



HINDUSTAN PETROLEUM CORPORATION LIMITED  
(HPCL)

February 2003

## **Disclaimer**

This Preliminary Information Memorandum (PIM) has been prepared on the basis of information provided by Hindustan Petroleum Corporation Limited (“**HPCL**”). The sole purpose of this PIM is to assist the recipients interested in being the ‘Strategic Partner’ to participate in the process leading to the proposed sale of 34.01% equity of HPCL by the Government of India (“**GOI**”).

The Advisor for the disinvestment is in the process of being appointed by the GOI.

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## 1. Submission of expression of interest (EOI)

### 1. Introduction

1.1 Hindustan Petroleum Corporation Limited (HPCL) is a listed public sector company under the control of the Government of India. It is one of the 'Nav Ratnas' (nine jewels) identified by the Government of India as having potential to grow into a global giant. Its shares are one of the 30 shares forming BSE Sensex.

1.2 HPCL came into being in 1974 after the takeover and the merger of the erstwhile Esso and Lube India undertakings. Caltex was taken over by the Government of India in 1976 and subsequently merged with HPCL in 1978. Kosan Gas Company, the concessionaires of HPCL in the domestic LPG market was taken over and merged with HPCL in 1979. HPCL thus came into being after merging four different organisations at different points of time.

1.3 The HPCL Group presently consists of HPCL, its 100% subsidiary, Guru Gobind Singh Refineries Limited and interests in seven joint ventures, Mangalore Refineries and Petrochemicals Limited (37.38%), Prize Petroleum Corporation Limited (50%), South Asia LPG Company Private Limited (50%), Hindustan Colas Limited (50%), Petronet India Limited (18%), Petronet MHB Limited (26%) and Hindustan Oman Petroleum Corporation Limited (50%).

1.4 GOI currently holds 51.01% of the equity capital of HPCL with the remaining shares being held by Financial Institutions and Banks (23.22%), FIIs/OCBs (11.05%), Mutual Funds (3.92%) and others including employees (10.8%).

1.5 HPCL has consistently achieved excellent results over the past several years. During the year ended 31st March 2002 the gross turnover was Rs 453 billion (US\$9.26 billion), Profit after Tax was Rs 7.88 billion (US\$ 0.17 billion). The net assets were Rs 91 billion (US\$1.86 billion).

1.6 The combined thruput of the refineries was 12.33 MMT and 274 TMT of Lube Base Oils. While the market sales were 18.02 MMT, the pipelines achieved a thruput of 6.47 MMT.

### Invitation of EOIs

- 1.7 An advertisement has been issued in the newspapers inviting interested parties to submit their 'Expression of Interest' to participate in the disinvestment process, a copy of which is enclosed as Annexure I.
- 1.8 Expression of Interest may be submitted by Indian Companies, Overseas Corporate Bodies (OCBs), Foreign Companies (subject to such foreign companies obtaining all statutory approvals from GOI/FIPB/RBI etc. by themselves), either individually or as a consortium (incorporated or unincorporated), for holding 34.01% equity of HPCL.

### Pre-eligibility criteria

- 1.9 Companies/Joint Ventures/or Consortia (incorporated or to be incorporated) interested in participating in the proposed disinvestment ("Interested Parties") should have a combined networth in excess of Rs.25 billion as per the latest annual accounts and a satisfactory business and management track record. Further, in case of consortium bid, the networth of only those members of the consortium shall be counted who propose to take atleast 10 % of the equity stake in the company promoted /to be promoted by the consortium members for acquiring 34.01 % of the Government's equity in HPCL.
- 1.10 In case of a consortium bid, the financial parameters of the lead bidder must be at least 51% of the amount indicated in paragraph 1.9 above.
- 1.11 Interested parties should note that in terms of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations 1997, the strategic partner selected to acquire shares of HPCL from GOI, may be required to make a public offer to acquire further shares of HPCL in accordance with the regulations. For further details, interested parties may refer to the Securities and Exchange Board of India regulations in this regard.
- 1.12 Where the financial statement is expressed in currency other than Indian Rupee, the eligible amount as described above shall be computed by taking the equivalent US Dollars at the exchange rates (as stipulated by Foreign Exchange Dealers Association of India) prevailing on the date(s) of such financial statement.
- 1.13 In choosing between the prospective strategic partner(s) GOI will pay due attention, inter-alia, to the security requirement of the country.
- 1.14 Definition

- ❖ Net worth : Networth is the sum of paid up Equity Capital and Reserves (including revaluation reserves).

### Format for submission of EOIs

- 1.15 The interested parties should submit, in duplicate, the Expression of Interest ('**EOI**'), which shall comprise of the Expression Letter (Annexure II), Request for Qualification (the '**RFQ**' in Annexure III), and Statement of Legal Capacity (the '**SLC**' in Annexure IV). The Expression Letter, RFQ and SLC should be duly signed by the interested party/designated lead bidder of the consortium. However, the RFQ and SLC will have to be submitted by each member of the consortium duly signed by an authorised official of the member. The RFQ should be duly filled in and accompanied by the following details:
- ❖ In case of a sole bidder
    - The Audited Balance Sheet and Profit & Loss Account of the sole bidder (Indian company/Foreign company) for the last 3 financial years
    - Write -up on:
      - Profile of the sole bidder
      - A statement of reasons for strategic interest in HPCL
      - Any other information considered material
  - ❖ In case of a consortium bid
    - The audited Balance Sheet and the Profit & Loss Account for the last 3 financial years of the lead bidder and other member companies associated in the bid.
    - Write-up on:
      - Name of the lead bidder and its profile
      - Profile of other member companies in the consortium
      - A statement of reasons for strategic interest in HPCL
      - Any other information considered material
- 1.16 Any change by way of withdrawal/substitution of any member of the consortium or any change affecting the composition of the consortium may be permitted up to the stage of submission of financial bid. GOI has the sole discretion to determine the impact of the change in membership on the quality of the consortium and reject a proposal for such reason.
- 1.17 The EOI must be in English and each copy shall be bound in a separate volume. Submission of the aforesaid documents by electronic means will not

be acceptable. The EOI duly completed along with the details should be submitted not later than **17.30 Hrs. (IST) on 17<sup>th</sup> March, 2003** in a sealed envelope superscribed “Private and Confidential – Expression of Interest for HPCL” at the following address:

Shri P.K.Basu  
Joint Secretary  
Ministry of Disinvestment  
2<sup>nd</sup> Floor, Block No. 11 & 14,  
CGO Complex, Lodhi Road,  
New Delhi- 110003  
India  
Tel : 0091-11-24366523  
Fax : 0091-11-24366524  
E-mail : [pkbasu@nic.in](mailto:pkbasu@nic.in).

## Disqualification

1.18 Without prejudice, a company/consortium may be disqualified and its EOI dropped from further consideration for any of the reasons listed below:

- ❖ Material misrepresentation by such company/member of consortium in the EOI, RFQ and/or SLC.
- ❖ Failure by such company/consortium to provide the information required to be provided in the EOI, RFQ and SLC, and
- ❖ Only one EOI should be submitted by a Company either individually or as a consortium in response to the advertisement. Multiple EOIs would be disqualified.

1.19 If any information becomes known after the interested party has been qualified to receive the Confidential Information Memorandum which would have entitled Government of India/HPCL to reject or disqualify the relevant company/consortium, Government of India/HPCL reserves the right to reject the interested party at the time or at any time after such information becomes known to GOI or HPCL. EOIs which have been found to be incomplete in content or attachments or authenticity shall not be considered.

1.20 Further, Government of India issued guidelines for disqualification of bidders seeking to acquire any public sector enterprises through the process of disinvestment vide Department of Disinvestment OM No.6/4/2001-DD-II dated 13<sup>th</sup> July 2001, a copy of which is enclosed as Annexure-IV. The interested party(ies) are required to read the guidelines and satisfy themselves

that they are qualified to bid for the stake in HPCL through the process of disinvestment and give an undertaking to the effect that they are qualified to bid for the stake in HPCL in the Expression of Interest to be submitted by them. Further, interested parties would be required to provide the information on the criteria, laid down in the guidelines of 13.7.2001 along with their Expressions of Interest (EOI). The bidders shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority is pending against them. In case any investigation is pending against the concern or its sister concern or against its CEO or any of its Directors/Managers/employees, full details of such investigation including the name of the investigating agency, the charge/offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, a similar undertaking shall be provided along with EOI.

- 1.21 Where the interested party is a consortium, GOI may disqualify the entire consortium for any of the reasons specified above, even if it applied to only one member of the consortium.
- 1.22 The companies/consortia not satisfying the eligibility and requisite qualification criteria specified in the above sections are not eligible.

#### Other terms

- 1.23 The EOI submitted by interested parties shall be evaluated on the basis of the criteria specified elsewhere in this document. If at any time during the evaluation process, GOI require any clarification, it reserves the right to request such information from any or all of the companies/consortia and the companies/consortia will be obliged to provide the same within reasonable time frame. All pre-qualified parties will be required to execute a Confidentiality Undertaking. The Confidential Information Memorandum shall be issued only to the pre-qualified parties which execute the Confidentiality Undertaking.
- 1.24 This document constitutes no form of commitment on the part of the GOI other than to provide further information on HPCL. Furthermore, this document confers neither the right nor an expectation on any party to participate in the proposed divestment process.
- 1.25 GOI reserves the right to withdraw from the process or any part thereof, to accept or reject any /all offer(s) at any stage of the process and/or modify the process or any part thereof or to vary any terms without assigning any reasons. No financial obligations will accrue to GOI in such an event. GOI shall not be

responsible for non-receipt of correspondence sent by post / e-mail / courier / fax.

## Further Process

- 1.26 Based on an evaluation of EOIs received, interested parties, which are deemed fit (“qualified interested parties” “QIP”), will be qualified to participate in the subsequent selection process (without conferring any right or expectation whatsoever to QIP). Following the signing of a Confidentiality Agreement (“CA”) by duly authorized personnel, QIPs will be provided with the Confidential Information Memorandum (CIM) and shall be invited to participate further in the process described in detail in the CIM. QIP will get an opportunity to conduct a due diligence and take up plant visits and will also have access to data rooms and hold discussions with the management of HPCL/Ministry of Petroleum and Natural Gas/Ministry of Disinvestment, Government of India. The rules regarding access to information in the data rooms will be provided to QIPs later. QIPs will be invited to submit proposal detailing their technical, financial and commercial capabilities and a binding price bid.
- 1.27 The interested parties are expected to undertake due-diligence after intimation of their qualification for further process. The QIPs would be required to submit their price bids immediately thereafter.

### 1.28 **Request for Additional Information**

Based on the EOI submitted by the Interested parties, the GOI, advised by the Advisor (to be appointed), will carry out an evaluation of the qualifications of such interested parties. If at any time during the evaluation process, the GOI or the Advisor requires any clarification in order to carry out the evaluation, it reserves the right to request such information from any or all of the companies/consortium/joint ventures and the companies/consortiums/Joint Ventures will be obliged to respond to any reasonable request for such information and to supply the same to the Advisor within such reasonable time frame as the GOI or the Advisor may require.

### 1.29. **Enquiries**

The GOI and the Advisor reserve the right not to respond to questions raised or provide clarifications sought, in their sole discretion, if it is considered that it would be inappropriate to do so. Nothing in this section shall be taken or read as compelling or requiring the GOI or the Advisor to respond to any question or to provide any clarification. No extension of any time and date referred to in this PIM shall be granted on the basis or grounds that the GOI or the Advisor has not responded to any question/provided any clarification.

## Governing Laws/Jurisdiction

1.30 The laws of Union of India shall govern all matters relating to the joint venture formation process and the bidding procedure. Only Courts at New Delhi (with exclusion of all other Courts) shall have the jurisdiction to decide or adjudicate on any matter, which may arise out of or in connection with the joint venture participation.

## 2. Corporate Information

2.1 Hindustan Petroleum Corporation Limited, presently a Government Company, is an amalgam of the erstwhile ESSO & Caltex undertakings. It is the Second largest Company in the Indian Oil Sector with a refining capacity of 13 MMT and a market share of about 20% (19 MMTA).

2.2 The 2001 - 02 performance highlights of the Company is as under :

	<u>Rs.Bn</u>	<u>US\$ MN</u>
<b>Turnover</b>	<b>452.86</b>	<b>9263</b>
<b>PBDIT</b>	<b>20.47</b>	<b>419</b>
<b>Depreciation</b>	<b>5.29</b>	<b>109</b>
<b>Interest</b>	<b>2.95</b>	<b>60</b>
<b>Tax</b>	<b>4.34</b>	<b>89</b>
<b>PAT</b>	<b>7.88</b>	<b>161</b>

2.3 The Corporation made a successful IPO in two stages during 1995 & 1997 respectively and was able to raise nearly Rs. 13 billion. The present shareholding pattern of the Corporation is as follows : **GOI - 51.01%, Financial Institution - 21.49%, FIIs - 11.05 Banks - 1.73%, MFs - 3.92%, NRIs - 0.37%, Employees 0.35%, Public 10.08%**

2.4 Apart from its Refining and Marketing activities, the Corporation embarked on other activities in areas such as Exploration & Production, Manufacture of Bitumen Emulsion, Cavern Storage facilities for LPG, Laying of product pipeline, Setting up of grassroot refineries etc. The Corporation has formed separate Joint Ventures/Subsidiary Company for implementing these projects details of which are given in the PIM.

### Registered Office and Headquarters Office & Marketing Office

2.5 HPCL's registered office and Headquarter Office and the marketing office are located at Mumbai. The addresses of its registered and headquarters office and marketing office are given below:

<b>Registered Office and Headquarter Office:</b>	<b>Marketing Office:</b>
Petroleum House	Hindustan Bhavan
17, Jamshedji Tata Road	8, Shoorji Vallabhdas Marg,
Mumbai – 400 020	Ballard Estate
	Mumbai – 400 001

### Attractiveness of HPCL

2.6 Key features of HPCL have been summarized below:

- ❖ The disinvestment of shareholding in HPCL (and management control) will be the first transaction involving global bidding undertaken in the petroleum sector by the GOI in the post deregulation scenario.
- ❖ It represents a unique and significant opportunity for qualified domestic or international companies/consortiums to take a position in the petroleum retail sector of India after the abolition of price controls and introduction of a free market.
- ❖ HPCL is a long established refiner and marketer with 2 refineries and a nation wide chain infrastructure as under :

<b>Regional Offices</b>	<b>55</b>
<b>LPG Regional Offices</b>	<b>21</b>
<b>Terminals/ Installation/TOPs</b>	<b>35</b>
<b>Depots</b>	<b>90</b>
<b>LPG Bottling Plants</b>	<b>40</b>
<b>ASFs</b>	<b>10</b>
<b>Retail Outlets</b>	<b>4800</b>
<b>SKO/LDO Dealers</b>	<b>1650</b>
<b>LPG distributors</b>	<b>1865</b>
<b>LPG Customers ((In Lakhs)</b>	<b>173</b>
<b>Product Pipeline</b>	<b>2</b>

- ❖ It has well balanced refining capacity and marketing volumes
- ❖ It has 19.7% market share across all products and is particularly strong in the retail and lube sectors with 23% and 31% market shares respectively.
- ❖ HPCL has also interest in Joint Ventures/ Subsidiary with projects in allied areas.

- ❖ The Corporation has consistently achieved an excellent growth rate in all products and is successfully extending its product range in lubricants.
- ❖ The regulatory environment restricted HPCL's earning potential. The deregulated and market determined pricing scenario is expected to have a material impact on profitability.
- ❖ Longer term prospects post deregulation suggests substantial ongoing growth potential. Network expansion, product development, distribution efficiencies, efficiencies in crude sourcing and cost reduction all offer considerable scope set against a continuing background of consistent demand growth.

### Equity Share Capital

- 2.7 HPCL's equity base comprises of authorized capital of Rs. 3500 million divided into 349,250,000 equity shares of Rs. 10/- each and 75,000 cumulative redeemable preference shares of Rs. 100 each. The issued and paid up capital of the company as on March 31, 2002 is Rs. 3393.306 million divided into 339,330,000 shares of Rs. 10/- each.
- 2.8 The Government of India held 51.01% of the equity in HPCL. The Corporation made a successful IPO in two stages during 1995 & 1997 respectively and was able to raise nearly Rs. 13 billion. The present shareholding pattern of the Corporation is as follows : **GOI - 51.01%, Financial Institution - 21.49%, FIIs - 11.05 Banks - 1.73%, MFs - 3.92%, NRIs - 0.37%, Employees 0.35%, Public 10.08%**
- 2.9 HPCL's equity shares are listed at all major stock exchanges of the country.

### Employee Strength

- 2.10 The employee strength of HPCL on March 31, 2002 was 11357 persons

### Subsidiaries & Joint Ventures

#### 2.11 Guru Gobind Singh Refineries Limited (GGSRL)

GGSRL is presently a 100% subsidiary of HPCL subsequently proposed to be reduced to 51%. The company was formed for setting up a 9 MMTPA grass root refinery at Bhatinda in Punjab together with a 1011 KM crude oil pipeline from Mundhra in Gujarat to Bhatinda, Single Point Mooring and Crude Oil Terminal facilities at Mundhra and other associated facilities such as 140 MW Captive Power Plant at Bhatinda. The project is scheduled for completion in 48 months. The estimated capital cost is Rs. 98.06 billion to be financed with a debt equity ratio of

1.5:1. The Government of Punjab has extended various incentives including sales tax exemption for a period of 15 years, exemption from octroi, entry tax for 10 years etc. The refinery will be producing value added products meeting EURO IV specifications. **(HPCL investment Rs. 2.702 billion - Further commitment Rs. 17.302 billion)**

## **2.12 Mangalore Refinery & Petrochemicals Limited (MRPL)**

MRPL was formed in association with Aditya Birla Group for setting up a 3 MMTPA refinery at Mangalore which was subsequently expanded to 9 MMTPA. The present equity contribution of HPCL is 37.38%. MRPL has commenced direct marketing of free trade products from October 2000 and has also successfully exported petroleum products including Furnace Oil, Aviation Turbine Fuel and Motor Spirit. MRPL has now been granted marketing rights by the Government. MRPL has also commenced direct sourcing of crude. **(HPCL investment Rs. 4717 Million - Further Commitment - NIL)**

## **2.13 Petronet MHB Limited (PMHBL)**

PMHBL is a joint venture of HPCL, MRPL and Petronet India Limited, each proposing to hold 26% stake in the equity. The company was formed to lay a 364 KM product pipeline from Mangalore to Bangalore via Hasan at a total project cost of Rs. 6670 million. The project is scheduled for completion in March 2003. **(HPCL investment Rs. 276 Million - Further commitment Rs. 158 Million)**

## **2.14 South Asia LPG Private Limited**

South Asia LPG Private Limited is a joint venture with Total Gas & Power India ( a wholly owned subsidiary of Totalfinaelf of France) with equal stake of 50% each in the equity. The company was formed for the construction of 600,000 MT underground cavern storage for LPG at Visakhapatnam. The total project cost is estimated at Rs. 2870 million and is expected to be completed during 2004-05. **(HPCL investment Rs. 76.5 million - Further commitment Rs. 423.55 million)**

## **2.15 Prize Petroleum Company Limited**

Prize Petroleum Company Limited is a joint venture with financial institutions viz., ICICI and HDFC. HPCL has an equity stake of 50% in the company. The company is in the process of identifying discovered oil and gas fields with a view to acquire stakes in them. **(HPCL investment Rs. 100 Million)**

#### **2.16 Hindustan Colas Limited**

Hindustan Colas Limited is a joint venture with Colas S A of France, both partners holding 50% each of the company. The company is set up for the manufacture of bitumen emulsions. The company is operating three bitumen emulsion plants at Mumbai, Chennai and Bahadurgarh and the fourth plant at Baroda has just been commissioned in January 2003. The company is also setting up facilities for manufacture of Latex Modified Bitumen/Polymer Modified Bitumen in its existing plants. **(HPCL investment Rs. 47 Million - Further commitments Rs.100 Million)**

#### **2.17 Petronet India Limited**

Hindustan Petroleum Corporation Limited holds 16% stake in the equity of Petronet India Limited which was set up to lay cross country product pipelines in various parts of the country in joint ventures with oil companies. The company is a joint venture of Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, IBP Company Limited, Reliance Petroleum Limited, Essar Oil Limited and some financial institutions. Petronet India Limited in turn has formed joint ventures viz., Petronet VKP Limited, Petronet MHB Limited etc., to lay pipelines. **(HPCL investment Rs. 160 Million - Further commitment - NIL)**

#### **2.18 Hindustan Oman Petroleum Company Limited**

Hindustan Petroleum Corporation Limited holds 50% stake in Hindustan Oman Petroleum Company Limited formed in joint venture with Oman Oil Corporation Limited to set up a refinery near Ratnagiri on the West Coast. However since the project could not be proceeded with, the company is in the process of being wound up. **(HPCL investment Rs. 92.5 Million)**

### **3. Business Review**

#### **3.1 Refineries**

HPCL has two refineries. On the West Coast is the Mumbai Refinery with a capacity of 5.5 Million Metric Tonnes Per Annum, while the other at Visakhapatnam on the East Coast has a capacity of 7.5 Million Metric Tonnes Per Annum. The Lube Refinery at Mumbai is the largest in the country with a capacity of 335,000 Metric Tonnes Per Annum producing superior quality base oils. Both the refineries produce a number of value added products like petrol, high speed diesel oil, superior kerosene oil, liquefied petroleum gas, naphtha, aviation turbine fuel and others and over 300 grades of lubes, specialties and greases. Both the refineries have implemented and upgraded facilities to produce green fuels like unleaded petrol and low sulphur diesel.

#### **3.2 Marketing**

The marketing operations of HPCL are divided into three strategic business units, Retail, Direct Sales comprising of Lubes and Industrial & Government Sales, and LPG.

#### **3.3 Retail**



The Retail Business Unit is oriented towards delivering better and faster service to consumers. The retail network consists of a nationwide network of over 4700 retail outlets and over 1600 SKO/LDO resellers. The scope of the HP petrol pump has been redefined. The consumers' larger interests are served by transforming the petrol pump into a one-stop convenience outlet where one can shop for anything from fuels to grocery and lubricants to gifts. A nationwide chain of convenience stores has been set up at HP petrol pumps. A number of outlets provide customers Internet access

while instant access to cash through ATMs of leading banks is available at prominent locations.

### **3.4 Lubricants**

3.4.1 HPCL has a 31% market share of the lubricant market in the country. The HP Engine Oils product range covers over 300 brands of lubricants, greases and specialties catering to the automotive as well as the industrial sector. With years and years of research and technical expertise, they are engineered to meet the rigours of modern automobiles and the extreme service conditions of highly sophisticated industrial machines.

3.4.2 HPCL has six lube blending plants at Mumbai, Kolkata, Chennai and the recently commissioned 60 thousand metric tonnes per annum capacity plant at Silvassa. HP Engine Oils are today the second largest selling brand.

3.4.3 HPCL's market now extends to countries like Nepal, Sri Lanka, Bangla Desh, Saudi Arabia and Malaysia.

### **3.5 Industrial & Government Sales**

3.5.1 HPCL's petroleum products cover numerous applications from automobile, aviation, marine and power plant fuels to being used in the manufacture of products such as fertilizers, carbon black, jute, insecticides, cosmetics, edible oil, fabrics compact discs and medicines.

3.5.2 HPCL is the second largest producer of bitumen in India with annual sales of more than 500 TMT.

3.5.3 HPCL is the marine lube partner of Elf Lubricants, France, manufacturing and supplying the Elf brand of marine lubes.

3.5.4 HPCL is one of the largest suppliers of fuel to state owned and Independent Power Plants (IPPs).

3.5.5 Ten Aviation Service Facilities (ASFs) cater to the refueling requirements of both domestic as well as international airlines. At Mumbai, both domestic and

international airports are directly connected to the refinery through a dedicated pipeline.

### **3.6 Liquefied Petroleum Gas (LPG)**



HPCL has over 24% of market share of LPG business in the country. HP Gas, the HPCL brand of LPG, is bottled at 40 plants across the country with a total capacity of 1554 TMT per annum. The over 17 million LPG consumers of HPCL are serviced through a nationwide network of over 1865 dealers.

### **3.7 Storage and Distribution**

3.7.1 HPCL has an extensive and nationwide network comprising of pipelines, terminals and depots for the storage and distribution of petroleum products across the country.

3.7.2 HPCL has two cross-country product pipelines. The pipeline from the Refinery in Mumbai to Vashi and Loni near Pune has a capacity of 3.67 MMTPA. The second pipeline from the Refinery in Visakhapatnam to Vijayawada with a capacity of 4.1 MMTPA has been extended upto Secunderabad.

3.7.3 HPCL has over 120 terminals and depots across the country and a total tankage capacity of 2.49 Mn KL.

3.7.4 There are two LPG Import Facilities at Mangalore and Visakhapatnam capable of handling 1 MMT.

### 3.7 Refinery Thruput

Refinery	2001-'02	2000-'01	1999-2000	1989-'99	1997-'98
	12.33	11.98	10.55	9.07	8.84
Mumbai Refinery	5.63	5.57	6.00	5.21	6.38
Visakh Refinery	6.70	6.41	4.55	3.86	2.46

### 3.8 Product Sales

Product	2001-02	2000-01	1999-00	1998-99	000 Tonnes 1997-98
<b>Light Ends</b>					
NGL		6.00	26.29	106.20	267.30
Naphtha *	1727.74	1,559.35	1,111.10	1,269.50	576.00
LPG (Bulk & Packed)	1817.93	1,617.63	1,420.48	1,192.60	1077.00
MS	1765.62	1,653.30	1,494.23	1,403.40	1345.20
Hexane	40.27	38.33	40.95	42.50	46.80
Propylene	21.26	24.51	18.99	11.10	13.30
<b>Sub-total</b>	<b>5,372.82</b>	<b>4,899.12</b>	<b>4,112.04</b>	<b>4,025.30</b>	<b>3325.60</b>
<b>Middle Ends</b>					
ATF	224.01	215.67	216.10	186.80	182.90
SKO	1920.26	2,046.97	2,072.47	2,053.10	1918.30
HSD	7508.61	7,803.94	7,949.71	7,581.00	7468.60
LDO	299.6	342.46	341.83	289.10	292.80
MTO	48.86	55.32	52.37	38.10	49.20
JBO	7.85	15.81	12.00	3.90	6.50
<b>Sub-total</b>	<b>10,009.19</b>	<b>10,480.17</b>	<b>10,644.48</b>	<b>10,152.00</b>	<b>9918.30</b>
<b>Heavy Ends</b>					
FO *	1389.21	1,390.76	1,305.08	1,423.30	1337.00
LSHS *	531.25	773.60	614.14	577.90	582.50
Bitumen (Bulk & Packed)	404.3	518.41	514.90	503.90	522.70
SBP		14.11	13.87	17.60	30.00
Others *	54.7	26.13	1.34	3.70	0.90
CBFS		39.16	38.65	31.80	24.50
Lubes & Greases	259.67	253.60	251.99	243.60	259.50
<b>Sub-total</b>	<b>2,639.13</b>	<b>3,015.77</b>	<b>2,739.97</b>	<b>2,801.80</b>	<b>2757.10</b>
<b>TOTAL</b>	<b>18,021.14</b>	<b>18,395.06</b>	<b>17,496.49</b>	<b>16,979.10</b>	<b>16001.00</b>
* Includes Exports					

## 4. Financial Information Of HPCL

4.1 This chapter presents a brief background on the financials of HPCL.

### Balance Sheet

#### Balance Sheet

Particulars	(Figures in INR Million)				
	2001-2002	2000-01	1999-2000	1998-99	1997-98
<b>Sources of Funds</b>					
Share Capital	3388	3388	3388	2256	2214
Reserves and Surplus	55589	61475	54329	48116	40715
Shareholders Funds (A)	58977	64863	57717	50372	42930
Share Application/Call Money pending allotment					480
Secured Loans	22161	21815	16118	6608	5094
Unsecured Loans	9555	13880	12896	7329	7475
Loan Funds(B)	31716	35695	29015	13936	12569
<b>Total (A+B)</b>	<b>90693</b>	<b>100558</b>	<b>86732</b>	<b>64309</b>	<b>55979</b>
<b>Application of Funds:</b>					
Fixed Assets (A)					
Gross Block	102448	91667	84311	57104	48612
Less Depreciation	37599	32397	28099	25160	21350
Net Block	64849	59270	56211	31944	27262
Capital Work-in-progress	3044	5878	4746	17614	9531
	67893	65148	60957	49558	36794
Investments (B)					
Current Assets Loans and Advances					
Inventories	36257	38796	41838	15765	10725
Sundry Debtors	7844	5631	6030	4332	3202
Cash and Bank balances	86	288	312	28	506
Other current Assets	6	3	43	92	133
Loans and Advances	16649	34847	16679	12973	10710
	60842	79564	64901	33190	25275
Less:					
Current Liabilities and Provisions					
Liabilities	42628	43535	39759	23936	20838
Provisions	5018	5657	5192	3906	1769
	47646	49192	44950	27842	22607
Net Current Assets(C)	13196	30372	19951	5348	2669
Deferred Tax Assets/(Liabilities)	-11730				
Miscellaneous Expenditure to the extent not written off or adjusted(D)	0	9	17	62	107
<b>Total (A+B+C+D)</b>	<b>90693</b>	<b>100558</b>	<b>86732</b>	<b>64309</b>	<b>55979</b>

### Profit and Loss Statement

The Profit and Loss Statement for the last seven years has been presented in Exhibit 4.2.

#### Exhibit 4.2 Profit and Loss Statement

Rs. in million

				(Figures in INR Million)	
Particulars	2001-2002	2000-01	1999-2000	1998-99	1997-98
Gross Sales	452865	471175	343680	259946	205129
Net Recovery/ (Payment to pool) Account	-8527	13869	-5372	-20305	-61302
Other Income	2750	4621	1281	2800	3346
<b>Total Income</b>	<b>447088</b>	<b>489665</b>	<b>339589</b>	<b>242441</b>	<b>147173</b>
(Increase) / Decrease in Inventory	2585	3680	-22973	-5547	646
Consumption of Raw Materials	107187	116249	74485	43932	28000
Staff Cost	5546	5294	4012	2745	2500
Purchase of Products for Resale	243726	284036	208718	143925	66295
Duties Applicable to Products	48004	39775	40596	23849	18740
Other Expenditure	19666	19233	17472	15496	16968
<b>Profit Before Depreciation Interest and Tax</b>	<b>20374</b>	<b>21398</b>	<b>17279</b>	<b>18041</b>	<b>14024</b>
Interest	2947	3873	1504	1189	850
Depreciation	5202	4323	3039	4046	3894
<b>Profit Before Taxation</b>	<b>12225</b>	<b>13202</b>	<b>12736</b>	<b>12806</b>	<b>9280</b>
Provision for Taxation	4345	2322	2162	3793	2268
<b>Profit After Tax</b>	<b>7880</b>	<b>10880</b>	<b>10574</b>	<b>9013</b>	<b>7012</b>

ANNEXURE-I



**GOVERNMENT OF INDIA**

**Strategic Sale of Shareholding in Hindustan Petroleum Corporation  
Limited (HPCL)**

*This announcement is neither a prospectus nor an offer or Invitation for sale to the public of securities*

**Expression of Interest (EOI)**

The Government of India ("GOI"), wishes to disinvest a part of its shareholding in Hindustan Petroleum Corporation Limited (HPCL), amounting to 34.01% of the equity capital to a Strategic Partner (SP) and to transfer control to manage the affairs of HPCL to the SP.

HPCL is the second largest company in the Indian oil sector with a refining capacity of 13 MMT and a market share of about 23% in the retail sector and 31% in the lube sector. The Corporation has consistently achieved an excellent growth rate in all products and is successfully extending its product range in lubricants. HPCL's turnover for twelve months ended March 31, 2002 was Rs.452.86 billion.

Interested Parties are requested to submit their EOI along with a Request for Qualification (RFQ) in the prescribed format specified in the Preliminary Information Memorandum (PIM) at the under-mentioned address, not later than 17.30 hrs (IST) on 17<sup>th</sup> March, 2003. The PIM containing further information about HPCL, eligibility criteria, formats of EOI and RFQ, etc. can be accessed at [www.hindustanpetroleum.com](http://www.hindustanpetroleum.com), [www.petroleum.nic.in](http://www.petroleum.nic.in) and [www.divest.nic.in](http://www.divest.nic.in). All queries related to the EOI may be addressed to the under-mentioned person:

Shri P.K.Basu  
Joint Secretary  
Ministry of Disinvestment  
2<sup>nd</sup> Floor, Block No. 11 & 14,  
CGO Complex, Lodhi Road,  
New Delhi-110003  
India  
Tel : 0091-11-24366523, Fax : 0091-11-24366524  
e-mail : [pkbasu@nic.in](mailto:pkbasu@nic.in).

*GOI reserves the right to withdraw from the process or any part thereof, to accept or reject any /all offer(s) at any stage of the process and/or modify the process or any part thereof or to vary any terms without assigning any reasons. No financial obligations will accrue to GOI in such an event. GOI shall not be responsible for non-receipt of correspondence sent by post / e-mail / courier / fax.*

ANNEXURE-II

EXPRESSION OF INTEREST

(To be forwarded on the letterhead of the interested party(ies)/lead bidder/member(s) of the consortium submitting the EOI)

Reference No. \_\_\_\_\_

Date \_\_\_\_\_

Shri P.K.Basu  
Joint Secretary  
Ministry of Disinvestment  
2<sup>nd</sup> Floor, Block No. 11 & 14,  
CGO Complex, Lodhi Road,  
New Delhi-110003  
India

Expression of Interest for Disinvestment in Hindustan Petroleum Corporation Limited (HPCL).

Sir,

This is with reference to the advertisement dated \_\_\_\_\_ inviting Expression of Interest for Hindustan Petroleum Corporation Limited As specified in the advertisement, the Preliminary Information Memorandum was made available to us.

We have read and understood the contents of PIM and are desirous of participating in the above disinvestment process, and for this purpose:

We propose to submit our EOI in individual capacity as \_\_\_\_\_

We have formed/propose to form a consortium comprising of \_\_\_\_members as follows:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

We confirm that we/our consortium/proposed consortium satisfies the eligibility criteria set out in relevant sections of the PIM including the guidelines for qualification of bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment issued by the Government of India vide Department of Disinvestment OM No.6/4/2001-DD-II dated 13<sup>th</sup> July 2001.

We certify that in regard to matters other than security and integrity of the country, we have not been convicted by a Court of law or indicted or adverse orders passed by a regulatory authority which would cast a doubt on our ability to manage the public sector unit when it is disinvested or which relates to a grave offence that outrages the moral sense of the community.

We further certify that in regard to matters relating to security and integrity of the country we have not been convicted by a court of Law for any offence committed by us or by any of our sister concern and no charge sheet has been filed by any agency of the Government for any offence committed by us or by any of our sister concern.

We further certify that no investigation by a regulatory authority is pending either against us or against our sister concern or against our CEO or any of our Directors/Managers/employees.

The Request of Qualification as per format duly signed by us/respective members, who jointly satisfy the eligibility criteria, is enclosed.

We shall be glad to receive further communication on the subject.

Yours faithfully,

Authorised Signatory  
For and on behalf of

Enclosure: Request for Qualification

ANNEXURE-III

REQUEST FOR QUALIFICATION

(To be submitted in respect of each member of the consortium)

**Name of the interested Party(ies)/Member(s)** \_\_\_\_\_

Constitution (Tick, wherever applicable)      Sector (Tick, wherever applicable)

- Public Limited Company            - Public Sector
- Private Limited Company            - Joint Sector
- Others, If any

- If others, please specify : \_\_\_\_\_

- Nature of business/products dealt with : \_\_\_\_\_

- Date of incorporation : \_\_\_\_\_

- Date of commencement of business : \_\_\_\_\_

- Full address including phone No./faxNo. : \_\_\_\_\_

- Registered Office : \_\_\_\_\_

- Head Office : \_\_\_\_\_

- Address for correspondence : \_\_\_\_\_

Basis of eligibility for participation in the process for induction of Strategic Partner :

----- (Please mention details of your eligibility)

Please attach supporting documents e.g. Audited Statement of Accounts/Annual Report / Certified Provisional : -----.

Contact Person(s)

Yours faithfully,

Authorised Signatory  
For and on behalf of

Place :

Date :

### **Annexure IV - Statement of Legal Capacity**

(To be forwarded on the letterhead of the interested party/each member of the consortium submitting the EOI).

#### Statement Of Legal Capacity For Disinvestment In Hindustan Petroleum Corporation Limited(HPCL)

To,

Shri P.K.Basu  
Joint Secretary  
Ministry of Disinvestment  
2<sup>nd</sup> Floor, Block No. 11 & 14,  
CGO Complex, Lodhi Road,  
New Delhi-110003  
India

Sir,

This is with reference to the advertisement dated \_\_\_\_\_ inviting Expression of Interest for the sale of 34.01% shareholding of GOI in HPCL.

We have read and understood the contents of the PIM and the advertisement and pursuant to this hereby confirm that:

1. We satisfy the eligibility criteria laid out in the PIM and the advertisement.
2. We are a member of the consortium (constitution of which has been described in the Expression of Interest) which jointly satisfies the eligibility criteria as detailed in the PIM.\*
3. We have agreed that \_\_\_\_\_(insert member's name) will act as the lead member of our consortium.\*
4. We have agreed that \_\_\_\_\_(insert individual's name) will act as our representative on our behalf and has been duly authorized to submit the EoI. Signatures of \_\_\_\_\_(insert individual's name) are attested hereinbelow. Further, the authorized signatory is vested with requisite powers to furnish such letter and Request for Qualification and authenticate the same.\*
5. We have agreed that \_\_\_\_\_(insert the name of the individual) will be the representative of our consortium and is duly authorized to submit the EoI on our behalf. Further, the authorized signatory is vested with requisite powers to furnish such letter and Request for Qualification and authenticate the same.\*

Yours faithfully,

Authorised Signatory  
For and on behalf of (party/member)

Signatures of \_\_\_\_\_(insert individual's name) Attested

Attested

Authorised Signatory

For and on behalf of (party/member)

\*Strike off whichever clause is not applicable

/2001-DD-I

ANNEXURE-V

No. 6/4/2001-DD-II  
Government of India  
Department of Disinvestment

Block 14, CGO Complex  
New Delhi.  
Dated 13<sup>th</sup> July, 2001.

OFFICE MEMORANDUM

Sub: Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment

Government has examined the issue of framing comprehensive and transparent guidelines defining the criteria for bidders interested in PSE-disinvestment so that the parties selected through competitive bidding could inspire public confidence. Earlier, criteria like net worth, experience etc. used to be prescribed. Based on experience and in consultation with concerned departments, Government has decided to prescribe the following additional criteria for the qualification / disqualification of the parties seeking to acquire stakes in public sector enterprises through disinvestment:

- (a) In regard to matters other than the security and integrity of the country, any conviction by a Court of Law or indictment / adverse order by a regulatory authority that casts a doubt on the ability of the bidder to manage the public sector unit when it is disinvested, or which relates to a grave offence would constitute disqualification. Grave offence is defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of the offence would be taken on case to case basis after considering the facts of the case and relevant legal principles, by the Government.
- (b) In regard to matters relating to the security and integrity of the country, any charge-sheet by an agency of the Government / conviction by a Court of Law for an offence committed by the bidding party or by any sister concern of the bidding party would result in disqualification. The

decision in regard to the relationship between the sister concerns would be taken, based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.

(c) In both (a) and (b), disqualification shall continue for a period that Government deems appropriate.

(d) Any entity, which is disqualified from participating in the disinvestment process, would not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.

(e) The disqualification criteria would come into effect immediately and would apply to all bidders for various disinvestment transactions, which have not been completed as yet.

(f) Before disqualifying a concern, a Show Cause Notice why it should not be disqualified would be issued to it and it would be given an opportunity to explain its position.

(g) Henceforth, these criteria will be prescribed in the advertisements seeking Expression of Interest (EOI) from the interested parties. The interested parties would be required to provide the information on the above criteria, along with their Expressions of Interest (EOI). The bidders shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority is pending against them. In case any investigation is pending against the concern or its sister concern or against its CEO or any of its Directors/Managers/employees, full details of such investigation including the name of the investigating agency, the charge/offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, a similar undertaking shall be obtained along with EOI.

-sd/-

**(A.K. Tewari)**

**Under Secretary to the Government of India.**