Notes to the Financial Statements for the year ended 31st March 2018

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, with ONGC holding 51.11% of Equity Shares w.e.f. 31st January, 2018. 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 22nd May 2018.

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.

Notes to the Financial Statements for the year ended 31st March 2018

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

Notes to the Financial Statements for the year ended 31st March 2018

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. Leases

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.

Notes to the Financial Statements for the year ended 31st March 2018

Lease 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 (including in transit) 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 or 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 to 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:

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 Liquified Petroleum Gas (LPG) and Superior Kerosene Oil (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.

Notes to the Financial Statements for the year ended 31st March 2018

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.

Notes to the Financial Statements for the year ended 31st March 2018

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.

2.16.2. 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.

2.16.3. 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.

2.16.4. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

2.16.5. Contingent liabilities and Capital Commitments disclosed are in respect of items which in each case are above the threshold limit.

2.16.6. 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:

Notes to the Financial Statements for the year ended 31st March 2018

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.

2.18.3 **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.

Notes to the Financial Statements for the year ended 31st March 2018

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.

2.24.2. 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 to the Financial Statements as at 31st March 2018

3: Property, Plant and Equipments

The following are the carrying values of Property, Plant & Equipments:

(₹ / 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 Assets	Total
Gross Block											
As on 01.04.2017	**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**
Additions/ Reclassifications	163.33	21.56	505.43	3,056.48	37.43	22.31	451.43	248.98	27.75	5.77	4,540.47
Deductions/ Reclassifications	0.29	–	5.39	63.62	2.79	0.40	8.85	0.22	0.44	–	82.00
As on 31.03.2018	**894.05**	**65.07**	**5,385.94**	**33,279.18**	**201.27**	**101.60**	**2,343.39**	**2,553.89**	**312.14**	**5.77**	**45,142.30**
Depreciation/ Amortisation											–
As on 01.04.2017	**–**	**0.06**	**259.94**	**3,312.17**	**36.69**	**23.76**	**636.31**	**660.66**	**43.24**	**–**	**4,972.83**
For the year	–	0.14	149.85	1,895.79	22.93	11.80	296.10	316.21	22.51	0.35	2,715.68
Deductions/ Reclassifications	–	–	3.07	53.07	0.69	0.15	7.73	0.14	0.39	–	65.24
As on 31.03.2018	**–**	**0.20**	**406.72**	**5,154.89**	**58.93**	**35.41**	**924.68**	**976.73**	**65.36**	**0.35**	**7,623.27**
Net Block as on 01.04.2017	**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**
Net Block as on 31.03.2018	**894.05**	**64.87**	**4,979.22**	**28,124.29**	**142.34**	**66.19**	**1,418.71**	**1,577.16**	**246.78**	**5.42**	**37,519.03**

3.1 Includes assets costing ₹ 0.007 crores /- (2016-2017 :₹ 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.

3.2 Includes ₹ 501.45 Crores (2016-2017: ₹ 464.72 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.

3.3 Includes ₹ 35.23 Crores (2016-2017 : ₹ 35.28 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.

3.4 a) Includes following assets which are used for distribution of PDS Kerosene under Jana Kalyan Pariyojana against which financial assistance was provided by OIDB.

Description	**Orignal Cost** (₹ / Crores)	
	31.03.2018	**31.03.2017**
Roads & culverts	0.13	0.13
Buildings	1.62	1.62
Plant & Equipment	2.49	2.55
Total	**4.24**	**4.30**

Notes to the Financial Statements as at 31st March 2018

b) Includes assets held under PAHAL (DBTL) scheme against which financial assistance is being provided by MOP&NG.

Description	Orignal Cost (₹ / Crores) 31.03.2018	31.03.2017
Computer Software	7.49	6.93
Computers/ End use devices	5.64	4.45
Office Equipment	0.01	0.01
Automation, Servers & Networks	1.55	1.55
Total	**14.69**	**12.94**

3.5 Deduction/ reclassification includes assets ₹ 3.49 crores as on 31.03.18 (31.03.17 : ₹ 3.97 crores) for which management has given consent for disposal & hence classified as Assets held for sale.

3.6 Leasehold Land includes ₹ 27.57 Crores (2016-17: ₹ 27.57 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.

3.7 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.

3.8 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.

(₹ / Crores)

		31.03.2018	31.03.2017
4: Capital Work-in-Progress			
Unallocated Capital Expenditure and Materials at Site		3,615.49	1,613.52
Capital Stores lying with Contractors		14.44	6.25
Capital goods in transit		49.19	24.95
	A	**3,679.12**	**1,644.72**
Construction period expenses pending apportionment (Net of recovery) :			
Opening balance		165.76	236.71
Add:Expenditure during the year			
Establishment charges including Salaries and Wages		117.58	79.73
Interest		92.35	68.16
Loss / (gain) on foreign currency transactions and translations		5.02	(193.78)
Others		0.03	0.03
		380.74	**190.85**
Less: Allocated to assets capitalised during the year / charged off		74.47	25.09
Closing balance pending allocation	**B**	**306.27**	**165.76**
	A + B	**3,985.39**	**1,810.48**

Notes to the Financial Statements as at 31st March 2018

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 01.04.2017	**170.85**	**61.69**	**59.72**	**188.56**	**480.82**
Additions/ Reclassifications	38.55	1.43	28.90	–	68.88
Deductions/ Reclassifications	–	0.93	–	–	0.93
As on 31.03.2018	**209.40**	**62.19**	**88.62**	**188.56**	**548.77**
Depreciation/ Amortisation					–
As on 01.04.2017	**–**	**16.21**	**23.41**	**20.32**	**59.94**
For the year	–	10.34	16.41	10.33	37.08
Deductions/ Reclassifications	–	0.93	–	–	0.93
As on 31.03.2018	**–**	**25.62**	**39.82**	**30.65**	**96.09**
Net Block as on 01.04.2017	**170.85**	**45.48**	**36.31**	**168.24**	**420.88**
Net Block as on 31.03.2018	**209.40**	**36.57**	**48.80**	**157.91**	**452.68**

(₹ / Crores)

	31.03.2018	31.03.2017
6: Investment in Subsidiaries, Joint Ventures and Associates		
Investments in Equity Instruments		
Subsidiaries		
Un - Quoted		
HPCL - Biofuels Ltd.		
20,55,20,000 (31.03.2017 : 20,55,20,000) Equity Shares of ₹ 10 each fully paid up	205.52	205.52
Less : Provision for Impairment	161.00	161.00
Prize Petroleum Co. Ltd (refer note 6.1)		
24,50,00,000 (31.03.2017 : 24,50,00,000 Equity Shares of ₹ 10 each fully paid up	246.28	245.38
Less : Provision for Impairment	129.41	129.41
Associates		
Quoted		
Mangalore Refinery and Petrochemicals Ltd.		
29,71,53,518 (31.03.2017 : 29,71,53,518) Equity Shares of ₹ 10 each fully paid up	471.68	471.68
Un - Quoted		
GSPL India Transco Ltd		
4,19,10,000 (31.03.2017 : 2,25,50,000) Equity Shares of ₹ 10 each fully paid up	41.91	22.55
GSPL India Gasnet Ltd		
4,25,72,128 (31.03.2017 : 3,04,72,128) Equity Shares of ₹ 10 each fully paid up	42.57	30.47

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

	31.03.2018	31.03.2017
Joint Ventures		
Un - Quoted		
CREDA HPCL Biofuel Ltd. (refer note 6.2)		
Nil (31.03.2017 : 1,60,99,803) Equity Shares of ₹ 10 each fully paid up	–	16.10
Less : Provision for Impairment	–	16.10
HPCL Rajasthan Refinery Ltd (refer note 6.3)		
18,87,37,000 (31.03.2017 : 37,000) Equity Shares of ₹ 10 each fully paid-up	188.74	74.00
HPCL Shapoorji Energy Pvt. Ltd.		
2,00,00,000 (31.03.2017 : 1,30,00,000) Equity Shares of ₹ 10 each fully paid up	20.00	13.00
HPCL-Mittal Energy Ltd.		
3,93,95,55,200 (31.03.2017 : 3,93,95,55,200) Equity Shares of ₹ 10 each fully paid up	3,939.56	3,939.56
Hindustan Colas Pvt. Ltd.		
47,25,000 (31.03.2017 : 47,25,000) Equity Shares of ₹ 10 each fully paid-up	4.73	4.73
Petronet India Ltd.		
1,60,00,000 (31.03.2017 :1,60,00,000) Equity Shares of ₹ 0.10 (31.03.2017 : ₹ 10) each fully paid up	0.16	16.00
Petronet MHB Ltd.		
17,95,11,020 (31.03.2017 : 17,95,11,020) Equity Shares of ₹ 10 each fully paid up	183.93	183.93
South Asia LPG Co. Pvt. Ltd.		
5,00,00,000 (31.03.2017 : 5,00,00,000) Equity Shares of ₹ 10 each fully paid up	50.00	50.00
Bhagyanagar Gas Ltd.		
4,36,50,000 (31.03.2017 : 2,25,00,000) Equity Shares of ₹ 10 each fully paid up	128.25	22.50
Aavantika Gas Ltd		
2,95,48,663 (31.03.2017 : 2,25,00,000) Equity Shares of ₹ 10 each fully paid up	49.99	22.50
Mumbai Aviation Fuel Farm Facility Pvt. Ltd.		
4,18,88,750 (31.03.2017 : 3,82,71,250) Equity Shares of ₹ 10 each fully paid up	41.89	38.27
Godavari Gas Pvt. Ltd.		
26,00,000 (31.03.2017 : 26,00,000) Equity Shares of ₹ 10 each fully paid up	2.60	2.60
Ratnagiri Refinery and Petrochemicals Ltd.		
2,50,00,000 Equity shares of ₹ 10 each fully paid up	25.00	–
	5,352.40	**5,052.28**

6.1 : The Net worth of M/s Prize Petroleum Company Limited (PPCL), a 100% subsidiary of the Corporation was partially eroded. The Management had considered ₹ 24.41 crores as an impairment loss in value of investment. Accordingly, a provision was accounted during FY 2016-17. No further impairment is considered necessary during FY 2017-18.

6.2 : M/s CREDA HPCL Biofuel Ltd was dissolved with effect from 08th March 2018. Accordingly, carrying value of investments earlier provided for is now written-off.

6.3 : Includes amount of Nil (31.03.2017 : ₹ 73.96 crores) towards subscribed, but not paid shares of HPCL Rajasthan Refinery Ltd being part of MOA / AOA for which liability is created under Section 10(2) of the Companies Act, 2013.

6.4 : During the FY 2017-18, consequent to reduction in face value of shares Petronet India Ltd (PIL) from ₹ 10 each share to ₹ 0.10, investment in PIL has reduced from ₹ 16.00 crores as on 31.03.2017 to ₹ 0.16 crores as on 31.03.2018. Consequently, the company has received ₹ 15.84 Crores during the year.

Notes to the Financial Statements as at 31st March 2018

6.5 : 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 HPCL Mittal Energy Ltd (HMEL) and HPCL Rajasthan Refinery Limited (HRRL)) 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 Government of India. As per financial position as on 31st March 2018, the investments in joint ventures and wholly owned subsidiaries are well within 30% limit.

6.6 : HPCL Middle East FZCO, a 100% Subsidiary of HPCL was incorporated on 11.02.2018 as a Free Zone Company under Dubai Airport Free Zone and Establishment Card was issued on 22.03.2018 for the Company. This foreign subsidiary has been established for Trading in Lubricants & Grease, Petrochemicals and Refined Oil Products. HPCL, as a subscriber to the MOA is in the process of investing ₹ 17,742 (AED 1,000) towards share capital and investment upto ₹ 1 crores on need basis.

(₹ / Crores)

		31.03.2018	31.03.2017
Disclosures towards Cost / Market Value / Impairment			
a	Aggregate amount of Quoted Investments (Market Value)	3,253.83	3,169.14
b	Aggregate amount of Quoted Investments (Cost)	471.68	471.68
c	Aggregate amount of Unquoted Investments (Cost)	5,171.12	4,887.10
d	Aggregate amount of Provision for impairment	290.41	306.51

(₹ / Crores)

	31.03.2018	31.03.2017
7: Other Investments		
Investment in equity instruments carried at fair value through other comprehensive income		
Quoted		
Oil India Ltd. (refer note 7.1)		
2,67,50,550 (31.03.2017 : 1,78,33,700) Equity Shares of ₹ 10 each fully paid up	575.94	594.84
Scooters India Ltd. (refer note 7.1)		
10,000 (31.03.2017:10,000) Equity Shares of ₹ 10 each fully paid up	0.06	0.04
Investment in equity instruments carried at fair value through Profit and Loss Account		
Un - Quoted		
Shushrusha Citizen Co-operative Hospital Limited of the face value of ₹ 0.10 lakhs		
100 Equity Shares of ₹ 100/- each fully paid	0.00	0.00
Total Investments in Equity Instruments	**576.00**	**594.88**
Investments in Preference Shares carried at amortized cost		
Subsidiaries		
Un - Quoted		
5% HPCL - Biofuels Ltd. Non-Cumulative Preference Shares		
41,96,51,511 (31.03.2017 :41,96,51,511) Preference Shares of ₹ 10 each fully paid up	177.27	162.63
Total Investments in Preference Shares	**177.27**	**162.63**

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

	31.03.2018	31.03.2017
Investment in Government Securities carried at amortized cost		
Government Securities of the face value of ₹ 0.02 Crores		
- Deposited with Others	–	0.02
- On hand - Nil (31.03.2017: ₹ 0.25 lakhs)	–	0.00
Government Securities of the face value of ₹ 0.24 lakhs		
- Deposited with Others - Nil (31.03.2017: ₹ 0.10 lakhs)	–	0.00
- On hand - Nil (31.03.2017: ₹ 0.14 lakhs)	–	0.00
Less: Provision for impairment	–	0.00
Total Investments in Government Securities	**–**	**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
- 5% Debenture of face value of - ₹ 0.07 lakhs	0.00	0.00
Total Investments in Debentures	**0.00**	**0.00**
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
Total Investments in Structured Entities	**0.05**	**0.05**
	753.32	757.58

7.1 : The Company has designated these investments at fair value through other comprehensive income because these investments represent the investments that the corporation intends to hold for long-term strategic purposes. No strategic investments were disposed off during the year.

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%.

(₹ / Crores)

		31.03.2018	31.03.2017
Disclosure towards Cost / Market Value			
a	Aggregate amount of Quoted Investments (Market Value)	576.00	594.88
b	Aggregate amount of Quoted Investments (Cost)	561.77	561.77
c	Aggregate amount of Unquoted Investments (Cost)	177.32	162.70
d	Aggregate amount of Provision for impairment	–	0.00

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

		31.03.2018	31.03.2017
8:	**Loans**		
	Secured, considered good		
	Employee loans and advances and Interest thereon	306.14	283.58
	Unsecured, considered good		
	Deposits	102.19	89.41
	Loans to related parties (refer note 52)	16.80	50.40
	Other Loans	36.48	33.04
		461.61	**456.43**

(₹ / Crores)

		31.03.2018	31.03.2017
9:	**Other Non-Current Assets**		
	Balances with Excise, Customs, etc.	164.20	163.84
	Deposits	44.01	42.09
	Advance Tax (net of provisions)	200.79	250.86
	Capital advances	158.73	220.24
	Prepaid employee cost	133.93	129.67
	Prepaid Lease Rental	612.93	509.07
	Others Prepaid Expenses	94.49	23.11
		1,409.08	**1,338.88**

(₹ / Crores)

		31.03.2018	31.03.2017
10:	**Inventories**		
	Raw materials (Including in transit 31.03.2018 : ₹ 1313.86 crores; 31.03.2017 : ₹ 1,420.99 Crores)	3,951.88	3,312.86
	Work-in-progress	735.94	442.25
	Finished goods (Including in transit 31.03.2018 : ₹ 149.51 crores ; 31.03.2017 : ₹ 123.78 Crores)	5,776.32	5,988.50
	Stock-in-trade (Including in transit 31.03.2018 : ₹ 1,111.11 crores ;31.03.2017 : ₹ 907.13 Crores)	7,570.25	8,456.30
	Stores and spares (Including in transit 31.03.2018 : ₹ 10.67 crores; 31.03.2017 : ₹ 13.90 Crores)	389.15	373.02
	Less : provision for stores and spares	9.49	9.49
	Packages	6.17	12.84
		18,420.22	**18,576.28**

10.1. The write-down of inventories to net realisable value during the year amounted to ₹ 114.35 crores (31.03.2017 : ₹ 212.09 crores). The write downs and reversal are included in cost of materials consumed, changes in inventories of finished goods and work in progress.

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

		31.03.2018	31.03.2017
11:	**Investments**		
	Investments carried at fair value through Profit and Loss Account		
	Quoted - Government Securities		
	6.90% Oil Marketing Companies' GOI Special Bonds, 17,36,36,000 (31.03.2017 : 24,71,36,000) ₹ 100 each face value (refer note 11.1)	1,643.84	2,388.88
	8.00% Oil Marketing Companies' GOI Special Bonds, 24,41,000 (31.03.2017 : 24,41,000) ₹ 100 each face value	24.68	25.13
	8.20% Oil Marketing Companies' GOI Special Bonds, 1,23,49,000 (31.03.2017 : 1,23,49,000) ₹ 100 each face value	126.51	128.64
	6.35% Oil Marketing Companies' GOI Special Bonds, 18,32,33,000 (31.03.2017 : 25,32,33,000) ₹ 100 each face value	1,699.61	2,364.43
	7.59% Government of India, G - Sec Bonds, 1,85,00,000 (31,03.2017 : 1,85,00,000) ₹ 100 each face value (refer note 11.1)	184.63	193.88
	7.72% Government of India, G - Sec Bonds, 8,36,00,000 ₹ 100 each face value (refer Note 11.1)	848.84	–
	8.33% Government of India, G - Sec Bonds, 1,80,00,000 ₹ 100 each face value (refer Note 11.1)	187.41	–
	8.15% Government of India, G - Sec Bonds, 2,75,00,000 ₹ 100 each face value (refer Note 11.1)	283.86	–
	A	**4,999.38**	**5,100.96**
	Un - Quoted - Equity instruments		
	Sai Wardha Power Generation Ltd.		
	Nil (31.03.2017 : 77,83,468) Equity Shares of ₹ 10 each fully paid up	–	7.78
	B	**–**	**7.78**
	A+B	**4,999.38**	**5,108.74**

11.1 : 6.90% Oil Marketing Companies GOI Special Bonds 2026 of ₹ 1378.64 Crores, 7.59 % G-Sec Bonds 2026 of ₹ 183.00 Crores, 7.72 % G-Sec Bonds 2025 of ₹ 615.00 Crores, 8.33 % G-Sec Bonds 2026 of ₹ 180.00 Crores and 8.15 % G-Sec. Bonds 2026 of ₹ 275.00 Crores, are pledged with Clearing Corporation of India Limited against CBLO Loan.

(₹ / Crores)

		31.03.2018	31.03.2017
	Disclosure towards Cost / Market Value		
a	Aggregate amount of Quoted Investments (Market Value)	4,999.38	5,100.96
b	Aggregate amount of Quoted Investments (Cost)	5,267.26	5,343.23
b	Aggregate amount of Un - Quoted Investments (Cost)	–	7.78
d	Aggregate amount of Provision for impairment	–	–

(₹ / Crores)

		31.03.2018	31.03.2017
12:	**Trade Receivables**		
	Unsecured considered good	5,583.01	4,085.90
	Doubtful	123.05	143.08
	Less: Allowances for Bad and Doubtful Debts	123.05	143.08
	Less: Impairment Provision (Expected Credit Loss Model)	10.10	21.69
		5,572.91	**4,064.21**

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

	31.03.2018	31.03.2017
13: Cash and Cash Equivalents		
Balances with Scheduled Banks:		
- on Current Accounts	2.69	1.14
- on Non-Operative Current Accounts	0.01	0.01
Cheques Awaiting Deposit	0.00	0.06
Cash on Hand	7.97	7.64
	10.67	**8.85**

(₹ / Crores)

	31.03.2018	31.03.2017
14: Other Bank Balances		
Earmarked balances with banks for unpaid dividend	16.86	14.90
Fixed Deposits with 3 - 12 months maturity (refer note 14.1)	1,166.58	9.92
	1,183.44	**24.82**

14.1: Includes ₹ 1,150 Crores (31.03.2017 : ₹ Nil) Earmarked for project purposes.

(₹ / Crores)

	31.03.2018	31.03.2017
15: Loans		
Secured, considered good		
Employee loans and advances and Interest thereon	31.10	33.13
Unsecured, considered good		
Loans to related parties (refer note 52)	33.60	108.60
Other Loans (refer note 15.1)	24.64	21.48
	89.34	**163.21**

15.1: Includes ₹ 12.00 crores (31.03.2017: ₹ 12.00 crores) recoverable from Chembur Hospital Project Trust (CHPT) on demand. In view of the management the amount is recoverable and this matter will be taken up with the trust.

(₹ / Crores)

	31.03.2018	31.03.2017
16: Other Financial Assets		
Amounts recoverable under subsidy schemes	524.06	1,211.33
Interest accrued on Investments	88.17	74.39
Derivative Assets	92.09	58.41
Delayed payment charges receivable from customers	285.90	205.68
Less: Provision for doubtful delayed payment charges receivables	97.89	78.85
Receivables from Govt of India towards Direct Benefit Transfer of LPG (DBTL)	3,188.28	1,244.75
Balance with LIC	892.25	826.52
Other Receivables	1,021.58	793.63
Less: Provision for doubtful other receivables	75.50	11.42
	5,918.94	**4,324.44**

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

		31.03.2018	31.03.2017
17:	**Other Current Assets**		
	Advance recoverable other than cash	43.05	9.37
	Balances with Excise, Customs, etc.	354.00	481.97
	Prepaid employee cost	14.68	13.67
	Prepaid Lease Rental	40.47	36.53
	Other Prepaid Expenses	105.41	83.85
	Gold Coins in Hand	5.83	5.32
	Other Current Assets	111.88	17.10
		675.32	**647.81**

(₹ / Crores)

		31.03.2018	31.03.2017
18:	**Equity Share capital**		
A.	**Authorised:**		
	75,000 (31.03.2017 : 75,000) Cumulative Redeemable Preference Shares of ₹ 100/- each	0.75	0.75
	2,49,92,50,000 (31.03.2017 : 2,49,92,50,000) Equity Shares of ₹ 10/- each	2,499.25	2,499.25
		2,500.00	**2,500.00**
B.	**Issued & Subscribed:**		
	1,52,45,25,375 (31.03.2017 : 1,01,65,84,500) Equity Shares of ₹ 10 each	1,524.53	1,016.58
C.	**Fully Paid up :**		
	1,52,38,22,625 (31.03.2017 : 1,01,58,81,750) Equity Shares of ₹ 10 each fully paid up	1,523.82	1,015.88
D.	**Shares Forfeited :**		
	7,02,750 (31.03.2017 : 7,02,750) Shares Forfeited (money received)	0.39	0.39
		1,524.21	**1,016.27**
E.	**Reconciliation of number of equity shares**		
	Outstanding at the beginning of the year	1,01,58,81,750	33,86,27,250
	Equity shares allotted as fully paid bonus shares (refer note # H)	50,79,40,875	67,72,54,500
	Outstanding at the end of the year	**1,52,38,22,625**	**1,01,58,81,750**

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% cumulative Redeemable Non-convertible Preference Shares of ₹ 100 /- each as a part of the Authorised Capital, which were issued earlier by the erstwhile ESSO Standard Refining Co. of India Ltd. (ESRC) . Presently the said Preference Shares stand redeemed.

Notes to the Financial Statements as at 31st March 2018

G. Details of shares held by each shareholder, holding more than 5% shares in the company:

Name of shareholders	31.03.2018 % Holding	31.03.2018 No. of Shares
Oil and Natural Gas Corporation Limited	51.11	77,88,45,375

Name of shareholders	31.03.2017 % Holding	31.03.2017 No. of Shares
President of India	51.11	51,92,30,250

H. In the period of five years immediately preceding 31st March, 2018:

The Corporation had issued Bonus Shares during Financial Year 2017-18, in the ratio of 1:2 (2016-17: 2:1) by capitalization of Reserve. The total number of Bonus Shares issued is 50,79,40,875 (2016-17 : 67,72,54,500) equity shares having face value of ₹ 10 each.

(₹ / Crores)

		31.03.2018	31.03.2017
19: Reserves and Surplus			
Share Premium Account	(i)	–	476.52
Debenture Redemption Reserve	(ii)	–	265.13
Foreign Currency Monetary Item Translation Difference Account	(iii)	(0.64)	(0.44)
General Reserve	(iv)	1,777.65	1,809.07
Retained Earnings	(v)	20,632.77	16,747.75
		22,409.78	**19,298.03**
(i) Share Premium Account			
As per last Balance Sheet		476.52	1,153.77
Less: bonus shares issue		476.52	677.25
		–	**476.52**
(ii) Debenture Redemption Reserve			
As per last Balance Sheet		265.13	265.13
Less: Transfer to Retained Earnings (refer note 19.1)		265.13	–
		–	**265.13**

19.1:During the Financial Year 2017 – 18, consequent to repayment of 8.77% Non-Convertible Debentures, Debenture Redemption Reserve created out of Retained Earnings earlier is now transferred back to Retained Earnings.

	31.03.2018	31.03.2017
(iii) Foreign Currency Monetary Item Translation Difference Account*		
As per last Balance Sheet	(0.44)	(194.80)
Add : Additions during the year	(0.56)	(160.02)
Less : Amortised during the year	(0.36)	(354.38)
	(0.64)	**(0.44)**

* In accordance with the option exercised by the Corporation, balance appearing in "Foreign Currency Monetary Item Translation Difference Account" is related to non-depreciable assets remaining to be amortized over the balance period of loan.

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

	31.03.2018	31.03.2017
(iv) General Reserve		
As per last Balance Sheet	1,809.07	1,809.07
Less: bonus shares issue	31.42	–
	1,777.65	**1,809.07**
(v) Retained Earnings		
As per last Balance Sheet	16,747.75	14,740.12
Add : Profit for the year	6,357.07	6,208.80
Add : Transfer from Debenture Redemption Reserve	265.13	–
Less : Profit appropriated to Interim / Proposed Dividend	2,321.29	3,477.70
Less : Profit appropriated to Tax on Distributed Profits	472.56	707.98
Less : Remeasurment (Gain) / Loss on Defined Benefit Plans	(56.67)	15.49
	20,632.77	**16,747.75**
	22,409.78	**19,298.03**

(₹ / Crores)

	31.03.2018	31.03.2017
20: Other Reserves		
Equity Instruments through Other Comprehensive Income		
As per last Balance Sheet	33.11	(142.50)
Add : Additions during the year	(18.88)	175.61
	14.23	**33.11**

(₹ / Crores)

	31.03.2018	31.03.2017
21: Borrowings		
Bonds or Debentures		
Secured		
8.77% Non-convertible debentures (refer note 21.1)	–	975.00
Un - secured		
Foreign Currency Bonds (refer note 21.2)	3,246.88	–
Term loans		
Secured		
Oil Industry Development Board (refer note 21.3)	188.06	283.75
Un - secured		
Syndicated Loans from Foreign Banks (repayable in foreign currency) (refer note 21.4)	6,793.76	9,098.55
	10,228.70	**10,357.30**
Less : Current Maturities of Long Term Borrowings	1,397.92	4,079.15
	8,830.78	**6,278.15**

Notes to the Financial Statements as at 31st March 2018

21.1 : Debentures

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

8.77% Non-Convertible Debentures were issued on 13th March, 2013 with the maturity date of 13th of March, 2018.The Corporation has redeemed the debentures on 13th March 2018. These were 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 relevant charge has been satisfied. The value of such assets was ₹ 1,111.87 Crores as on 31.03.2017

21.2 : Foreign Currency Bonds

Particulars of Bonds	Date of Issue	Date of Repayment
USD 500 million bonds; Interest Rate: 4% p.a. payable at Half Yearly	12th July 2017	12th July 2027

21.3 : Term Loans from Oil Industry Development Board (Secured)

Repayable during	Amount in (₹ / Crores) as on		Range of Interest Rate as on	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
2017-18	–	95.69	–	7.86%-9.27%
2018-19	95.69	95.69	7.86%-9.27%	7.86%-9.27%
2019-20	61.19	61.19	7.86%-9.11%	7.86%-9.11%
2020-21	31.18	31.18	7.86%-8.09%	7.86%-8.09%
Total	**188.06**	**283.75**		

Security has been created with first charge on the facilities of Awa Salawas Pipeline, Manglore Hasan Mysore LPG Pipeline, Uran-Chakan / Shikarpur LPG Pipeline and Rewari Project Pipeline. The value of such assets is ₹ 2,247.24 crores (31.03.2017: ₹ 2,199.29 crores). ₹ 95.69 crores (31.03.2017: ₹ 95.69 crores) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Borrowings" under Note # 27

21.4 : 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: 30 to 155 basis point p.a.). These loans are taken for the period up to 5 years. ₹ 1,302.23 Crores (31.03.2017: ₹ 3,008.46 crores) is repayable within 1 year and the same has been shown as "Current Maturity of Long Term Borrowings" under Note # 27.

(₹ / Crores)

	31.03.2018	31.03.2017
22: Other Financial Liabilities		
Other Liabilities	0.47	0.44
	0.47	**0.44**

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

		31.03.2018	31.03.2017
23:	**Provisions**		
	Provision for employee benefits	77.22	182.32
		77.22	**182.32**

(₹ / Crores)

		31.03.2018	31.03.2017
24:	**Other Non-Current Liabilities**		
	Capital Grant	3.99	7.67
		3.99	**7.67**

(₹ / Crores)

		31.03.2018	31.03.2017
25:	**Borrowings**		
	Loans repayable on demand		
	Secured		
	from banks		
	Cash Credit (Secured by hypothecation of Inventories in favour of Banks on pari passu basis)	2,440.22	1,741.73
	from other parties		
	Collateral Borrowing and Lending Obligation (refer Note 25.1)	1,489.47	1,489.51
	Un - Secured		
	from banks		
	Clean Loans	2,600.00	1,200.00
	Short term loans	2,737.56	–
	from other parties		
	Commercial papers	1,494.93	6,461.17
		10,762.18	**10,892.41**

25.1 : 6.90% Oil Marketing Companies GOI Special Bonds 2026 of ₹ 1378.64 Crores, 7.59% G-Sec Bonds 2026 of ₹ 183.00 Crores, 7.72% G-Sec Bonds 2025 of ₹ 615.00 Crores, 8.33% G-Sec Bonds 2026 of ₹ 180.00 Crores and 8.15% G-Sec. Bonds 2026 of ₹ 275.00 Crores, are pledged with Clearing Corporation of India Limited against CBLO Loan.

(₹ / Crores)

		31.03.2018	31.03.2017
26:	**Trade Payables**		
	Micro, Small and Medium Enterprises (MSME) (refer note 47)	170.07	22.76
	Other than MSME	15,533.80	12,641.80
		15,703.87	**12,664.56**

Notes to the Financial Statements as at 31st March 2018

(₹ / Crores)

	31.03.2018	31.03.2017
27: Other Financial Liabilities		
Current maturities of Long Term Borrowings (refer note 27.1)	1,397.92	4,079.15
Interest accrued but not due on loans	44.48	21.19
Unpaid Dividend (refer note 27.2)	16.86	14.90
Derivative liability	19.94	1.75
Deposits from Dealers /Consumers/Suppliers (refer note 27.3 & 27.4)	12,416.93	10,996.83
Other Financial Deposits	10.23	11.49
Other liabilities	598.48	626.67
	14,504.84	**15,751.98**

27.1 : This includes loans repayable within one year: Syndicated Loans from Foreign Banks (repayable in foreign currency) ₹ 1,302.23 crores (31.03.2017 : ₹ 3,008.46 crores), 8.77% Non - Convertible Debenture Nil (31.03.2017 :₹ 975.00 crores), Loan from Oil Industry and Development Board ₹ 95.69 crores (31.03.2017 : ₹ 95.69 crores).

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

27.3 : The Corporation, based on the substance and nature of the deposits received from customers/dealers largely towards cylinders, had presented such deposits under the head non-current financial liabilities during the Financial year 2016-17. Subsequently during the financial year 2017-18, there was a direction by C&AG on the said classification. In view of the same, the said deposits have been re-classified as current financial liabilities. This classification has no impact on the profit for the period. Expert Advisory Committee of the Institute of Chartered Accountants of India has been approached for an opinion in the matter, which is awaited.

27.4 : Includes deposit received towards Rajiv Gandhi Gramin LPG Vitrak Yojana and Prime Minister Ujjavala Yojana of ₹ 1,557.86 crores (31.03.2017 : ₹ 941.61 crores) The deposits against these schemes have been funded from CSR fund or by Government of India.

(₹ / Crores)

	31.03.2018	31.03.2017
28: Other Current Liabilities		
Revenue Received in Advance	707.49	726.98
Capital Grant	4.14	3.50
Statutory Payables	2,750.75	3,046.39
Other Liabilities	139.67	191.34
	3,602.05	**3,968.21**

(₹ / Crores)

	31.03.2018	31.03.2017
29: Provisions		
Employee Benefits	1,640.49	1,584.96
Provisions for probable obligations (refer note 59)	867.76	823.54
	2,508.25	**2,408.50**

(₹ / Crores)

	31.03.2018	31.03.2017
30: Current Tax Liabilities (Net)		
Provision for tax (net of advance tax)	296.16	72.61
	296.16	**72.61**

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

	2017-18	2016-17
31 : Gross Sale of Products		
Sale of Products	2,42,462.78	2,12,196.37
Recovery under Subsidy Schemes	763.88	1,292.58
	2,43,226.66	**2,13,488.95**

31.1 : Net of discount of ₹ 2,229.17 crores (2016 - 17 : ₹ 1,920.07 crores) and includes amount towards additional State Specific Cost (SSC) of Nil (2016 - 17 : ₹ 57.21 Crores).

31.2 : During the current financial year 2017-18, Subsidy on PDS Kerosene and Domestic Subsidized LPG from Central and State Governments amounting to ₹ 7.54 crores (2016-17: ₹ 20.01 crores) has been accounted.

31.3 : Approval of Government of India for Budgetary Support amounting to ₹ 756.34 crores (2016-17: ₹ 1,272.57 crores) has been received and the same has been accounted under 'Recovery under Subsidy Schemes'.

(₹ / Crores)

	2017-18	2016-17
32 : Other Operating Revenues		
Rent Recoveries	565.02	116.74
Net Recovery for LPG Filling Charges	1.33	2.40
Miscellaneous Operating Income	292.11	261.73
	858.46	**380.87**

(₹ / Crores)

	2017-18	2016-17
33 : Other Income		
Interest Income on Financial Assets carried at amortized cost:		
On Deposits	0.64	0.87
On Staff Loans	29.44	35.06
On Customers' Accounts	197.99	135.47
Interest On Current Investments carried at fair value through Profit and Loss Account	364.87	366.75
Interest on Others Financial Assets carried at amortized cost	205.86	182.85
	798.80	**721.00**
Dividend Income from Joint Venture/ Associate Companies	319.11	52.72
Dividend Income from non-current equity instruments at FVOCI	33.44	27.64
Gain on Foreign Currency Transaction and Translation (net)	322.39	147.44
Fair value gain on Current Investments carried at FVTPL	–	221.77
Profit on Sale of Current Investment	–	32.36
Share of Profit/ (Loss) from Petroleum India International (AOP)	(0.02)	0.94
Miscellaneous Income	375.74	244.21
	1,050.66	**727.08**
	1,849.46	**1,448.08**

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

	2017-18	2016-17
34 : Cost of Materials Consumed		
Cost of Raw Materials Consumed	50,937.67	44,879.42
Packages Consumed	248.63	258.24
	51,186.30	**45,137.66**

(₹ / Crores)

	2017-18	2016-17
35 : Changes in Inventories of Finished Goods, Stock-in / Trade and Work-in-Progress (Increase)/ Decrease		
Closing Stock:		
Work-in-progress	735.94	442.25
Finished Goods	5,776.32	5,988.50
Stock-in-trade	7,570.25	8,456.30
	14,082.51	**14,887.05**
Less: Opening 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**
	804.54	**(4,454.06)**

(₹ / Crores)

	2017-18	2016-17
36 : Employee Benefits Expense		
Salaries, Wages, Bonus, etc.	2,293.01	1,986.01
Contribution to Provident Fund	141.59	129.70
Pension, Gratuity and Other Employee Benefits	215.59	516.35
Employee Welfare Expenses	208.33	314.02
	2,858.52	**2,946.08**

(₹ / Crores)

	2017-18	2016-17
37 : Finance Costs		
Interest	468.70	422.13
Exchange differences regarded as an adjustment to borrowing costs	41.75	–
Other borrowing costs (refer note 37.1)	56.26	113.52
	566.71	**535.65**

37.1 : Includes interest u/s 234B / 234C of Income Tax Act, 1961 for an amount ₹ 10.20 crores (2016 - 17 : ₹ 26.73 crores).

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

	2017 - 18	2016 - 17
38 : Other Expenses		
Consumption of Stores, Spares and Chemicals	244.34	296.22
Power and Fuel	2,613.75	2,255.24
Less : Fuel of own production consumed	2,259.39	2,118.39
	354.36	136.85
Repairs and Maintenance - Buildings	49.22	50.52
Repairs and Maintenance - Plant and Machinery	930.91	835.60
Repairs and Maintenance - Other Assets	382.63	323.85
Insurance	58.00	64.18
Rates and Taxes	244.94	174.26
Irrecoverable Taxes and Other Levies	454.37	376.42
Equipment Hire Charges	2.62	1.53
Lease Rentals on Operating Lease	368.10	335.09
Travelling and Conveyance	223.39	202.52
Printing and Stationery	18.82	18.36
Electricity and Water	796.43	733.89
Corporate Social Responsibility (CSR) Expenses	156.87	108.11
Stores and spares written off	0.57	12.14
Loss on Sale of Current Investment	60.24	–
Fair value Loss on Current Investments carried at FVTPL	25.09	–
Impairment/(Reversal of Impairment) in value of Non - Current Investments	(16.10)	8.41
Provision for Doubtful Receivables (After adjusting provision no longer required written back ₹ 2.61 crores, 2016-17: ₹ 5.40 crores)	82.91	0.66
Provision for Doubtful Debts (After adjusting provision no longer required written back ₹ 0.21 crores, 2016-17: ₹ 0.52 crores)	(31.62)	1.29
Bad Debts written off	49.86	5.26
Loss on Disposal / write off of Non - Current Investments	16.12	–
Loss on Sale/ write off of Property Plant & Equipments / CWIP / Non current assets held for sale (Net)	4.55	6.54
Security Charges	251.55	164.42
Advertisement and Publicity	169.55	156.79
Sundry Expenses and Charges (Not otherwise classified)	527.67	666.50
Consultancy and Technical Services	58.11	73.09
Payments to the auditors for:		
- Audit Fees	0.69	0.60
- other Services	0.26	0.25
- Reimbursement of expenses	0.03	0.09
	5,484.48	**4,753.44**

Notes to the Financial Statements for the year ended 31st March 2018

39: Fair Value Measurements

39.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)

	31.03.2018			31.03.2017		
	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI	Amortised cost
Financial assets						
(a) Investments						
– Investment in Equity Instruments		576.00			594.88	
– Investment in Preference Shares			177.27			162.63
– Investment in Debt Instruments	4,999.38			5,100.96		
– Others	0.05		–	7.83		0.02
(b) Loans						
– Employee Loans			337.24			316.71
– Loans to Related Parties			50.40			159.00
– Others			163.31			143.93
(c) Trade receivables			5,572.91			4,064.21
(d) Cash and cash equivalents			10.67			8.85
(e) Other Bank Balances			1,183.44			24.82
(f) Derivative Assets	92.09			58.41		
(g) Amounts recoverable under subsidy schemes			524.06			1,211.33
(h) Others			5,302.79			3,054.70
Total	**5,091.52**	**576.00**	**13,322.09**	**5,167.20**	**594.88**	**9,146.20**
Financial liabilities						
(a) Borrowings						
– Non-convertible debentures			–			975.00
– Foreign Currency Bonds			3,246.88			–
– Oil Industry Development Board			188.06			283.75
– Syndicated Loans from Foreign Banks			6,793.76			9,098.55
– Cash Credit			2,440.22			1,741.73
– Short term loans from banks			2,737.56			–
– Clean Loans			2,600.00			1,200.00
– Collateral Borrowing and Lending Obligation			1,489.47			1,489.51
– Commercial papers			1,494.93			6,461.17
(b) Trade Payables			15,703.87			12,664.56
(c) Deposits from Consumers			12,416.93			10,996.83
(d) Derivative liabilities	19.94			1.75		
(e) Others			670.52			674.69
Total	**19.94**	**–**	**49,782.20**	**1.75**	**–**	**45,585.79**

Notes to the Financial Statements for the year ended 31st March 2018

39.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)

	31.03.2018			31.03.2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investments						
- Investment in Equity Instruments	576.00			594.88		
- Investment in Preference Shares		223.32			265.21	
- Investment in Debt Instruments	4,999.38			5,100.98		
- Others		0.05			7.83	
Loans & Advances						
- Employee Loans		337.24			316.71	
Derivative Assets		92.09			58.41	
Total	**5,575.38**	**652.70**	**–**	**5,695.86**	**648.16**	**–**
Financial liabilities						
Borrowings						
- Non-convertible debentures		–			990.66	
- Foreign Currency Bonds		3,125.75			–	
- Oil Industry Development Board Loan		190.39			290.99	
Derivative Liabilities		19.94			1.75	
Total	**–**	**3,336.08**	**–**	**–**	**1,283.40**	**–**

39.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.

Notes to the Financial Statements for the year ended 31st March 2018

40: Financial risk management

40.A : Risk management framework

Your 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. There are defined processes for identification, assessment and mitigation of risks on an ongoing basis. Risk assessment is considered as critical input for decision making related to strategy formulation and capital allocation. Your corporation has also leveraged technology to integrate and automate the entire process of enterprise risk management. The Company has also engaged the services of an independent expert to assist in continued implementation of effective Risk Management framework and improve the framework further. These self-regulatory ERM processes and procedures form part of our Risk Management Charter and Policy, 2007.

Risk Management Steering Committee (RMSC) continues to provide its guidance in this regard. Your Corporation has put in place mechanism to inform Board Members about the risk assessment and minimization procedures, and periodical review to ensure that executive management controls risks by means of a properly identified framework.

40.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:

40.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 instruments 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 31.03.2018, the Corporation's most significant customer accounted for ₹ 1109.30 crores of the trade receivables carrying amount (31.03.2017 : ₹ 1,068.86 crores).

The Corporation uses an allowance matrix to measure the expected credit 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)

	31.03.2018			31.03.2017		
	Gross carrying amount	Weighed average loss rate	Loss allowance	Gross carrying amount	Weighed average loss rate	Loss allowance
Past due 0-90 days	5,219.01	0.04%	1.83	3,694.81	0.06%	2.26
Past due 91–360 days	353.37	0.42%	1.47	355.68	1.00%	2.20
More than 360 days	133.68	97.13%	129.85	178.49	89.81%	160.31
	5,706.06		**133.15**	**4,228.98**		**164.77**

Notes to the Financial Statements for the year ended 31st March 2018

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

(₹ / Crores)

Balance as at 01.04.2016	**163.47**
Add : Impairment loss recognised	5.48
Less : Amounts written off	4.18
Balance as at 31.03.2017	**164.77**
Add : Impairment loss recognised	15.09
Less : Amounts written off	46.71
Balance as at 31.03.2018	**133.15**

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 ₹ 10.67 crores at 31.03.2018 (31.03.2017 : ₹ 8.85 crores). The cash and cash equivalents are held with consortium banks. Corporation invests its surplus funds in bank fixed deposit, Govt of India 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 monitored 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, being sovereign in nature.

Other than trade receivables, the Corporation has no other financial assets that are past due but not impaired.

40.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's 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 diversifying 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. Corporation's diversified source of funds and strong operating cash flow enables it to maintain requisite capital structure discipline. Corporation 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. Corporation taps domestic as well as foreign debt markets from time to time to ensure appropriate funding mix and diversification of geographies.

Notes to the Financial Statements for the year ended 31st March 2018

(ii) Maturities of financial liabilities

The amounts disclosed in the table are the contractual undiscounted cash flows.

	Contractual cash flows					
	31.03.2018			31.03.2017		
	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	12,571.08	6,161.76	4,078.46	15,282.28	4,880.95	1,685.94
Trade payables	15,703.87	–	–	12,664.56	–	–
Other financial liabilities	670.52	–	12,416.93	674.69	–	10,996.83
Financial guarantee contracts*	–	–	560.55	–	–	570.72
Total	**28,945.47**	**6,161.76**	**17,055.94**	**28,621.53**	**4,880.95**	**13,253.49**
Derivative financial liabilities						
Interest rate swaps	(31.88)	(41.93)	–	10.75	9.86	0.54
Commodity contracts (net settled)	(19.76)	–		5.14	–	–
Total	**(51.64)**	**(41.93)**	**–**	**15.89**	**9.86**	**0.54**

* Guarantee issued by the Corporation on behalf of the Subsidiary is with respect to borrowings raised by its 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.

40.B.3 : Market Risk - Market Risk is further categorised in (i) Currency risk , (ii) Interest rate risk & (iii) Commodity risk:

40.B.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's 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.

Notes to the Financial Statements for the year ended 31st March 2018

Exposure to currency risk - The currency profile of financial assets and financial liabilities is as below:

(₹ / Crores)

	Contractual cash flows			
	31.03.2018		31.03.2017	
	INR	Exposure in USD (INR terms)	INR	Exposure in USD (INR terms)
Financial assets				
Non-current investments	753.32	–	757.58	–
Current investments	4,999.38	–	5,108.74	–
Long-term loans	461.61	–	456.43	–
Short-term loans	89.34	–	163.21	–
Trade receivables	5,427.82	145.09	3,746.34	317.87
Cash and Cash Equivalents	10.67	–	8.85	–
Other Bank Balances	1,183.44	–	24.82	–
Others Non Current Financial Assets	–	–	–	–
Others Current Financial Assets	5,918.94	–	4,324.44	–
Net exposure for assets - A	**18,844.52**	**145.09**	**14,590.41**	**317.87**
Financial liabilities				
Long term borrowings	188.06	10,040.64	1,258.75	9,098.55
Short term borrowings	8,024.62	2,737.56	10,892.41	–
Trade Payables	10,112.53	5,591.34	7,659.27	5,005.29
Other Financial Liabilities	13,107.39	–	11,673.27	–
Net exposure for liabilities - B	**31,432.60**	**18,369.54**	**31,483.70**	**14,103.84**
Net exposure (Assets - Liabilities)(A - B)	**12,588.08**	**18,224.45**	**16,893.29**	**13,785.97**

The following exchange rates have been applied during the year:

INR	31.03.2018	31.03.2017
USD 1	65.1800	64.8550

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's forecast on currency movement.

(₹ / Crores)

Effect in INR	Impact on profit or loss due to % increase / Decrease in currency			
	Increase	Decrease	Increase	Decrease
	31.03.2018		31.03.2017	
1% movement	1%		1%	
USD	182.24	(182.24)	137.86	(137.86)

Notes to the Financial Statements for the year ended 31st March 2018

40.B.3.2: Interest rate risk

Corporation has 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's 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:

(₹ / Crores)

Category	Instrument	Currency	Cross Currency	31.03.2018	31.03.2017
Hedges of floating rate foreign currency loans ($ 600 mn (31.03.2017: $ 530 mn)	Interest rate swaps	USD	INR	3,910.80	3,437.32

Interest rate risk exposure:

Corporation's interest rate risk arises mainly 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.

(₹ / Crores)

	Carrying amount	
	31.03.2018	31.03.2017
Fixed-rate instruments		
Financial assets	6,367.87	5,369.99
Financial liabilities	11,459.56	12,151.16
Variable-rate instruments		
Financial assets	1,279.89	1,227.23
Financial liabilities	9,531.32	9,098.55

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.

Notes to the Financial Statements for the year ended 31st March 2018

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

(₹ / Crores)

	Profit or loss			
	25 bp increase	25 bp decrease	25 bp increase	25 bp decrease
	31.03.2018		31.03.2017	
Floating rate borrowings	(15.97)	15.97	(20.08)	20.08
Interest rate swaps (notional principal amount)	8.62	(8.62)	8.71	(8.71)
Cash flow sensitivity (net)	**(7.35)**	**7.35**	**(11.37)**	**11.37**

40.B.3.3: Commodity Risk

The Corporation's Profitability is exposed to the risk of fluctuation in prices of Crude Oil and Petroleum products in international markets. Corporation monitors and reduces the impact of the volatility in International Oil prices based on approved Oil Price Risk Management Policy by entering into derivative contracts in the OTC market.

The Corporation also has Oil Price Risk Management Committee (OPRMC) which actively reviews and monitors risk management principles, policies and risk management activities.

Category-wise quantitative break-up of Commodity derivative contracts entered into by the Corporation and Outstanding as at balance sheet date is given below:

	Quantity (in Mn Barrels)	
	31.03.2018	31.03.2017
Crude/Product Swaps	3.05	0.71

The sensitivity to a reasonable possible change of 10% in the price of crude/product swaps on the outstanding commodity hedging positions as on Balance sheet date would increase/decrease the profit or loss by amounts shown below. This 10% movement is directional and does not reflect any forecast of price movement.

(₹ / Crores)

	Effect on Profit before Tax			
	10% Increase	10% Decrease	10% Increase	10% Decrease
	31.03.2018		31.03.2017	
Crude/Product Swaps	(16.27)	16.27	(0.21)	0.21

40.B.3.4: Price risk

The corporation's exposure to equity investment price risk arises from investment held by the Corporation. The Corporation has designated these investment at fair value through other comprehensive income because these investments represent the investments that the corporation intends to hold for long-term strategic purposes.

Sensitivity

The table below summarises the impact of increases/decreases in prices on Other Comprehensive Income for the period.

(₹ / Crores)

	Equity Instruments through OCI			
	1% Increase	1% Decrease	1% Increase	1% Decrease
	31.03.2018		31.03.2017	
Equity Investment in Oil India Ltd.	5.76	(5.76)	5.95	(5.95)

Notes to the Financial Statements for the year ended 31st March 2018

40.C.1 : Offsetting

The following table presents the recognised financial instruments that are eligible for offset and other similar arrangements but are not offset, as at 31.03.2018, 31.03.2017 . 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, 2018					
Financial assets					
Trade Receivables	9,259.08	(3,686.17)	5,572.91	(109.30)	5,463.61
Other Current Financial Assets	5,918.94	–	5,918.94	–	5,918.94
Financial liabilities					
Trade Payables	19,390.04	(3,686.17)	15,703.87	–	15,703.87
Other Current Financial Liabilities	14,504.84	–	14,504.84	(109.30)	14,395.54
March 31, 2017					
Financial assets					
Trade Receivables	5,154.42	(1,090.21)	4,064.21	(234.21)	3,830.00
Other Current Financial Assets	4,324.44	–	4,324.44	–	4,324.44
Financial liabilities					
Trade Payables	13,754.77	(1,090.21)	12,664.56	–	12,664.56
Other Current Financial Liabilities	15,751.98	–	15,751.98	(234.21)	15,517.77

41: Tax expense

(a) Amounts recognised in profit and loss

(₹ / Crores)

	2017 - 18	2016 - 17
Current tax expense		
Current year	2,570.98	2,236.24
Changes in estimates relating to prior years	(82.85)	(285.21)
Deferred tax expense		
Origination and reversal of temporary differences	419.56	628.28
Changes in estimates relating to prior years	(62.83)	232.73
Tax expense recognised in the income statement	**2,844.86**	**2,812.04**

(b) Amounts recognised in other comprehensive income

	Contractual cash flows					
	2017-18			2016-17		
	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						
Re-measurements of the defined benefit plans	**86.66**	**(29.99)**	**56.67**	**(23.69)**	**8.20**	**(15.49)**

Notes to the Financial Statements for the year ended 31st March 2018

(c) Reconciliation of effective tax rate

	Contractual cash flows			
	31.03.2018		31.03.2017	
	%	₹ Crores	%	₹ Crores
Profit before tax		**9,201.93**		**9,020.84**
Tax as per Corporate Tax Rate	**34.608%**	**3,184.60**	**34.608%**	**3,121.93**
Tax effect of:				
Non-deductible tax expenses	0.609%	56.00	0.460%	41.51
Tax-exempt income	-1.782%	(164.00)	-1.428%	(128.82)
Interest expense u/s 234B/C not deductible for tax purposes	0.038%	3.53	0.103%	9.25
Deduction for research and development expenditure	-0.691%	(63.62)	-0.953%	(85.97)
Investment allowance claim	0.000%	–	-1.126%	(101.58)
Adjustments recognised in current year in relation to the current tax of prior years	-1.583%	(145.69)	-0.582%	(52.48)
Increase in rate on account of deferred tax	0.044%	4.03		
Amounts directly recognised in OCI	-0.326%	(29.99)	0.091%	8.20
Income Tax Expense	**30.916%**	**2,844.86**	**31.173%**	**2,812.04**

(d) Movement in deferred tax balances

(₹ / Crores)

	Net balance 01.04.2017	Recognised in profit or loss	Recognised in OCI	Net balance 31.03.2018
Deferred Tax Asset				
Provision for Employee Benefits	256.04	(104.76)	5.09	156.37
Current investments	89.38	9.82	–	99.20
MAT Credit	316.87	(316.87)	–	–
Provision for Doubtful Debts & Receivables	88.26	18.78	–	107.04
Disallowance u/s 43B	101.15	121.57	–	222.72
Others	7.33	17.01	–	24.34
	859.03	**(254.45)**	**5.09**	**609.67**
Deferred Tax Liabilities				
Property, plant and equipment	6,738.83	424.09	–	7,162.92
Others	15.79	0.15	–	15.94
	6,754.62	**424.24**	**–**	**7,178.86**
Deferred Tax (Assets) / Liabilities	**5,895.59**	**678.69**	**(5.09)**	**6,569.19**

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

	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**

(e) Current Tax includes MAT Credit utilisation of ₹ 406.58 Crores (2016-17: ₹ 327.03 Crores).

(f) The recognition of MAT Credit Entitlements of ₹ Nil Crores as at March 31, 2018 (₹ 316.87 Crores as at March 31, 2017) 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.

(g) Provision for tax for earlier years written back(net) of ₹ 145.68 Crores (2016-17: ₹ 52.48 Crores) represents additional provision towards current tax of ₹ 54.71 Crores (2016-17 : ₹ (216.40) Crores), reversal towards deferred Tax of ₹ 62.83 Crores (2016-17: ₹ (232.73) Crores) and recognition of MAT credit Entitlements of ₹ 137.56 Crores (2016-17: ₹ 68.81 Crores).

42 : Leases

Operating Lease

Leases as lessee

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 Lease payments for operating leases have been charged to Statement of Profit and Loss as per Ind AS 17 "Leases". For the purpose of determining the expected inflationary cost increases, the management has assessed the expected general inflation rate over the lease periods.

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)

	31.03.2018	31.03.2017
Less than one year	17.36	14.14
Between one and five years	66.69	57.07
More than five years	501.60	401.18
	585.65	**472.39**

Notes to the Financial Statements for the year ended 31st March 2018

ii. Amounts recognised in profit or loss

(₹ / Crores)

	31.03.2018	31.03.2017
Lease expense	**368.10**	**335.09**

43 : 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)

	31.03.2018	31.03.2017
Profit attributable to equity holders for basic and diluted earnings per share	**6,357.07**	**6,208.80**

ii. Weighted average number of ordinary shares

	31.03.2018	31.03.2017
Issued ordinary shares at April 1	1,01,58,81,750	1,01,58,81,750
Effect of shares issued as Bonus shares*	50,79,40,875	50,79,40,875
Weighted average number of shares for basic and diluted earnings per shares	**1,52,38,22,625**	**1,52,38,22,625**
Basic and Diluted earnings per share (₹)	**41.72**	**40.74**

* During Financial Year 2017-18, the Corporation had issued Bonus Shares in the ratio of 1:2 by capitalization of Reserve. The EPS for FY 2017-18 and FY 2016-17 has been appropriately adjusted.

44 : 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, 2018 is as follows.

	31.03.2018	31.03.2017
Long term borrowings (refer note # 21) (₹ / Crores)	10,228.70	10,357.30
Total equity (refer note # 19 and 20) (₹ / Crores)	23,948.22	20,347.41
Debt to Equity ratio	**0.43**	**0.51**

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

		31.03.2018	31.03.2017
45 :	**Dividends**		
	(i) Dividends paid during the year		
	Final dividend for the year ended 31.03.2017 of ₹ 1.10 (31.03.2016 ₹ 16.00) per fully paid share. This included Dividend distribution tax of ₹ 22.75 crores (31.03.2016: ₹ 110.30 crores).	134.50	652.10
	First Interim dividend for the year ended 31.03.2018 of ₹ 14.50 (31.03.2017 ₹ 22.50) per fully paid share. This included Dividend distribution tax of ₹ 449.81 crores (31.03.2017 ₹ 465.32 crores)	2,659.35	2,751.05
	Second Interim dividend for the year ended 31.03.2017 ₹ 6.40 per fully paid share. This included Dividend distribution tax of ₹ 132.36 crores	–	782.53
	(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 ₹ 2.50 per fully paid equity share (31.03.2017 – ₹ 1.10). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	380.96	111.75
	Dividend distribution tax on above	78.31	22.75

46 : (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.

47 : 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	2017-18	2016-17
1.	Amounts payable to "suppliers" under MSMED Act, as on 31/03/2018:		
	– Principal	170.07	22.76
	– Interest	–	–
2.	Amounts paid to "suppliers" under MSMED Act, beyond appointed day during F.Y. 2017 - 18 (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	–	

Notes to the Financial Statements for the year ended 31st March 2018

48 : 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. **Holding Company**

    1. Oil & Natural Gas Corporation Ltd. (w.e.f. 31st January 2018)

    ii. **Subsidiaries**

    1. HPCL Biofuels Ltd.
    2. Prize Petroleum Company Ltd. (PPCL)
    3. Prize Petroleum International Pte. Ltd. (a wholly owned subsidiary of PPCL)
    4. HPCL Middle East FZCO (incorporated on 11th February, 2018)

    iii. **Jointly controlled entities**

    1. CREDA-HPCL Biofuels Ltd. (dissolved w.e.f. 08th March, 2018)
    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.
    8. Ratnagiri Refinery & Petrochemicals Ltd. (incorporated on 22nd September, 2017)
    9. Ujjwala plus foundation

    iv. **Associates**

    1. GSPL India Gasnet Ltd.
    2. GSPL India Transco Ltd.
    3. Mangalore Refinery and Petrochemicals Ltd.

    v. **Fellow Subsidiaries**

    1. ONGC Mangalore Petrochemicals Ltd.

3. **Key Management Personnel**
    - i. Shri Mukesh Kumar Surana, Chairman and Managing Director
    - ii. Shri Pushp Kumar Joshi, Director - Human Resources
    - iii. Shri J. Ramaswamy, Director - Finance

Notes to the Financial Statements for the year ended 31st March 2018

iv. Shri S. Jeyakrishnan, Director - Marketing
v. Shri Vinod S. Shenoy, Director - Refineries
vi. Shri Shrikant Madhukar Bhosekar, Company Secretary

4. Independent Directors

i. Shri Ram Niwas Jain
ii. Smt. Asifa Khan
iii. Shri G.V. Krishna
iv. Dr. Trilok Nath Singh
v. Shri Amar Sinha (from 21.09.2017)
vi. Shri Siraj Hussain (from 21.09.2017)

5. Government Directors

i. Shri Sandeep Poundrik
ii. Smt. Sushma Taishete (from 05.12.2017)
iii. Smt. Urvashi Sadhwani (till 24.11.2017)

B. Details of transactions with related parties

1. Transaction with Jointly controlled entities

(₹ / Crores)

No.	Nature of Transactions	2017-18	2016-17
(i)	**Sale of goods**		
	HPCL-Mittal Energy Ltd.	59.79	86.61
	Hindustan Colas Pvt. Ltd.	324.37	332.48
	South Asia LPG Company Pvt. Ltd.	0.09	0.17
		384.25	**419.26**
(ii)	**Purchase of goods**		
	HPCL-Mittal Energy Ltd.	24,443.26	23,101.18
	Hindustan Colas Pvt. Ltd.	71.62	115.34
		24,514.88	**23,216.52**
(iii)	**Dividend income received**		
	Hindustan Colas Pvt. Ltd.	47.25	16.54
	South Asia LPG Company Pvt. Ltd.	72.50	32.50
	Petronet India Ltd.	0.72	3.68
		120.47	**52.72**
(iv)	**Services given (Manpower Supply Service)**		
	HPCL-Mittal Energy Ltd.	0.55	0.42
	Hindustan Colas Pvt. Ltd.	2.60	2.03
	South Asia LPG Company Pvt. Ltd.	1.18	1.21
		4.33	**3.66**

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

No.	Nature of Transactions	2017-18	2016-17
(v)	**Lease rental received**		
	HPCL-Mittal Energy Ltd.	1.20	1.20
	Hindustan Colas Pvt. Ltd.	0.23	0.23
	South Asia LPG Company Pvt. Ltd.	1.05	0.87
		2.48	**2.30**
(vi)	**Others - (Services provided)**		
	HPCL-Mittal Energy Ltd.	18.06	14.25
	Hindustan Colas Pvt. Ltd.	3.19	3.02
	South Asia LPG Company Pvt. Ltd.	–	0.58
		21.25	**17.85**
(vii)	**Others - (Services availed)**		
	HPCL-Mittal Energy Ltd.	12.25	15.60
	Hindustan Colas Pvt. Ltd.	1.16	2.36
	South Asia LPG Company Pvt. Ltd.	120.19	125.12
		133.60	**143.08**
(viii)	**Purchases of Equity shares of Petronet MHB Ltd. from Petronet India Ltd**	**–**	**26.09**
(ix)	**Investment in equity shares / Converted to Equity Shares**		
	HPCL Shapoorji Energy Pvt. Ltd.	7.00	1.50
		7.00	**1.50**
(x)	**Receivables as on**	**31.03.2018**	**30.07.2017**
	HPCL-Mittal Energy Ltd.	9.90	8.28
	Hindustan Colas Pvt. Ltd.	6.02	10.82
	South Asia LPG Company Pvt. Ltd.	0.21	0.12
		16.13	**19.22**
(xi)	**Payables as on**		
	HPCL-Mittal Energy Ltd.	1,997.46	1,321.25
	Hindustan Colas Pvt. Ltd.	19.51	25.74
	South Asia LPG Company Pvt. Ltd.	9.58	13.94
		2,026.55	**1,360.93**

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”).

Notes to the Financial Statements for the year ended 31st March 2018

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.		2017-18	2016-17
(i)	Short - Term Employee Benefits	4.04	3.66
(ii)	Post - Employment Benefits	–	0.23
		4.04	**3.89**

* Remuneration to KMP has been considered from / to the date from which they became KMP.

E. Amount due from Key Management Personnel

(₹ / Crores)

No.		31.03.2018	31.03.2017
(i)	Shri Mukesh Kumar Surana	0.10	0.11
(ii)	Shri Pushp Kumar Joshi	0.05	0.06
(iii)	Shri J Ramaswamy	–	0.01
(iv)	Shri S Jeyakrishnan	0.32	0.26
(v)	Shri Vinod S Shenoy	0.08	0.09
(vi)	Shri Shrikant Madhukar Bhosekar	0.13	0.04
		0.68	**0.57**

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	Shri Amar Sinha	Shri Siraj Hussain
Board	0.05	0.05	0.04	0.04	0.03	0.02
Audit Committee	0.03	–	0.02	0.00	–	–
HR / Remuneration Committee	0.01	–	0.01	0.00	–	–
Investor Grievance Committee	–	0.01	–	0.01	–	–
Investment Committee	0.02	0.02	–	0.02	–	–
CSR Committee	0.01	–	0.01	–	–	–
Corporate presentation	0.01	0.00	0.00	0.01	–	–
Independent Directors Meeting	0.00	0.00	–	–	0.00	0.01
Total Sitting Fees paid	**0.13**	**0.08**	**0.08**	**0.08**	**0.03**	**0.03**

Notes to the Financial Statements for the year ended 31st March 2018

49 : 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 %	
	31.03.2018	31.03.2017
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) Blocks RJ-ONN-2004/3 and MB-OSN-2010/2 are in the process of relinquishment. The audited financial statements for these UJVs have been received upto March 31, 2017. The Blocks RJ-ONN-2004/1, KK-DWN-2002/2, MB-OSN-2004/1 and 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 CY-DWN-2004/1,2,3,4, CY-PR-DWN-2004/1&2, KG-DWN-2004/1,2,3,5 and 6 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, 2018.

Notes to the Financial Statements for the year ended 31st March 2018

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, 2018.

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. Addendum to Sanand FDP (Field development plan) for additional discovery in Kalol reservoir has been submitted. Production from SE#3 and SE#4 wells of the Block has been started during the year. Audited financial statements of the block has been received upto March 31, 2017. 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, 2018.

d) In respect of Cluster - 7, the matter is under arbitration (refer Note No. 55.1)

50 : 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	
			31.03.2018	31.03.2017
HPCL - Biofuels Ltd.	India	Subsidiary	100.00	100.00
Prize Petroleum Co. Ltd	India	Subsidiary	100.00	100.00
HPCL Middle East FZCO**	Dubai	Subsidiary	100.00	–
HPCL Rajasthan Refinery Ltd	India	Joint Venture	74.00	74.00
CREDA HPCL Biofuel Ltd.#	India	Joint Venture	–	74.00
Hindustan Colas Private Ltd.	India	Joint Venture	50.00	50.00
South Asia LPG Company Pvt. Ltd.	India	Joint Venture	50.00	50.00
HPCL Shapoorji Energy Private Ltd.	India	Joint Venture	50.00	50.00
HPCL-Mittal Energy Ltd.	India	Joint Venture	48.99	48.99
Aavantika Gas Ltd.	India	Joint Venture	49.98	49.97
Petronet MHB Ltd.	India	Joint Venture	32.72	32.72
Godvari Gas Pvt. Ltd.	India	Joint Venture	26.00	26.00
Mumbai Aviation Fuel Farm Facility Pvt Ltd.	India	Joint Venture	25.00	25.00
Bhagyanagar Gas Ltd.*	India	Joint Venture	24.99	24.99
Petronet India Ltd.	India	Joint Venture	16.00	16.00
Ratnagiri Refinery & Petrochemicals Ltd	India	Joint Venture	25.00	–
Mangalore Refinery and Petrochemicals Ltd.	India	Associate	16.96	16.96
GSPL India Transco Ltd	India	Associate	11.00	11.00
GSPL India Gasnet Ltd	India	Associate	11.00	11.00

Notes to the Financial Statements for the year ended 31st March 2018

* 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. 2016-17).

** HPCL Middle East FZCO, a 100% Subsidiary of HPCL was incorporated on 11.02.2018 as a Free Zone Company under Dubai Airport Free Zone and Establishment Card was issued on 22.03.2018 for the Company. This foreign subsidiary has been established for Trading in Lubricants & Grease, Petrochemicals and Refined Oil Products. HPCL, as a subscriber to the MOA is in the process of investing rupees 17,742 (AED 1,000) towards share capital and investment upto ₹ 1 crores on need basis.

M/s CREDA HPCL Biofuel Ltd was dissolved with effect from 08th March 2018.

Ujjwala Plus Foundation, a joint venture of Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) was incorporated on 21st July 2017 as a not for profit Private Company Limited by Guarantee (Without Share Capital) under Section 8 of the Companies Act 2013.

51 : 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.

52 : Disclosure as required by Regulation 34(3) and 53(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(₹ / Crores)

	Particulars	Balance as on		Maximum amount outstanding during the year	
		31.03.2018	31.03.2017	2017 - 18	2016 - 17
a)	Loans and advances in the nature of loans to subsidiary Companies (by name and amount)				
	Inter Corporate Loan to HPCL - Biofuels Ltd.	50.40	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.	Nil	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	–	–	–	–

53 : During the year 2017-18, Corporation has spent ₹ 156.86 Crores (2016-17: ₹ 108.11 Crores) towards Corporate Social Responsibility (CSR) as against the budget of ₹ 126.38 crores (2016-17: ₹ 107.90 Crores).

Notes to the Financial Statements for the year ended 31st March 2018

Head wise break up of CSR expenses are given below:

(₹ / Crores)

S.No.	Head of Expenses	2017-18	2016-17
1	Promoting Education	56.50	27.24
2	Promoting Preventive Health Care	15.24	11.76
3	Empowerment of Socially and Economically Backward groups	7.10	4.91
4	Promotion of Nationally recognized and Para-Olympic Sports	1.05	0.99
5	Imparting Employment by Enhancing Vocation Skills	13.38	11.48
6	Swachh Bharat Abhiyaan	37.57	10.15
7	Environment Sustainability	25.27	16.58
8	Others	0.75	25.00
	Total	**156.86**	**108.11**

Amount spent during the year 2017-18 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	153.30	3.56	156.86

Amount spent during the year 2016-17 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	90.37	17.74	108.11

54 : There are no reportable segments other than downstream petroleum, as per Ind AS - 108 on Segment Reporting.

55 : Contingent Liabilities and Commitments

I. Contingent Liabilities

(₹ / Crores)

		31.03.2018	31.03.2017
A.	Disputed demands / claims subject to appeals / representations filed by the Corporation		
	i. Income Tax	75.74	75.74
	ii. Sales Tax/Octroi	2,067.68	2,141.88
	iii. Excise/Customs	252.67	229.65
	iv. Land Rentals & Licence Fees	125.16	132.65
	v. Others	48.04	66.95
		2,569.29	**2,646.87**

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

		31.03.2018	31.03.2017
B.	Disputed demands / claims subject to appeals / representations filed against the Corporation		
	i. Sales Tax/Octroi	0.77	6.16
	ii. Excise / customs	0.13	–
	iii. Employee Benefits/Demands (to the extent quantifiable)	220.82	210.11
	iv. Claims against the Corporation not acknowledged as Debts(refer note 55.1)	295.73	321.12
	v. Others	164.49	218.68
		681.94	**756.07**
C.	Guarantees given to others	**1,382.79**	**390.31**

55.1: Prize Petroleum Company Limited (PPCL), a subsidiary company of Hindustan Petroleum Corporation Ltd.) with a Participating Interest (PI) of 10% along with 2 other consortium members, M/s Hindustan Petroleum Corporation Ltd. (HPCL) (PI-60%) and M/s M3nergy Sdn. Bhd (M/s M3nergy) (PI-30%) were awarded service contract in March, 2006 for development of ONGC's offshore marginal oilfields of cluster-7. PPCL was the executing contractor. Parties provided necessary Bank Guarantees to ONGC. Since M/s M3nergy could not meet their contractual obligations, the contract was terminated by ONGC and Bank guarantees were forfeited. PPCL and HPCL demanded the refund of the monies forfeited towards encashment of Bank Guarantee along with other claims from M/s M3nergy. A counter claim of 36.51 Million USD equivalent to ₹ 237.97 Crores (36.51 Million USD @ Exchange rate of 1 USD = ₹ 65.18) was made by M3nergy on termination of such service contract. This amount is not included above. The matter was referred to Arbitration.

The 1st partial arbitration award was issued in favour of HPCL/PPCL wherein the claim of M3nergy was disallowed. This 1st Partial Award has been challenged by M/s M3nergy before the Bombay High Court and the same is pending hearing and disposal. During the year, a 2nd Partial award has been received in favour of PPCL and HPCL. M/s M3nergy has challenged the 2nd Partial award before the Bombay High Court. HPCL and PPCL are in process of filing the application for enforcement of the 2nd partial award before the Court at Malaysia. The Corporation's share of the award amounts to approximate ₹ 416.61 crores (78.26 Million USD @ exchange rate of ₹ 48.68 for a US Dollar prevailing on January 6, 2009 plus ₹ 35.66 Crores) and interest thereon. On a conservative basis, the Corporation has decided not to recognize the awards in the Financial Statements.

II. Commitments

(₹ / Crores)

		31.03.2018	31.03.2017
A.	Estimated amount of contracts remaining to be executed on Capital Account not provided for	**18,804.48**	**3,654.26**
B.	Other Commitments (for Investments in Joint Ventures)	**–**	**–**

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.

Notes to the Financial Statements for the year ended 31st March 2018

III. Corporation's Share in aggregate of Contingent Liabilities and Capital Commitments of Jointly Controlled Operations (refer Note No.49):

(₹ / Crores)

	31.03.2018	31.03.2017
Jointly Controlled Operations		
Contingent Liabilities	237.97	239.77
Capital Commitment	Nil	Nil

(₹ / Crores)

		2017 - 18	2016 - 17
56 :	Expenditure incurred on Research and Development		
	- Capital	132.62	209.75
	- Revenue	100.16	66.79

(₹ / Crores)

		2017 - 18	2016 - 17
57 :	Interest on Project borrowings capitalized*	92.38	67.26
	*(weighted average cost borrowing rate used for capitalization of general borrowing (other than specific borrowings) is 7.15 % during FY 2017 - 18 (FY 2016 - 17 : 7.95%).		

(₹ / Crores)

		2017 - 18	2016 - 17
58 :	Exchange Differences adjusted in the carrying amount of Assets during the accounting period.	5.03	(191.42)

59 : In compliance of Ind AS - 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:

(₹ / Crores)

Particulars	Opening Balance as on 01.04.17	Additions	Utilization	Reversals	Closing Balance 31.03.18
Excise	0.59	–	–	–	0.59
Sales Tax	324.65	4.39	10.42	5.79	312.83
Service Tax	12.59	–	–	–	12.59
Others	548.92	71.59	13.07	2.48	604.96
Total	**886.75**	**75.98**	**23.49**	**8.27**	**930.97**
Less: Pre Deposit	63.21	–	–	–	63.21
Net	**823.54**	**75.98**	**23.49**	**8.27**	**867.76**

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

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**

The above provisions are made based on estimates and expected timing of outflows is not ascertainable at this stage.

60 : Consequent to the deferment of the recovery of the loan given to consumers under the Pradhan Mantri Ujwala Yojana (PMUY) scheme for next 6 refills effective 1st April 2018, the management expects recovery of outstanding loan to take place beyond a period of 1 year. These loans are therefore classified as non-current assets and the fair valuation has been computed accordingly.

61 : On January 31, 2018, Oil and Natural Gas Corporation Ltd. (ONGC) acquired 51.11% stake in paid up equity capital of Hindustan Petroleum Corporation Ltd (HPCL) from Govt. of India. (refer note # 18).

62 : On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach: Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Cumulative catch - up approach: Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application. The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

63 : 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 acquisition 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

Notes to the Financial Statements for the year ended 31st March 2018

64 : 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 2018 and 31st March 2017.

Present value of benefit obligation at period end is ₹ 3764.14 crores (31.03.2017 : ₹ 3,438.00 crores).

During the year, the company has recognised ₹ 141.40 crore (2016-17 : ₹ 128.90 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 ₹ 162.80 crore (2016-17 : ₹ 152.15 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:

(₹ / Crores)

S. No.		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	877.76	646.79	59.03	30.35	12.46
		495.06	*562.61*	*64.84*	*32.14*	*13.57*
	Interest Cost	63.73	48.19	4.20	2.15	0.90
		39.56	*45.35*	*5.05*	*2.50*	*1.08*
	Current Service Cost	17.01	52.17	–	–	2.64
		4.90	*49.08*	–	–	*2.52*
	Past Service Cost	–	–	–	–	–
		368.44	–	–	–	–
	Benefit paid	(42.01)	(46.55)	(4.40)	(5.65)	(1.50)
		(46.15)	*(40.06)*	*(3.51)*	*(5.72)*	*(1.51)*
	Actuarial (gains)/ losses on obligations - due to change in financial assumptions	(30.65)	(29.37)	(0.91)	(0.52)	(0.51)
		36.91	*49.40*	*2.51*	*0.71*	*0.62*
	Actuarial (gains)/ losses on obligations - due to experience	(37.17)	40.82	(16.81)	0.98	(2.24)
		(20.96)	*(19.59)*	*(9.86)*	*0.72*	*(3.82)*
	Present value of Benefit Obligation a the end of the period	848.67	712.05	41.11	27.31	11.75
		877.76	*646.79*	*59.03*	*30.35*	*12.46*

Notes to the Financial Statements for the year ended 31st March 2018

(₹ / Crores)

S. No.		Gratuity	PRMBS	Pension	Ex - Gratia	Resettlement Allowance
2	**Changes in fair value of plan assets**					
	Fair value of Plan Assets at the beginning of the period	509.42	560.85	NA	NA	NA
		512.75	*411.81*	*NA*	*NA*	*NA*
	Interest income	36.98	41.78	NA	NA	NA
		40.97	*33.19*	*NA*	*NA*	*NA*
	Contributions by the employer	0.00	132.49	NA	NA	NA
		0.01	*144.21*	*NA*	*NA*	*NA*
	Contributions by the employee	–	6.37	NA	NA	NA
		–	*0.59*	*NA*	*NA*	*NA*
	Benefit paid	(42.01)	(46.55)	NA	NA	NA
		(46.15)	*(40.06)*	*NA*	*NA*	*NA*
	Return on plan assets, excluding interest income	1.63	8.68	NA	NA	NA
		1.84	*11.11*	*NA*	*NA*	*NA*
	Fair value of Plan Assets at the end of the period	506.02	703.62	NA	NA	NA
		509.42	*560.85*	*NA*	*NA*	*NA*
3	**Included in profit and loss account**					
	Current Service Cost	17.01	52.17	–	–	2.64
		4.90	*49.08*	*–*	*–*	*2.52*
	Past Service Cost	–	–	–	–	–
		368.44	*–*	*–*	*–*	*–*
	Net interest cost	26.75	6.41	4.20	2.15	0.90
		(1.41)	*12.16*	*5.05*	*2.50*	*1.08*
	Contributions by the employee	–	(6.37)	–	–	–
		-	*(0.59)*	*–*	*–*	*–*
	Total amount recognised in profit and loss account	43.76	52.21	4.20	2.15	3.54
		371.93	*60.65*	*5.05*	*2.50*	*3.60*
4	**Remeasurements**					
	Return on plan assets, excluding interest income	(1.63)	(8.68)	–	–	–
		(1.84)	*(11.11)*	*–*	*–*	*–*
	(Gain)/loss from change in demographic assumptions	–	–	–	–	–
		-	*–*	*–*	*–*	*–*
	(Gain)/loss from change in financial assumptions	(30.65)	(29.37)	(0.91)	(0.52)	(0.51)
		36.91	*49.40*	*2.51*	*0.71*	*0.62*
	Experience (gains)/losses	(37.17)	40.82	(16.81)	0.98	(2.24)
		(20.96)	*(19.59)*	*(9.86)*	*0.72*	*(3.82)*
	Change in asset ceiling, excluding amounts included in interest expense	–	–	–	–	–
		-	*–*	*–*	*–*	*–*
	Total amount recognised in other comprehensive income	(69.45)	2.77	(17.72)	0.46	(2.75)
		14.11	*18.70*	*(7.35)*	*1.43*	*(3.20)*

Notes to the Financial Statements for the year ended 31st March 2018

D: Amount recognised in the Balance Sheet

(₹ / Crores)

	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**

(₹ / Crores)

	Gratuity	PRMBS	Pension	Ex-Gratia	Resettlement Allowance
Present value of benefit obligation as on 31.03.2018	848.67	712.05	41.11	27.31	11.75
Fair value of plan assets as on 31.03.2018	506.02	703.62	–	–	–
Net Liability / (Asset) recognised in Balance Sheet	**342.65**	**8.43**	**41.11**	**27.31**	**11.75**

E: Plan assets

(₹ / Crores)

	31.03.2018		31.03.2017	
	Gratuity	PRMBS	Gratuity	PRMBS
Plan assets comprise the following:				
Insurance fund	506.02	703.62	509.42	560.85
	506.02	**703.62**	**509.42**	**560.85**

F: Significant estimates: actuarial assumptions and sensitivity

F(i): The significant actuarial assumptions were as follows:

31.03.2018	Gratuity	PRMBS	Pension	Ex-Gratia	Resettlement Allowance
Expected Return on Plan Assets	7.88%	7.76%	NA	NA	NA
Rate of Discounting	7.88%	7.76%	7.56%	7.68%	7.88%
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)				

31.03.2017	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)				

Notes to the Financial Statements for the year ended 31st March 2018

F(ii): Sensitivity analysis (₹ / Crores)

31.03.2018	Gratuity	PRMBS	Pension	Ex-Gratia	Resettlement Allowance
Delta effect of +1% Change in Rate of Discounting	(44.79)	(81.98)	(1.91)	(0.84)	(0.72)
Delta effect of -1% Change in Rate of Discounting	50.67	102.95	2.13	0.90	0.84
Delta effect of +1% Change in Future Benefit cost inflation	–	103.66	–	–	–
Delta effect of -1% Change in Future Benefit cost inflation	–	(82.87)	–	–	–
Delta effect of +1% Change in Rate of Salary Increase	15.10	–	–	–	–
Delta effect of -1% Change in Rate of Salary Increase	(16.78)	–	–	–	–
Delta effect of +1% Change in Rate of Employee Turnover	15.20	–	–	–	(0.80)
Delta effect of -1% Change in Rate of Employee Turnover	(16.92)	–	–	–	0.93

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)	–	–	–	–

G: The expected maturity analysis of undiscounted benefits is as follows: (₹ / Crores)

	Less than 1 year	1 - 2 year	2 - 5 year	6 - 10 year
31.03.2018				
Gratuity	104.45	72.95	327.25	427.52
PRMBS	33.61	36.82	132.73	234.23
Pension	5.11	5.08	14.98	23.91
Ex - Gratia	4.90	4.84	14.07	21.63
Resettlement Allowance	1.11	0.70	4.22	6.47
Total	**149.18**	**120.39**	**493.25**	**713.76**

	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**

Notes to the Financial Statements for the year ended 31st March 2018

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.

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

65 : Previous periods figures are reclassified / regrouped wherever necessary.

COMMENTS OF THE COMTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPNIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH, 2018

The preparation of financial statements of Hindustan Petroleum Corporation Limited for the year ended 31 March, 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with 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 22.05.2018.

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 2018. 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 prescribed 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: 26 July 2018