per Schedule II of The Companies Act, 2013 has completed (2014 - 2015 : Net of Deferred Tax of ₹ 264.36 crores)	-	499.52
Add: Profit for the year	3,862.74	2,733.26
Add: Transfer from Debenture Redemption Reserve	148.17	-
Less : Profit appropriated to Debenture Redemption Reserve	-	137.77
Less : Profit appropriated to Interim Dividend (Dividend Per Share : ₹ 18.50)	626.46	-
Less : Profit appropriated to Proposed Dividend (Dividend Per Share: ₹ 16.00 Per Share (2014 - 15 : ₹ 24.50 per share))	541.80	829.64
Less : Profit appropriated to Tax on Distributed Profits	237.83	168.89
	14,971.96	**12,367.14**
	18,017.09	**15,683.08**
5. LONG-TERM BORROWINGS		
Secured Loans		
8.77% Non-Convertible Debentures (refer note 5.1)	975.00	975.00
8.75% Non-Convertible Debentures (refer note 5.1)	-	545.00
Term Loans from Oil Industry Development Board (refer note 5.2)	348.25	258.00
	1,323.25	**1,778.00**
Less : Current Maturities of Long Term Borrowings (Refer note 10A)	64.50	579.50
	1,258.75	**1,198.50**
Unsecured Loans		
Term Loans from Oil Industry Development Board (refer note 5.3)	125.00	325.00
Syndicated Loans from Foreign Banks (repayable in foreign currency) (refer note 5.4)	9,374.73	9,782.03
Syndicated Working Capital Loans from Foreign Banks (repayable in foreign currency) (refer note 5.4)	6,625.25	6,250.50
	16,124.98	**16,357.53**
Less : Current Maturities of Long Term Borrowings (Refer note 10A)	6,750.25	2,700.20
	9,374.73	**13,657.33**
	10,633.48	**14,855.83**

Notes to the Financial Statements as at 31st March, 2016

5.1 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 first legal mortgage by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Visakh Refinery.

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, by way of a Registered Debenture Trust Deed over immovable property of the company being undivided share of land with the entire First Floor in the building High Street 1, situated at Ahmedabad and the first charge of fixed assets mainly certain Plant and Machinery at Mumbai Refinery.

During the year ended March, 2016 an amount of Nil (31.03.2015 : ₹ 545.00 crores) of 8.75% Non-Convertible Debentures is repayable within one year and shown in note # 10 A. These Debentures Matured on 9th November, 2015.

5.2 Secured Term Loans from Oil Industry Development Board

Repayable during	As on 31st Mar 2016		As on 31st Mar 2015	
	Repayable Amount (₹ / Crores)	Range of Interest Rate	Repayable Amount (₹ / Crores)	Range of Interest Rate
2015-16*	-	-	34.50	7.20%-9.27%
2016-17*	64.50	8.07 %-9.27 %	64.50	8.07%-9.27%
2017-18	95.69	7.86 %-9.27 %	64.50	8.78%-9.27%
2018-19	95.69	7.86 %-9.27 %	64.50	8.78%-9.27%
2019-20	61.19	7.86 %-9.11 %	30.00	8.78%-9.11%
2020-21	31.19	7.86 %-8.09 %	-	-
Total	**348.25**		**258.00**	

* : Security has been created with first charge on the facilities of Awa Salawas Pipeline, Mangalore Hasan Mysore LPG Pipeline, Uran - Chakan / Shikarpur LPG Pipeline & Rewari Project Pipeline. ₹ 64.50 Crores (31.03.2015 : ₹ 34.50 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

5.3 Unsecured Term Loans from Oil Industry Development Board

Repayable during	As on 31st Mar 2016		As on 31st Mar 2015	
	Repayable Amount (₹ / Crores)	Range of Interest Rate	Repayable Amount (₹ / Crores)	Range of Interest Rate
2015-16*	-	-	200.00	7.20%-9.27%
2016-17*	125.00	8.07 %-9.27 %	125.00	8.07%-9.27%
Total	**125.00**		**325.00**	

* : ₹ 125 Crores (31.03.15 : ₹ 200.00 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

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

The Company has availed Long Term Foreign Currency Syndicated Loans from banks at 3 months floating LIBOR plus spread (spread range : 65 to 170 basis point p.a.). These loans are taken for the period of 3 - 5 years. ₹ 6,625.25 Crores (31.03.15 : ₹ 2,500.20 Crores) is repayble within 1 year and the same has been shown as "Current Maturity of Long Term Debts" under Note # 10 A.

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
6. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Assets		
Provision for Employee Benefits	211.82	272.62
Provision for diminution in value of current investments	166.78	172.57
Others	201.87	174.38
Total (A)	**580.47**	**619.57**
Deferred Tax Liabilities		
Depreciation	5,294.68	4,707.53
Others	96.25	15.64
Total (B)	**5,390.93**	**4,723.17**
Total Deferred Tax Liability (Net) (B) - (A)	**4,810.46**	**4,103.60**
7A. OTHER LONG TERM LIABILITIES		
Deposits from Dealers /Consumers/Suppliers (refer note 7A.1)	9,397.77	8,253.85
Other Deposits	3.10	3.12
Retention Money	49.71	29.64
	9,450.58	**8,286.61**

7A1 : Includes amount towards Rajiv Gandhi Gramin LPG Vitrak Yojana of ₹ 219.64 Crores (31.03.15 : ₹ 34.07 Crores)

	31.03.2016	31.03.2015
7B. LONG-TERM PROVISIONS		
Provision for Long Term Employee Benefits (refer note 57)	431.27	581.47
	431.27	**581.47**
8. SHORT-TERM BORROWINGS		
Loans repayable 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)	1,490.00	1,090.00
Cash Credit (Secured by hypothecation of Inventories in favour of Banks on pari passu basis)	2,398.54	1,109.81
	3,888.54	**2,199.81**
9. TRADE PAYABLES		
Micro, Small and Medium Enterprises	-	-
Trade Payables	6,587.07	8,935.65
	6,587.07	**8,935.65**

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
10A.OTHER CURRENT LIABILITIES:		
Current Maturities of Long Term Borrowings (refer note 10A.1)	6,814.75	3,279.70
Outstanding dues of Micro, Small and Medium Enterprises (refer note 10A.2)	18.55	15.19
Other Deposits	148.82	155.05
Interest accrued but not due on loans	28.83	47.73
Unpaid Dividend (refer note 10A.3)	6.36	3.02
Unpaid matured Fixed Deposits	-	0.02
Preference Share Capital redeemed remaining unclaimed / unencashed	0.01	0.01
Other Liabilities (refer note 10A.4)	7,570.59	6,667.34
	14,587.91	**10,168.06**

10A.1 : This includes loans repayable within one year: Syndicated Loans from Foreign Banks (repayable in foreign currency) ₹ 6,625.25 Crores (31.03.15: ₹ 2,500.20 Crores), 8.75% Non - Convertible Debenture Nil (31.03.15: ₹ 545.00 Crores), and Loan from Oil Industry and Development Board ₹ 189.50 Crores (31.03.15: ₹ 234.50 Crores).

10A.2 : 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. (Refer note # 39).

10A.3 : No amount is due as at the end of the year for credit to Investors' Education and Protection Fund.

10A.4 : Includes Statutory Liabilities of ₹ 2,979.39 Crores (31.03.15: ₹ 2,635.81 Crores), Liabilities relating to retention money payable to Suppliers within one year, Supplies / Project related payables, etc. ₹ 4,299.59 Crores (31.03.15: ₹ 3,748.77 Crores).

₹ / Crores

	31.03.2016	31.03.2015
10B.SHORT-TERM PROVISIONS		
Employee Benefits (refer note 57)	711.41	1,037.72
Provision for Tax (Net of Advance Tax)	362.01	361.27
Proposed Dividend	541.80	829.64
Tax on Distributed Profits	110.30	168.89
	1,725.52	**2,397.52**

11. TANGIBLE ASSETS (₹ / Crores)

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation					Net Block	
		As at 1st Apr, 2015	Additions / Reclassifica-tions	Deductions / Reclassifica-tions	As at 31st March , 2016	As at 1st Apr, 2015	For the Year	Depreciation Impact as per Schedule II	Deductions / Reclassifica-tions	As at 31st March , 2016	As at 31st March , 2016	As at 31st March , 2015
1	Land -Freehold	785.92	20.52	17.18	789.26	-	-	-	-	-	789.26	785.92
2	Leasehold Property - Land	408.48	29.64	2.68	435.44	93.80	16.03	-	-	109.83	325.61	314.68
3	Buildings	4,217.85	730.61	19.91	4,928.55	573.22	122.82	-	(0.74)	696.78	4,231.77	3,644.63
4	Plant & Equipment	37,833.12	6,079.16	2,514.85	41,397.43	15,887.03	1,771.14	-	193.75	17,464.42	23,933.01	21,946.09
5	Furniture & Fixtures	187.14	31.00	3.14	215.00	94.63	18.09	-	(5.26)	117.98	97.02	92.51
6	Transport Equipment	169.88	11.88	13.58	168.18	119.81	12.69	-	13.42	119.08	49.10	50.07
7	Office Equipment	933.57	2,218.93	37.27	3,115.23	917.38	351.65	-	(26.72)	1,295.75	1,819.48	16.19
8	Roads and Culverts	2,732.72	272.37	14.42	2,990.67	932.24	336.05	-	4.00	1,264.29	1,726.38	1,800.48
9	Railway Siding & Rolling Stock	491.65	59.22	0.18	550.69	290.17	21.12	-	0.09	311.20	239.49	201.48
	Grand Total	**47,760.33**	**9,453.33**	**2,623.21**	**54,590.45**	**18,908.28**	**2,649.59**	**-**	**178.54**	**21,379.33**	**33,211.12**	**28,852.05**
	Previous Year 2014-15	42,172.14	5,808.11	219.92	47,760.33	16,374.95	1,946.89	763.88	177.44	18,908.28	28,852.05	25,797.19

Notes to the Financial Statements as at 31st March, 2016

Notes:

1. Includes assets costing ₹ 0.007 crores (2014-2015 : ₹ 0.007 crores) 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 ₹ 477.90 Crores (2014-2015: ₹ 153.60 Crores) towards Building, Other Machinery, Pipelines, Railway Sidings, Right of Way etc. being the Corporation's Share of Cost of Land & Other Assets jointly owned with other Companies.
3. Includes ₹ 35.28 Crores (2014-2015 : ₹ 35.99 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 II of the Companies Act, 2013.
4. (a) 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 (31/03/2016)	Original Cost (31/03/2015)
Roads & culverts	0.13	0.13
Buildings	1.62	1.62
Plant & Equipment	2.65	2.79
Total	**4.40**	**4.54**

(b) Includes assets held under PAHAL (DBTL) scheme against which financial assistance is provided by MOP&NG.

₹ / Crores

Description	Original Cost (31/03/2016)	Original Cost (31/03/2015)
Roads & culverts	3.31	NIL
Buildings	5.85	NIL
Plant & Equipment	0.01	NIL
Total	**9.17**	**NIL**

5. Includes Assets retired from active use and held for disposal - Gross Block: ₹ 177.22 Crores / Net Block: ₹ 37.08 Crores (2014-2015: Gross Block: ₹ 34.69 Crores / Net Block: ₹ 2.98 Crores). These Assets are valued at their Net Book Value or Net Realisable Value whichever is lower: ₹ 12.01 Crores (2014-2015: ₹ 2.56 Crores).
6. Leasehold Land includes ₹ 26.87 Crores (2014-15: ₹ 25.25 Crores) for land acquired on lease-cum-sale basis from Karnataka Industrial Area Development Board (KIADB) which is capitalized without being amortised over the period of lease. Lease shall be converted into Sale on fulfillment of certain terms and conditions as per allotment letter.

12. INTANGIBLE ASSETS

(₹ / Crores)

Sr. No.	Description	Gross Block (at cost)				Depreciation / Amortisation					Net Block	
		As at 1st Apr, 2015	Additions / Reclassifica-tions	Deductions / Reclassifica-tions	As at 31st March , 2016	As at 1st Apr, 2015	For the Year	Depreciation Impact as per Schedule II	Deductions / Reclassifica-tions	As at 31st March , 2016	As at 31st March , 2016	As at 31st March , 2015
1	Right of Way	150.32	11.07	-	161.39	3.21	1.30	-	-	4.51	156.88	147.11
2	Technical / Process Licenses	90.55	27.03	9.68	107.90	48.13	6.92	-	-	55.05	52.85	42.42
3	Software	173.72	15.13	0.01	188.84	152.49	11.44	-	0.01	163.92	24.92	21.23
	Grand Total	**414.59**	**53.23**	**9.69**	**458.13**	**203.83**	**19.66**	**-**	**0.01**	**223.48**	**234.65**	**210.76**
	Previous Year 2014-15	294.62	119.98	0.01	414.59	179.57	24.27	-	0.01	203.83	210.76	115.05

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

			31.03.2016	31.03.2015
13. CAPITAL WORK-IN-PROGRESS				
Unallocated Capital Expenditure and Materials at Site			1,623.17	2,694.85
Capital Stores lying with Contractors			9.00	304.92
Capital goods in transit			4.63	1.22
			1,636.80	**3,000.99**
Construction period expenses pending apportionment (Net of recovery) :				
	31.03.2016	**31.03.2015**		
Opening balance	**473.43**	**704.66**		
Add: Expenditure during the year				
Establishment charges including Salaries & Wages	81.29	107.05		
Interest	113.34	266.12		
Loss / (Gain) on foreign currency transactions and translations	161.94	104.73		
Others	0.34	9.60		
	830.34	**1,192.16**		
Less: Allocated to assets capitalised during the year / charged off	590.20	718.73		
Closing balance pending allocation			**240.14**	**473.43**
			1876.94	**3474.42**

	31.03.2016	31.03.2015
14. NON-CURRENT INVESTMENTS		
Trade Investments		
Quoted		
Investments in Equity		
Investments in Joint Venture		
Mangalore Refinery and Petrochemicals Ltd.		
29,71,53,518 (31.03.2015 : 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 (31.03.2015 : 1,33,75,275) Equity Shares of ₹ 10 each fully paid up		
Scooters India Ltd.	0.01	0.01
10,000 (31.03.2015 : 10,000) Equity Shares of ₹ 10 each fully paid up		
Unquoted		
Investment in Equity		
Investments in Subsidiaries		
CREDA HPCL Biofuel Ltd.	-	16.10
1,60,99,803 (31.03.2015 : 1,60,99,803) Equity Shares of ₹ 10 each fully paid up [at cost less provision for other than temporary dimunition in value ₹ 16.10 Crores (31.03.2015 : Nil)]		
HPCL - Biofuels Ltd.	44.52	205.52
20,55,20,000 (31.03.2015 : 20,55,20,000) Equity Shares of ₹ 10 each fully paid up [at cost less provision for other than temporary dimunition in value ₹ 161.00 Crores (31.03.2015 : Nil)]		
Prize Petroleum Co. Ltd	140.00	120.00
24,49,99,600 (31.03.2015 : 11,99,99,600) Equity Shares of ₹ 10 each fully paid up [at cost less provision for other than temporary dimunition in value ₹ 105.00 Crores (31.03.2015 : Nil)]		
HPCL Rajasthan Refinery Ltd (refer note 14.1)	74.00	74.00
37,000 (31.03.2015 : 37,000) Equity Shares of ₹ 10 each fully paid-up		

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
Investments in Joint Venture		
HPCL-Mittal Energy Ltd.	3,939.56	3,690.74
3,93,95,55,200 (31.03.2015 : 3,69,07,35,200) Equity Shares of ₹10 each fully paid up		
Hindustan Colas Pvt. Ltd.	4.73	4.73
47,25,000 (31.03.2015 : 47,25,000) Equity Shares of ₹ 10 each fully paid-up		
Petronet India Ltd.	-	-
1,59,99,999 (31.03.2015 : 1,59,99,999) Equity Shares of ₹ 10 each fully paid up [at cost less provision for other than temporary dimunition in value ₹ 16.00 Crores (31.03.2015 : 16.00 Crores)]		
Petronet MHB Ltd.	157.84	157.84
15,78,41,000 (31.03.2015 : 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 (31.03.2015 : 5,00,00,000) Equity Shares of ₹ 10 each fully paid up		
Bhagyanagar Gas Ltd.	22.50	22.50
2,24,99,997 (31.03.2015 : 2,24,99,997) Equity Shares of ₹ 10 each fully paid up		
Aavantika Gas Ltd	22.50	22.50
2,24,99,998 (31.03.2015 : 2,24,99,998) Equity Shares of ₹ 10 each fully paid up		
GSPL India Transco Ltd	18.15	15.40
1,81,50,000 (31.03.2015 : 1,54,00,000) Equity Shares of ₹ 10 each fully paid up		
GSPL India Gasnet Ltd	23.32	20.57
2,33,22,128 (31.03.2015 : 2,05,72,128) Equity Shares of ₹ 10 each fully paid up		
HPCL Shapoorji Energy Pvt. Ltd.	11.50	5.00
1,15,00,000 (31.03.2015 : 50,00,000) Equity Shares of ₹ 10 each fully paid up		
Mumbai Aviation Fuel Farm Facility Pvt. Ltd.	38.27	4.50
3,82,71,250 (31.03.2015 : 45,02,500) Equity Shares of ₹ 10 each fully paid up		
Investment in Preference Shares		
Investments in Subsidiary		
5% HPCL - Biofuels Ltd. Non-Cumulative Pref Shares	419.65	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) Contribution towards Seed Capital (refer note 14.2)	0.05	5.00
Total Trade Investments - A	**6,000.04**	**5,867.50**

14.1 : Includes amount of ₹ 73.96 Crores (31.03.2015 : ₹ 73.96 Crores) towards Subscribed, but not paid shares of HPCL Rajasthan Refinery Limited being part of MOA / AOA for which liability is created under Section 10 (2) of the Companies Act, 2013.

14.2 : 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 Indian Oil Corporation which is holding 30% and Bharat Petroleum Corporation Ltd. which is holding 20%.

	31.03.2016	31.03.2015
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	-	-
- On hand - ₹ 0.14 lakhs (refer note 14.3)	0.00	0.00
Less: Provision for diminution on Investments	(0.00)	(0.00)

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
Investment in Debentures or bonds		
East India Clinic Ltd.		
- 1/2% Debenture of face value of ₹ 14,600 each - ₹ 0.15 lakhs	0.00	0.00
- 5% Debenture of face value of ₹ 6,500 each - ₹ 0.07 lakhs	0.00	0.00
Investment in Equity		
Shushrusha Citizen Co-operative Hospital Limited	0.00	0.00
100 (31.03.2015 : 100) Equity Shares of ₹ 100/- each fully paid		
Total Other Investments - B	**0.02**	**0.02**
Total Non - Current Investments (A + B)	**6,000.06**	**5,867.52**

14.3 : Includes ₹ 0.14 lakhs (31.03.2015 : ₹ 0.14 lakhs) not in the possession of the Company

₹ / Crores

Disclosure towards Cost / Market Value		31.03.2016		31.03.2015	
		Market Value	Cost	Market Value	Cost
a	Aggregate amount of Quoted Investments	2,411.69	1,033.45	2,602.18	1,033.45
b	Aggregate amount of Unquoted Investments		5,264.71		4,850.07
c	Aggregate amount of provision for diminution		298.10		16.00
			6,000.06		**5,867.52**

₹ / Crores

	31.03.2016	31.03.2015
15. LONG-TERM LOANS AND ADVANCES		
Secured, considered good :		
Employee Loans and Advances	222.18	224.27
Interest Accrued thereon	195.09	186.35
Unsecured, considered good :		
Capital Advances	21.74	159.62
MAT Credit Entitelments	429.57	344.33
Balances with Excise, Customs, Port Trust etc.	2.07	1.97
Other Deposits	115.91	84.44
Prepaid Expenses	16.20	6.14
Advance tax (net of provisions)	185.22	192.00
Share application money pending allotment (to Related Parties)	-	2.00
Advances given to others	12.00	12.00
Other Receivables (refer note 15.1)	214.42	216.74
Loans to Related Party (refer note 46)	159.00	-
	1,573.40	**1,429.86**

15.1 : Includes Working Capital Loans to customers ₹ 32.34 Crores (31.03.2015 : ₹ 37.03 Crores).

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
16. OTHER NON - CURRENT ASSETS		
Unamortized Expenses (including ancillary cost, refer note # 37)	86.03	116.55
	86.03	**116.55**
17. CURRENT INVESTMENTS		
TRADE INVESTMENTS (Quoted)		
6.90% Oil Marketing Companies' GOI Special Bonds, 27,71,36,000 (31.03.2015 : 31,76,36,000) ₹ 100 each face value (refer note 17.1)	2,560.38	2,949.25
8.00% Oil Marketing Companies' GOI Special Bonds, 24,41,000 (31.03.2015 : 24,41,000) ₹ 100 each face value	24.41	24.41
8.20% Oil Marketing Companies' GOI Special Bonds, 1,23,49,000 (31.03.2015 : 1,23,49,000) ₹ 100 each face value	123.49	123.49
6.35% Oil Marketing Companies' GOI Special Bonds, 25,32,33,000 (31.03.2015 : 25,32,33,000) ₹ 100 each face value	2,277.39	2,276.81
	4,985.67	**5,373.96**
TRADE INVESTMENTS (Unquoted)		
Sai Wardha Power Ltd	3.89	-
38,91,734 Equity Shares of ₹ 10 each fully paid up		
OTHER INVESTMENTS		
Gold Coins in Hand	5.06	5.01
	4,994.62	**5,378.97**

₹ / Crores

Disclosure towards Cost / Market Value	31.03.2016		31.03.2015	
	Market Value	Cost	Market Value	Cost
Aggregate of Quoted Investments	4,985.67	5,451.59	5,373.96	5,856.59
Aggregate of Unquoted Investments		8.95		5.01
Aggregate provision made for diminution in value of current Investments		465.92		482.63
		4,994.62		**5,378.97**

17.1 : Bonds of face value of ₹ 2,750 Crores pledged with Clearing Corporation of India Limited against CBLO Loan.

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

		31.03.2016	31.03.2015
18. INVENTORIES			
(As per Inventory taken, valued and certified by the Management)			
Raw Materials (Including in transit ₹ 1,229.77 Crores, 31.03.2015 : ₹ 1,083.53 Crores)		2,365.36	2,320.39
Work - in - Progress		224.32	449.58
Finished Goods		5,036.28	5,458.94
Stock - in - Trade (Including in transit ₹ 202.81 Crores, 31.03.2015 : ₹ 145.03 Crores)		4,644.42	4,173.90
Stores and Spares (Including in transit ₹ 5.24 Crores, 31.03.2015 : ₹ 15.32 Crores)		425.32	552.11
Packages		13.42	17.34
		12,709.12	**12,972.26**
19. TRADE RECEIVABLES			
Over six months (from the due date) :			
Unsecured Considered good		242.89	101.35
Considered Doubtful		155.54	147.45
Less: Provision for Doubtful Debts		155.54	147.45
		242.89	**101.35**
Others :			
Unsecured Considered good		3,949.77	3,501.70
		3,949.77	**3,501.70**
		4,192.66	**3,603.05**
20. CASH AND BANK BALANCES			
Cash and Cash Equivalents			
Cash on Hand		7.67	7.81
Cheques Awaiting Deposit		0.12	1.07
Balances With Scheduled Banks:			
- On Current Accounts		0.25	0.27
- On Non-operative Current Accounts		0.01	0.01
Fixed Deposit Accounts with Scheduled Bank		5.28	4.89
Earmarked for Unpaid dividend		6.36	3.02
Current Account with Municipal Co-operative Bank Ltd.		-	0.00
Earmarked for DBTL Claim (refer note 20.1)	415.11		
Less : DBTL Buffer Liability	415.11	-	-
		19.69	**17.07**

20.1 : Represents Amount as of 31.03.2016 out of funds remitted by GOI in Connection with Direct Benefit Transfer of LPG Scheme and held on behalf of Govt. of India.

Notes to the Financial Statements as at 31st March, 2016

₹ / Crores

	31.03.2016	31.03.2015
21. SHORT-TERM LOANS AND ADVANCES		
Secured, considered good :		
Employee Loans and Advances	42.24	41.98
Interest Accrued thereon	4.48	6.64
Unsecured, considered good :		
Advances recoverable in cash or in kind or for value to be received	35.19	56.68
Balances with Excise, Customs, Port Trust etc.	445.38	449.56
Other Deposits	0.34	0.28
Prepaid Expenses	64.03	28.49
Amounts recoverable under Subsidy Schemes	2,019.08	737.03
Loans to Related Parties (Refer Note # 46)	-	75.00
Other Receivables (refer note 21.1)	2,684.78	3,910.86
Total A	**5,295.52**	**5,306.52**
Unsecured, considered doubtful :		
Accounts Receivable & Deposits	5.94	3.97
Less : Provision for Doubtful Receivables	5.94	3.97
Total B	-	-
Total (A+B)	**5,295.52**	**5,306.52**

21.1 : Includes : ₹ 759.81 Crores (31.03.2015 : ₹ 697.84 Crores) deposits made with LIC for liability towards Leave Encashment, ₹ 1,663.17 crores (31.03.2015 : ₹ 2,835.27 Crores) recoverable from Government of India towards Direct Benefit Transfer for LPG consumers (DBTL).

	31.03.2016	31.03.2015
22. OTHER CURRENT ASSETS		
Interest Accrued on Investments	74.55	78.97
Unamortized Expenses (refer note # 37)	76.32	89.39
Delayed Payment Charges Receivable from Customers	209.91	219.97
Less : Provision for doubtful receivables	83.66	66.72
	277.12	**321.61**

Notes to the Financial Statements for the year ending 31st March, 2016

₹ / Crores

	2015-16	2014-15
23A. GROSS SALES OF PRODUCTS		
Sale of Products (refer note 23.1)	195,971.25	211,318.38
Recovery under Subsidy Schemes	1,773.03	5,742.73
	197,744.28	**217,061.11**
23.1 : Net of Discount of ₹ 1,805.78 Crores, (2014-15 : ₹ 1,499.46 Crores) and includes amount towards Additional SSC of ₹ 430.14 Crores (2014-15 : ₹ 405.93 Crores)		
23B. OTHER OPERATING REVENUES		
Rent Recoveries	113.84	103.69
Net Recovery for LPG Filling Charges	3.08	4.38
Miscellaneous Income	173.20	137.74
	290.12	**245.81**
23C. OTHER INCOME		
Interest On :		
Deposits	0.80	0.65
Staff Loans	21.96	22.40
Customers' Accounts	117.71	145.09
Current Investments	379.66	409.86
Others	136.14	162.79
	656.27	**740.79**
Dividend income (refer note 23C.1)	87.45	55.09
(Provision) / Reversal for Diminution in value of Current Investments	16.71	605.04
Share of Profit from Petroleum India International (AOP)	0.77	0.60
Miscellaneous Income	376.85	304.63
	1,138.05	**1,706.15**
23C. 1 : Includes Dividend from Long - Term Investments ₹ 74.44 Crores (2014 - 15: ₹ 54.40 Crores).		
24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE : (INCREASE) / DECREASE		
Closing Stock:		
Work - in - Progress	224.32	449.58
Finished Goods	5,036.28	5,458.94
Stock - in - Trade (In respect of goods acquired for trading)	4,644.42	4,173.90
	9,905.02	**10,082.42**
Less: Opening Stock:		
Work - in - Progress	449.58	1,491.69
Finished Goods	5,458.94	7,381.12
Stock - in - Trade (In respect of goods acquired for trading)	4,173.90	4,959.05
	10,082.42	**13,831.86**
	177.40	**3,749.44**
25. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Bonus, etc.	1,636.82	1,732.66
Contribution to Provident Fund	121.14	115.28
Pension, Gratuity and Other Employee Benefits	184.63	333.95
Employee Welfare Expenses	371.94	232.77
	2,314.53	**2,414.66**

Notes to the Financial Statements for the year ending 31st March, 2016

₹ / Crores

	2015-16	2014-15
26. FINANCE COSTS		
Interest Expense (refer note 26.1)	483.52	403.97
Other Borrowing Costs	98.29	101.83
Applicable Net (Gain)/Loss on Foreign Currency Transactions and Translation	58.33	200.79
	640.14	**706.59**
26.1 : Includes interest u/s 234 B/ 234C of Income Tax Act, 1961 for an amount ₹ 31.86 Crores (2014 - 15 : ₹ 16.24 Crores)		
27. OTHER EXPENSES		
Consumption of Stores, Spares and Chemicals	230.64	244.20
Power and Fuel	2,290.48	3,169.59
Less : Fuel of own production consumed	2,060.36	3,000.67
	230.12	168.92
Repairs and Maintenance - Buildings	54.85	42.43
Repairs and Maintenance - Plant and Machinery	779.60	764.23
Repairs and Maintenance - Other Assets	289.36	236.06
Insurance	55.23	46.08
Rates and Taxes	185.06	155.21
Irrecoverable Taxes and Other Levies	339.07	247.52
Equipment Hire Charges	7.87	6.41
Rent	535.26	310.28
Travelling and Conveyance	184.67	179.39
Printing and Stationery	16.78	15.92
Electricity and Water	779.99	679.49
Corporate Social Responsibility (CSR) Expenses	71.76	34.07
Stores and Spares written off	0.41	1.06
Loss on Sale of Current Investments	35.86	34.08
Provision for Diminution in value of Non - Current Investments	282.10	-
Provision for Doubtful Receivables (After adjusting provision no longer required)	1.98	-
Provision for Doubtful Debts (After adjusting provision no longer required written back ₹ 0.30 crores, 2014-15 : ₹ 2.67 crores)	25.04	13.30
Bad Debts written off	9.62	0.00
Loss on Sale/ write off of Fixed Assets/ CWIP (Net)	19.45	(67.30)
Security Charges	139.09	125.30
Advertisement and Publicity	148.23	109.91
Payment to auditors	0.77	0.50
Sundry Expenses and Charges (Not otherwise classified)	687.58	521.23
Consultancy and Technical Services	50.40	46.57
Exchange Rate Variations (Net)	285.25	(315.07)
	5,446.04	**3,599.79**
Note		
Payment to auditors		
Audit fees	0.47	0.25
Other services	0.21	0.24
Reimbursement of expenses	0.09	0.01
	0.77	**0.50**
28. PRIOR PERIOD EXPENSES / (INCOMES)		
Consultancy & Technical Services	(1.63)	-
Sale of Products	(0.16)	-
Depreciation	7.33	(7.61)
Insurance	-	3.14
	5.54	**(4.47)**

Notes to the Financial Statements for the year ending 31st March, 2016

29. During the current financial year 2015-16, ONGC offered discount on prices of crude purchased from them. Accordingly, the Corporation has accounted the discount as under:

(a) ₹ Nil (2014-15: ₹ 1,035.37 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) ₹ 190.33 crores (2014-15: ₹ 9,826.84 crores) discount received on Crude Oil purchased from ONGC has been adjusted against purchase cost of Crude Oil.

30. During the current financial year 2015-16, Subsidy on PDS Kerosene and Domestic Subsidized LPG from Central and State Governments amounting to ₹ 11.77 crores (2014 - 15: ₹ 684.79 crores) has been accounted.

31. Approval of Government of India for Budgetary Support amounting to ₹ 1,761.26 crores (2014-15: ₹ 5,057.94 crores) has been received and the same has been accounted under 'Recovery under Subsidy Schemes'.

32. (a) Inter-Oil company transactions are reconciled on a continuous basis. However, year end balances are subject to confirmation/ reconciliation which is not likely to have a material impact.

(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.

33. The Corporation has on the Balance sheet date, outstanding forward contract amounting to USD 50.27 Million, of which NIL (2014-15 : USD NIL) is to hedge the foreign currency exposure towards loans and USD 50.27 Million i.e. an equivalent of ₹ 333.05 crores (2014-15 : USD NIL) to hedge its foreign currency exposure towards import payable. As at Balance Sheet date, Corporation has interest rate swap contracts for a value of USD 260 Million i.e. an equivalent of ₹ 1,722.57 crores (2014-15: USD 200 Million i.e. an equivalent of ₹ 1,250.10 crores) to cover its floating interest rate exposure to fixed interest rate.

Following are the unhedged foreign currency on account of exposures :

Exposure Type	31-03-2016		31-03-2015	
	USD Million	₹ in Crores	USD Million	₹ in Crores
Imports	377.27	2,499.53	460.16	2,876.22
ECB (Long Term)	2,415.00	15,999.98	2,565.00	16,032.53
Export Debtors	10.66	70.60	23.32	145.77

34. 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 2015-16 as per Ministry of Corporate Affairs' Notification.

35. In accordance with the option exercised by the Company as referred in note # 34, an exchange loss of ₹ 197.14 crores (2014 - 15: Loss of ₹ 63.16 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, 2016.

36. During the F. Y. 2015-16, corporation do not have any RBI Swap transaction. During the F.Y. 2014-15, the net gain of ₹ 360.71 crore have been recognized and accounted for in the books on RBI swap transactions, out of which ₹ 192.38 crore was realized on account of RBI swap transactions settled during the financial year 2014-15 and ₹ 168.33 Crore on account of reversal of mark to market losses provision provided as on 31.03.2014 on forward contracts taken to hedge the un-matured RBI swap transactions outstanding as on 31.03.2014.

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 ₹ 162.35 Crores (2014-15: ₹ 205.94 crores).

38. (a) Current Tax includes MAT Credit utilisation of ₹ 133.61 Crore (2014-15: ₹ 243.15 Crore).

(b) The recognition of MAT Credit Entitlements of ₹ 429.57 Crore as at March 31, 2016 (₹ 344.33 Crore as at March 31, 2015) 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(net) of ₹ 120.38 Crore (2014-15: ₹ 27.47 Crore) represents reversal of excess provision towards current tax of ₹ 249.75 Crore (2014-15: ₹ 24.71 Crore), additional provision towards deferred Tax of ₹141.08 Crore (2014-15: ₹ 26.76 Crore) and recognition of MAT credit Entitlements of ₹ 11.71 Crore (2014-15: ₹ 29.53 Crore)

Notes to the Financial Statements for the year ending 31st March, 2016

39. To the extent Micro and Small Enterprises have been identified, the outstanding balance, including interest thereon, if any, as at balance sheet date is disclosed on which Auditors have relied upon :

(₹ /Crores)

Sr. No.	Particulars	2015-16	2014-15
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/16 :-		
	- Principal	18.55	15.19
	- Interest	-	-
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2015 – 16 (irrespective of whether it pertains to current year or earlier years) –		
	- Principal	-	-
	- Interest	-	-
3.	Amount of interest due / payable on delayed principal which has already been paid during the current year (without interest or with part interest)	-	-
4.	Amount accrued and remaining unpaid at the end of Accounting Year	-	-
5.	Amount of interest which is due and payable, which is carried forward from last year	-	-

40. Related Party Disclosure:

A. Names of and Relationship with Related Parties

1. Jointly controlled entities

i. HPCL-Mittal Energy Ltd.
ii. Hindustan Colas Pvt. Ltd.
iii. South Asia LPG Company Pvt. Ltd.
iv. Petronet India Ltd.
v. HPCL Shapoorji Energy Pvt. Ltd.

2. The Company has not included disclosure in respect of following related parties which are State-Controlled Enterprises as per AS – 18.

i. Subsidiaries

1. CREDA-HPCL Biofuels Ltd.
2. HPCL Biofuels Ltd.
3. Prize Petroleum Company Ltd.
4. HPCL Rajasthan Refinery Ltd.

ii. Jointly controlled entities

1. Mangalore Refinery and Petrochemicals Ltd.
2. Aavantika Gas Ltd.
3. Bhagyanagar Gas Ltd.
4. Petronet MHB Ltd.
5. GSPL India Gasnet Ltd.
6. GSPL India Transco Ltd.
7. Mumbai Aviation Fuel Farm facility Pvt. Ltd.

Notes to the Financial Statements for the year ending 31st March, 2016

3. **Key Management Personnel**
   - i. Smt. Nishi Vasudeva, Chairman and Managing Director (Till 31.03.2016).
     Shri Mukesh Kumar Surana, Chairman and Managing Director (w.e.f. 01.04.2016)
   - ii. Shri K. V. Rao, Director – Finance (Till 30.09.2015).
   - iii. Shri J. Ramaswamy, Director - Finance (w.e.f. 01.10.2015)
   - iv. Shri B. K. Namdeo, Director – Refineries
   - v. Shri Y.K. Gawali, Director - Marketing
   - vi. Shri Pushp Kumar Joshi, Director - Human Resources
   - vii. Shri Shrikant Madhukar Bhosekar, Company Secretary

B. Details of transactions with related parties

1. **Transaction with Jointly controlled entities**

(₹ /Crores)

No.	Nature of Transactions	2015-16	2014-15
(i)	**Sale of goods**		
	HPCL-Mittal Energy Ltd.	127.77	24.27
	Hindustan Colas Pvt. Ltd.	268.28	414.61
	South Asia LPG Company Pvt. Ltd.	0.18	0.43
		396.23	**439.31**
(ii)	**Purchase of goods**		
	HPCL-Mittal Energy Ltd.	23,593.34	24,047.51
	Hindustan Colas Pvt. Ltd.	159.00	220.88
		23,752.34	**24,268.39**
(iii)	**Dividend income received**		
	Hindustan Colas Pvt. Ltd.	22.87	15.36
	South Asia LPG Company Pvt. Ltd.	27.50	25.00
		50.37	**40.36**
(iv)	**Services given (Manpower Supply Service)**		
	HPCL-Mittal Energy Ltd.	0.39	0.37
	Hindustan Colas Pvt. Ltd.	2.04	1.75
	South Asia LPG Company Pvt. Ltd.	1.28	1.44
		3.71	**3.56**
(v)	**Lease rental received**		
	HPCL-Mittal Energy Ltd.	1.20	0.90
	Hindustan Colas Pvt. Ltd.	0.24	0.23
	South Asia LPG Company Pvt. Ltd.	1.68	0.81
		3.12	**1.94**
(vi)	**Others - provided**		
	HPCL-Mittal Energy Ltd.	24.07	22.52
	Hindustan Colas Pvt. Ltd.	2.39	2.15
	South Asia LPG Company Pvt. Ltd.	0.39	-
		26.85	**24.67**
(vii)	**Others - (availed)**		
	HPCL-Mittal Energy Ltd.	13.51	7.12
	Hindustan Colas Pvt. Ltd.	4.74	7.62
	South Asia LPG Company Pvt. Ltd.	93.61	81.14
		111.86	**95.88**

Notes to the Financial Statements for the year ending 31st March, 2016

(₹ /Crores)

No.	Nature of Transactions	2015-16	2014-15
(viii)	**Investment in equity shares / Converted to Equity Shares**		
	HPCL-Mittal Energy Ltd.	248.82	-
	HPCL Shapoorji Energy Pvt. Ltd.	6.50	-
		255.32	**-**
(ix)	**Advance against equity given / Share Application Money Pending Allotment given**		
	HPCL Shapoorji Energy Pvt. Ltd.	-	2.00
		-	**2.00**
		31.03.2016	**31.03.2015**
(x)	**Receivables as on**		
	HPCL-Mittal Energy Ltd.	0.36	12.39
	Hindustan Colas Pvt. Ltd.	5.04	32.97
	South Asia LPG Company Pvt. Ltd.	0.11	0.96
		5.51	**46.32**
(xi)	**Payables as on**		
	HPCL-Mittal Energy Ltd.	1,220.35	1,448.47
	Hindustan Colas Pvt. Ltd.	16.84	21.37
	South Asia LPG Company Pvt. Ltd.	11.53	8.89
		1,248.72	**1,478.73**

2. Remuneration paid to Key Management Personnel

(₹ /Crores)

No.	Description	2015-16	2014-15
(i)	Smt. Nishi Vasudeva	0.95	0.72
(ii)	Shri K. V. Rao	0.59	0.60
(iii)	Shri J Ramaswamy	0.21	-
(iv)	Shri B. K. Namdeo	0.61	0.68
(v)	Shri Y.K. Gawali	0.46	0.35
(vi)	Shri Pushp Kumar Joshi	0.55	0.51
(vii)	Shri Shrikant Madhukar Bhosekar	0.37	0.40
		3.74	**3.26**

Remuneration to KMP has been considered from / to the date from which they became KMP.

3. Amount due from Key Management Personnel

(₹ /Crores)

No.	Description	31.03.2016	31.03.2015
(i)	Smt. Nishi Vasudeva	-	0.02
(ii)	Shri K. V. Rao	-	0.00
(iii)	Shri J Ramaswamy	0.02	-
(iv)	Shri Pushp Kumar Joshi	0.06	0.07
(v)	Shri Shrikant Madhukar Bhosekar	0.05	0.05
		0.13	**0.14**

Notes to the Financial Statements for the year ending 31st March, 2016

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

Name of the Block	Participating Interest of HPCL in %	
	31/03/2016	31/03/2015
In India		
Under NELP IV		
KK- DWN-2002/2	**20**	**20**
KK- DWN-2002/3	**20**	**20**
CB- ONN-2002/3	**15**	**15**
Under NELP V		
AA-ONN-2003/3	**15**	**15**
Under NELP VI		
CY-DWN-2004/1	**10**	**10**
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**
Cluster - 7	**60**	**60**

a) The Blocks KK-DWN-2002/2, CY-DWN-2004/1,2,3,4, CY-PR-DWN-2004/1&2, KG-DWN-2004/1,2,3,5,6, MB-OSN-2004/1, MB-OSN-2004/2 & RJ-ONN-2004/1 & 3 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2015. The Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements / data received from operator as on 31st March, 2016.

b) The Blocks AAONN-2003/3 and KK-DWN-2002/3 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2011 and March 31, 2012 respectively. The Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements / data received from operator as on 31st March, 2016.

c) The block CB-ONN-2002/3 was awarded under NELP IV bidding round and the production sharing contract was signed on 06.02.2004. The exploration Minimum Work Program has been completed. The block is divided into two areas i.e. Miroli and Sanand. Approval of Mining Lease to commence production from Sanand field has been received from Govt. of Gujarat. Preparation of addendum to Sanand FDP (Field development plan) for additional discovery in Kalol reservoir is in progress.

d) The exploration block 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. 3D seismic data acquisition, Processing & interpretation have been completed. Discussion on well location and further course of action is in progress.

e) In respect of Cluster – 7, the matter is under arbitration. Please refer Note # 55.1.

Notes to the Financial Statements for the year ending 31st March, 2016

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

a) Jointly Controlled Entities

	Country of Incorporation	Percentage of ownership interest as on 31st March, 2016	Percentage of ownership interest as on 31st March, 2015
HPCL-Mittal Energy Ltd.	India	48.99	48.94
Hindustan Colas Private Ltd.	India	50.00	50.00
South Asia LPG Company Pvt. Ltd.	India	50.00	50.00
Mangalore Refinery and Petrochemicals Ltd.	India	16.96	16.96
Petronet India Ltd.	India	16.00	16.00
Petronet MHB Ltd.	India	28.77	28.77
Bhagyanagar Gas Ltd.*	India	24.99	24.99
Aavantika Gas Ltd.	India	49.97	49.97
GSPL India Transco Ltd	India	11.00	11.00
GSPL India Gasnet Ltd	India	11.00	11.00
HPCL Shapoorji Energy Private Ltd.	India	50.00	50.00
Mumbai Aviation Fuel Farm Facility Pvt Ltd.	India	25.00	25.00

* As of 31st March 2014, paid up equity capital of BGL was ₹ 5 lacs, in which HPCL and GAIL were holding 25% each. Balance 50% of shares were held by Kakinada Seaports Ltd (KSPL) on warehousing basis. In addition, each one of HPCL and GAIL had paid ₹ 22.49 crores as Advance against Equity / Share application money (totaling to ₹ 44.98 crores) in earlier years. On 20th August 2014, BGL allotted 2,24,87,500 shares on preferential basis to each of HPCL and GAIL towards the money paid earlier. Meanwhile there are certain issues pending adjudication with another shareholder. Accordingly, keeping in view financial prudence, HPCL's share has been considered at 24.99% (considered as 24.99% in F.Y. 2014-15).

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

	2015-16	2014-15
(I) Share of Assets & Liabilities :		
i. LIABILITIES		
(1) Share application money pending allotment	-	2.00
(2) Non-current liabilities	10,605.60	13,158.69
(3) Deferred tax liabilities (Net)	(1,123.83)	(1,297.12)
(4) Current liabilities	8,437.60	8,176.76
ii. ASSETS		
(1) Non-current assets	15,985.62	15,925.48
(2) Current assets	6,170.17	7,033.24
(II) Share of Income & Expenses :		
(a) Income	22,090.05	25,144.16
(b) Expenses	21,029.99	26,216.35
(III) Share of Contingent Liabilities & Capital Commitments :		
(a) Contingent Liabilities	496.31	554.52
(b) Capital Commitments	408.72	419.99

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

₹ / Crores

	2015 – 16	2014 – 15
Jointly Controlled Operations		
Contingent Liabilities	**288.73**	231.19
Capital Commitment	**100.62**	94.93

Notes to the Financial Statements for the year ending 31st March, 2016

43. Operating Leases - Assets taken on lease primarily consist of leased land taken for the purpose of setting up retail outlets, depot operations and properties for use by the Corporation. These lease arrangements are normally renewed on expiry of the term. Amount of lease rental expenses recognized in the Statement of Profit & Loss is given under Note 27 - 'Other expenses'.

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

45. During the year 2015-16, an amount of ₹ 73.40 Crores (2014-15: ₹ 29.45 Crores) has been charged to revenue towards Enabling Assets on which the Corporation does not have a control.

46. Disclosure as required by Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(₹ in Crores)

	Particulars	Balance as on		Maximum amount outstanding during the year	
		31/03/2016	31/03/2015	2015 – 16	2014 – 15
a)	Loans and advances in the nature of loans to subsidiary Companies (by name and amount)				
	Inter Corporate Loan to HPCL – Biofuels Ltd.	**84.00**	**-**	**84.00**	**-**
b)	Loans and advances in the nature of loans to joint ventures (by name and amount)				
	Inter Corporate Loan to Bhagyanagar Gas Ltd.	**75.00**	**75.00**	**75.00**	**75.00**
c)	Loans and advances in the nature of loans to firms/ companies in which directors are interested	-	-	-	-
d)	Investment by the loanee in the shares of HPCL and its subsidiary company, when the Company has made a loan or advance in the nature of loan	-	-	-	-

47. The net worth of HPCL Biofuel Limited, a 100% subsidiary, is partially eroded. The management has considered ₹ 161 Crores as a diminution other than temporary in the value of Investment as per AS – 13 and accordingly, made a provision during F.Y. 2015-16.

48. During the year Corporation has made 100% provision amounting to ₹ 16.10 crores for diminution in value of investment in CREDA HPCL Biofuels Ltd. as all the business activities of the company have been suspended and Financial Statement of the company has not been prepared on a going concern basis.

49. During the year, M/s PPIPL, a subsidiary of M/s Prize Petroleum Company Limited (PPCL), has decided to provide for an impairment charge of ₹ 117.27 Crores taking cognizance of low crude and other product prices estimates in near future. Accordingly, a provision for diminution other than temporary in value of PPCL's investment in PPIPL amounting to ₹ 51.47 Crores has been made in the books of M/s PPCL, a 100% subsidiary of the Corporation. In line with above, a provision for diminution, other than temporary in value of HPCL's investment in M/s PPCL amounting to ₹ 105 Crores has been made in the books of HPCL taking into account accumulated losses and diminution in PPCL's Investment in PPIPL as per AS-13.

50. As per the guidelines issued by Department of Public Enterprises (DPE) in August, 2005, the Board of Directors of Navratna Public Sector Enterprises (PSEs) can invest in joint ventures and wholly owned subsidiaries subject to an overall ceiling of 30% of the net worth of the PSE. As per company's understanding, since the subject matter covered in DPE OM dated 5th August 2005 was on the same lines as covered in DPE OM dated 22nd July 1997 except increase in financial limits, the said clarification would apply *mutatis mutandis* to both the OMs of DPE. Thus, the ceiling of 30% of Net worth of PSE on Investments in all Joint Ventures / Subsidiaries as prescribed in DPE OM dated 5th August 2005 is calculated exclusive of the Investments made through the Directives of the Government.

Notes to the Financial Statements for the year ending 31st March, 2016

51. The Corporation has complied with the requirement of para 4 (a) of Notes to Schedule II to the Companies Act, 2013 relating to componentization from 2015-16. Due to the above compliance, the depreciation expense for the period ended March 31, 2016 is increased by ₹ 260.88 crores. As provided in para 7 (b) of Schedule II to the Companies Act, 2013, the Corporation has charged ₹ 219.49 crores to Profit & Loss.

52. The Company has considered the ISBL (Inside boundary Limited) pipeline directly associated as an integral part of Plant and Machinery / Tanks and has depreciated such pipelines based on the useful life of respective plants, which is considered as 25 years in line with the Schedule II of the Companies Act, 2013.

53. During the year 2015 – 16, Corporation has spent ₹ 71.76 Crores (2014-15 : ₹ 34.07 Crores) towards Corporate Social Responsibility (CSR) as against the budget of ₹ 71.67 Crores (2014-15 : ₹ 34.03 Crores).

Head wise break up of CSR expenses are given below:

(₹ in Crores)

S.No.	Head of Expenses	2015-16	2014-15
1	Promoting Education	16.00	19.69
2	Promoting Preventive Health Care	11.64	9.00
3	Empowerment of Socially and Economically Backward groups	4.37	1.44
4	Promotion of Nationally recognized and Para-Olympic Sports	0.68	0.85
5	Imparting Employment by Enhancing Vocation Skills	5.38	3.09
6	Swachh Bharat Abhiyaan	15.82	-
7	Environment Sustainability	17.87	-
	Total	**71.76**	**34.07**

Amount spent during the year 2015-16 on:-

(₹ in Crores)

Details	In Cash	Yet to be paid in Cash	Total
(i) Construction / Acquisition of an assets	0.00	0.00	0.00
(ii) On purpose other than (i) above	71.76	0.00	71.76

Amount spent during the year 2014-15 on:-

Details	In Cash	Yet to be paid in Cash	Total
(i) Construction / Acquisition of an assets	0.00	0.00	0.00
(ii) On purpose other than (i) above	34.07	0.00	34.07

54. There are no reportable segments other than downstream petroleum, as per AS - 17 on Segment Reporting.

55. Contingent Liabilities and Commitments

(₹ in Crores)

	2015-16	2014-15
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	75.74	75.74
ii. Sales Tax/Octroi	2,156.45	2,483.43
iii. Excise/Customs	260.87	324.84
iv. Land Rentals & Licence Fees	88.94	181.83
v. Others	74.02	111.28
	2,656.02	**3,177.11**

Notes to the Financial Statements for the year ending 31st March, 2016

(₹ in Crores)

	2015-16	2014-15
B. Contingent Liabilities not provided for in respect of appeals filed against the Corporation		
i. Sales Tax/Octroi	6.16	-
ii. Employee Benefits/Demands (to the extent quantifiable)	214.07	362.71
iii. Claims against the Corporation not acknowledged as Debts(refer note 55.1)	382.52	400.62
iv. Others	304.81	300.38
	907.57	**1,063.71**
C. Guarantees given	**401.66**	**158.28**

55.1 : A claim of ₹ 241.92 crores (36.51 Million USD @ Exchange rate of 1 US$ = ₹ 66.2525), claim by M3nergy on termination of service contract of Cluster - 7 field, which was awarded by ONGC to the consortium of M3nergy (Malaysia) BHD (30%), Prize Petroleum Company Limited (10%) and HPCL (60%). HPCL and Prize Petroleum has also initiated arbitration proceedings against M3nergy. The share of the claim of the company is ₹ 889.71 crores with loss of profit and other expenses etc. Arbitration was bifurcated into two aspects one is liability and the other is quantification. Liability aspects have been held in favour of Corporation and by an interim award by Hon'ble Arbitral Tribunal, which has been challenged by M3nergy in Bombay High Court. Quantification aspect is being looked into by Arbitral Tribunal. This amount is not included above.

	2015-16	2014-15
II. Commitments		
A. Estimated amount of contracts remaining to be executed on Capital Account not provided for	**3,347.55**	**2,173.01**
B. Other Commitments (for Investments in Joint Ventures)	**27.74**	**-**

55.2 : Company has entered into a long term product off take agreement with M/s HPCL- Mittal Energy Limited (HMEL), its joint venture company, for purchase of petroleum products produced by the refinery. This agreement has a take or pay clause and the Company is committed to purchase the said petroleum products over the tenure of the agreement.

55.3 : The Company and Mittal Energy Investment Pte. Ltd. (its joint venture partner in HPCL-Mittal Energy Limited) have committed that they would jointly hold at least 51 % of share capital of HPCL-Mittal Energy Limited till the repayment of certain bank loans / bonds.

(₹ in Crores)

	2015-16	2014-15
56. Other Notes		
A. C.I.F. value of imports during the year(excludes canalised imports):		
- Raw materials	28,326.26	46,138.58
- Stores, Spares and Chemicals	218.02	297.17
- Capital Goods, Components and Spares	82.37	32.60
B. (i) Expenditure in foreign currency on account of Engineering, Technical and other services, demurrage charges, royalties, interest and other matters	864.31	648.30
(ii) Foreign Currency payments for crude	28,351.94	42,803.65

Notes to the Financial Statements for the year ending 31st March, 2016

(₹ in Crores)

	2015-16	2014-15
C. Earnings in foreign exchange :		
Export of goods calculated on FOB basis and Others.		
Includes ₹ 120.10 crores (2014-15 : ₹ 137.79 crores) received in Indian currency out of repatriable funds of foreign customers	1,810.68	5,313.98
D. Value of Raw Materials, Spare Parts and Components consumed		
(i) Raw Materials		
- Imported (in %)	68.07	79.76
- Imported (in Value)	28,758.86	46,213.02
- Indigenous (in %)	31.93	20.24
- Indigenous (in Value)	13,492.38	11,725.40
(ii) Spare Parts & Components:		
- Imported (in %)	25.97	24.79
- Imported (in Value)	86.89	75.61
- Indigenous (in %)	74.03	75.21
- Indigenous (in Value)	247.62	229.45
E. Expenditure incurred on Research and Development		
- Capital	136.78	102.17
- Revenue	43.54	27.70
F. Interest on Project borrowings capitalized	117.80	231.04
G. Exchange Differences / Forward Premiums		
(i) Exchange Differences adjusted in the carrying amount of Assets during the accounting period.	541.35	326.49
(ii) Premium in respect of Forward Exchange contracts to be recognised in Statement of Profit and Loss for one or more subsequent accounting periods	0.04	-

57. Employee Benefits

(A) Provident Fund

The Company has Provident Fund maintained by PF Trust. During the year, Company has conducted Actuarial Valuation of PF Trust. As per Actuarial Valuation, PF Trust does not have any deficit as on 31st March 2016. Accordingly, other related disclosures in respect of Provident Fund have not been made.

During the year, the company has recognised ₹ 120.46 crore (2014-15 : ₹ 114.68 crore) as Employer's contribution to Provident Fund in the Statement of Profit and Loss.

(B) Superannuation Fund

The company has Superannuatin Scheme - Defined Contribution Scheme maintained by SBFS trust wherein Company contributes a certain percentage every month out of 30% of Basic plus DA (in accordance with DPE guidelines) to the credit of individual employee accounts maintained with LIC.

During the year, the company has recognised ₹ 178.34 crore (2014-15 : ₹ 144.84 crore) as Employer's contribution to Superannuation Fund in the statement of Profit and Loss.

Notes to the Financial Statements for the year ending 31st March, 2016

(C) Defined Benefit Plans - As per actuarial valuation

(₹ in crores)

	Particulars	Leave Encashment	Gratuity	Pension	Post Retirement Medical Benefit	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance
		Funded	Funded	Non - Funded	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, 2016.**								
	Defined Benefit Obligation at the beginning of the year	598.46	501.31	57.84	504.15	-	33.71	22.13	2.49
		577.36	*463.64*	*66.73*	*416.84*	*66.95*	*37.57*	*21.69*	*2.24*
	Interest Cost	50.73	38.19	4.21	42.45	-	2.44	1.58	0.20
		57.49	*41.63*	*5.83*	*41.11*	-	*3.24*	*1.81*	*0.24*
	Current Service Cost	43.65	3.04	-	45.84	-	-	-	0.46
		36.83	*2.77*	-	*34.32*	-	-	-	*0.42*
	Past Service Cost (Vested Benefits)	-	-	-	-	93.39	-	-	-
		-	-	-	-	-	-	-	-
	Benefit Paid	-	(41.75)	(7.71)	(32.13)	(8.26)	(5.94)	(4.48)	(0.95)
		-	*(43.22)*	*(8.79)*	*(23.84)*	-	*(5.98)*	*(4.76)*	*(0.22)*
	Acturial (gain)/loss on Obligation	(109.67)	(5.73)	10.50	2.30	-	1.93	(2.65)	11.37
		(73.22)	*36.49*	*(5.93)*	*35.72*	-	*(1.12)*	*3.39*	*(0.19)*
	Defined Benefit Obligation at the end of the year	**583.17**	**495.06**	**64.84**	**562.61**	**85.13**	**32.14**	**16.58**	**13.57**
		598.46	*501.31*	*57.84*	*504.15*	-	*33.71*	*22.13*	*2.49*
2	**Change in Fair Value of Assets during the year ended March 31, 2016.**								
	Fair Value of Plan Asset at the beginning of the year	697.85	510.96	N/A	-	N/A	N/A	N/A	N/A
		637.19	*507.72*	*N/A*	-	*N/A*	*N/A*	*N/A*	*N/A*
	Expected return on Plan Assets	60.71	42.65	N/A	-	N/A	N/A	N/A	N/A
		55.44	*42.29*	*N/A*	-	*N/A*	*N/A*	*N/A*	*N/A*
	Acturial gain/(loss) on Plan Assets	1.26	0.71	N/A	11.82	N/A	N/A	N/A	N/A
		5.22	*4.16*	*N/A*	-	*N/A*	*N/A*	*N/A*	*N/A*
	Contribution by employer	-	0.18	N/A	432.13	N/A	N/A	N/A	N/A
		-	*0.01*	*N/A*	*23.84*	*N/A*	*N/A*	*N/A*	*N/A*
	Benefit Paid	-	(41.75)	N/A	(32.13)	N/A	N/A	N/A	N/A
		-	*(43.22)*	*N/A*	*(23.84)*	*N/A*	*N/A*	*N/A*	*N/A*
	Fair Value of Plan Asset at the end of the year	**759.82**	**512.75**	N/A	**411.82**	N/A	N/A	**N/A**	**N/A**
		697.85	*510.96*	*N/A*	-	*N/A*	*N/A*	*N/A*	*N/A*
3	**Net asset/(liability) recognized in balance sheet as at March 31, 2016.**								
	Defined Benefit Obligation at the end of the year	583.17	495.06	64.84	562.61	85.13	32.14	16.58	13.57
		598.46	*501.31*	*57.84*	*504.15*	-	*33.71*	*22.13*	*2.49*
	Fair Value of Plan Asset at the end of the year	759.82	512.75	-	411.82	-	-	-	-
		697.85	*510.96*	-	-	-	-	-	-
	Amount recognised in the Balance Sheet	**176.65**	**17.69**	**(64.84)**	**(150.79)**	**(85.13)**	**(32.14)**	**(16.58)**	**(13.57)**
		99.39	*9.65*	*(57.84)*	*(504.15)*	-	*(33.71)*	*(22.13)*	*(2.49)*
4	**Components of employer expenses**								
	Current Service Cost	43.65	3.04	-	45.84	-	-	-	0.46
		36.83	*2.77*	-	*34.32*	-	-	-	*0.42*
	Interest Cost	50.73	38.19	4.21	42.45	-	2.44	1.58	0.20
		57.49	*41.63*	*5.83*	*41.11*	-	*3.24*	*1.81*	*0.24*
	Past Service Cost (Vested Benefits)	-	-	-	-	93.39	-	-	-
		-	-	-	-	-	-	-	-
	Expected Return on Plan Asset	(60.71)	(42.65)	-	-	-	-	-	-
		(55.44)	*(42.29)*	-	-	-	-	-	-
	Acturial (gain)/loss	(110.93)	(6.44)	10.50	(9.52)	-	1.93	(2.65)	11.37
		(78.44)	*32.33*	*(5.93)*	*35.72*	-	*(1.12)*	*3.39*	*(0.19)*
	Total expenses recognized durng the year	**(77.26)**	**(7.86)**	**14.71**	**78.77**	**93.39**	**4.37**	**(1.07)**	**12.03**
		(39.56)	*34.44*	*(0.10)*	*111.15*	-	*2.12*	*5.20*	*0.47*

Notes to the Financial Statements for the year ending 31st March, 2016

(₹ in crores)

	Particulars	Leave Encashment	Gratuity	Pension	Post Retirement Medical Benefit	Long Service Awards	Ex - Gratia	Death Benefits	Resettlement Allowance
		Funded	Funded	Non - Funded	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	*7.99%*	*7.99%*	*7.79%*	*8.06%*	*7.99%*	*7.79%*	*7.79%*	*7.99%*
	Expected return on plan assets	7.99%	7.99%	-	8.06%	-	-	-	-
	Salary escalation	7.00%	7.00%	-	-	-	-	-	-
	Inflation	-	-	-	5.00%	-	-	-	-
	Mortality rate	IALM (2006-08) Mortality Table							
6	**The major categories of plan assets as a percentage to total plan assets**								
	Central & State Govt. Securities	51.25%	51.25%	N/A	-	N/A	N/A	N/A	N/A
	Bonds / Debentures	29.92%	29.92%	N/A	98.94%	N/A	N/A	N/A	N/A
	Equity Shares	5.50%	5.50%	N/A	-	N/A	N/A	N/A	N/A
	Others	13.33%	13.33%	N/A	1.06%	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, 2016	643.32			497.57				
	Revised service cost for 2015-16	44.67			48.47				
	Revised interest cost for 2015-16	47.76			37.14				

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, 2016 over March 31, 2015 towards leave encashment is funded to LIC. As per the practice followed, the payment made to employees during the year to the extent of ₹ 174.39 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 ₹ (77.26) crores (i.e. provision of ₹ 15.29 crores towards decrease in liability and interest earned from LIC is ₹ 61.97 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 Board in its 587th meeting held on Feb 12,2016 has approved the modified scheme for Long Service Awards to its employees in the form of momento/emblem/cash 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.

Notes to the Financial Statements for the year ending 31st March, 2016

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 Gratuity Amount for the Current & Previous Year are as follows ₹ in Crores

	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13	FY 2011-12
Defined Benefit Obligation	495.06	501.31	463.64	489.55	447.73
Plan Assets	512.75	510.96	507.72	468.62	454.47
Surplus/Deficit	17.69	9.65	44.08	(20.93)	6.74
Expected Contribution for next Financial Year	-	-	-	20.93	-
Acturial gain/(loss) on Plan Assets	0.71	4.16	2.31	6.94	6.01
Acturial (gain)/loss on Obligation	(5.73)	36.49	(35.46)	23.74	(13.80)

13 Figures in italics represent last year figures

58 During the year, due to completion of tenure of one of the Independent Directors, the number of Independent Directors in the Board is reduced to one, which is less than the minimum number of Independent Directors required in terms of the provisions of the Listing Agreement and the Companies Act, 2013. The Company has approached the administrative ministry for appointment of requisite number of Directors for compliance of the provisions of the Listing Agreement and the Companies Act, 2013 and the same is awaited. Pending such appointment, the financial results have been reviewed and recommended to the Board by the reconstituted Audit Committee consisting of one Independent Director.

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

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/auditors appointed by the Comptroller and Auditor General of India under section 139 (5) of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 May 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. 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.

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

Sd/-
Tanuja Mittal
Principal Director of Commercial Audit &
ex-officio Member Audit Board-II, Mumbai

Place : Mumbai

Date : 25 July 2016

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