

INDEPENDENT AUDITOR'S REVIEW REPORT ON UNAUDITED SPECIAL PURPOSE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF HPCL-MITTAL ENERGY LIMITED

Introduction

1. We have reviewed the accompanying unaudited condensed consolidated balance sheet of **HPCL-Mittal Energy Limited** (the "Parent") as at September 30, 2020 and its subsidiary (the Parent and its subsidiary together referred to as the "Group"), the related unaudited condensed consolidated statement of profit and loss (including other comprehensive income), unaudited condensed consolidated statement of changes in equity and unaudited condensed consolidated statement of cash flows for the half year then ended and selected notes (collectively, the "Unaudited Special Purpose Condensed Consolidated Interim Financial Information") and which includes a joint operation consolidated on a proportionate basis with the Parent. Management is responsible for the preparation and fair presentation of these Unaudited Special Purpose Condensed Consolidated Interim Financial Information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on this Unaudited Special Purpose Condensed Consolidated Interim Financial Information based on our review.

Scope of review

2. We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review conducted as stated in paragraph 2 above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Special Purpose Condensed Consolidated Interim Financial Information is not prepared, in all material respects, in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

Other matter

4. We did not review the total liabilities amounting to INR 210 million as at September 30, 2020 included in the Unaudited Special Purpose Condensed Consolidated Interim Financial Information in respect to the past joint operation not operated by the Company. This unaudited account balance has been compiled and certified by the management based on the unaudited information provided by the operator of the past joint operation and has not been subjected to audit or review by independent auditors. Our conclusion on the Unaudited Special Purpose Condensed Consolidated Interim Financial Information, in so far as it relates to the amounts included in respect of the past joint operation, is based solely on such unaudited or un-reviewed account balance.

Our conclusion on the Unaudited Special Purpose Condensed Consolidated Interim Financial Information is not modified in respect of this matter.

Basis of Preparation and Restriction on use and distribution

5. Without modifying our conclusion, we draw attention to Note 2 to the Unaudited Special Purpose Condensed Consolidated Interim Financial Information which describes the basis of preparation. This report is being issued at the request of the management for submission to the Company's shareholders and lenders. The Unaudited Special Purpose Condensed Consolidated Interim Financial Information is not a complete set of financial statements of the Group in accordance with the Indian Accounting Standards prescribed under section 133 of the Act, as applicable and is not intended to give a true and fair view of the financial position of the Group as of September 30 2020, and of its consolidated financial performance (including other comprehensive income), statement of consolidated changes in equity, and its consolidated cash flows for the half yearly then ended in accordance with the Indian Accounting Standards prescribed under section 133 of the Act, as applicable. The Unaudited Special Purpose Condensed Consolidated Interim Financial Information may, therefore, not be suitable for any other purpose or distributed to any other person, without our prior written consent.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Jitendra Agarwal

Partner

(Membership No. 87104)

(UDIN: 20087104AAAAGK1056)

Place: New Delhi

Date: October 30, 2020

HPCL-MITTAL ENERGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2020

(All amounts are in million Indian Rupees, unless otherwise stated)

Particulars	As at 30 September 2020 Unaudited	As at 31 March 2020 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	234,587	238,245
Capital work in progress	167,779	138,903
Intangible assets	232	213
Financial assets		
Loans	537	535
Other financial assets	7	-
Deferred tax assets (net)	16,199	15,238
Tax assets (net)	1,425	1,860
Other non-current assets	2,045	2,869
	422,811	397,863
Current assets		
Inventories	56,726	52,732
Financial assets		
Trade receivables	42,406	4,864
Cash and cash equivalents	14,010	16,813
Other bank balances	1,262	6,598
Loans	2	2
Other financial assets	342	1,302
Other current assets	4,281	9,003
	119,029	91,314
TOTAL ASSETS	541,840	489,177
EQUITY AND LIABILITIES		
Equity		
Equity share capital	80,411	80,411
Other equity	21,738	19,722
	102,149	100,133
Liabilities		
Non-current liabilities		
Financial Liabilities		
Borrowings	290,845	279,907
Other financial liabilities	25,555	23,413
Provisions	1,365	1,395
Deferred tax liabilities (net)	2,802	2,438
Other non-current liabilities	1,861	1,873
	322,428	309,026
Current liabilities		
Financial Liabilities		
Borrowings	961	8,173
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	13	49
Total outstanding dues of creditors other than micro enterprises and small enterprises	48,214	51,053
Other financial liabilities	31,970	14,748
Other current liabilities	35,770	5,425
Provisions	335	570
	117,263	80,018
TOTAL EQUITY AND LIABILITIES	541,840	489,177

The accompanying notes are an integral part of the unaudited special purpose condensed consolidated interim financial information

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors
HPCL-Mittal Energy Limited

 Jitendra Agarwal
Partner

 M. K. Surana
Chairman
DIN 07464675

 Rajan Tandon
Director
DIN 01968916

 Prabh Das
Managing Director &
Chief Executive Officer
DIN 00164799

Place: Mumbai

Place: London

Place: Noida

 Harak Banthia
Chief Financial Officer

 Sidhartha Tyagi
Company Secretary
Membership No. A 14544

 Place: New Delhi
Date: 30 October 2020

 Place: Noida
Date: 30 October 2020

Place: Noida

HPCL-MITTAL ENERGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(All amounts are in million Indian Rupees, unless otherwise stated)

Particulars	For half year ended 30 September 2020 Unaudited	For half year ended 30 September 2019 Unaudited
Income		
Revenue from operations	245,362	276,318
Other income	6,616	3,402
Total income	251,978	279,720
Expenses		
Cost of raw materials consumed	104,713	190,379
(Increase)/decrease in inventories	621	(4,743)
Excise duty on sale of goods	126,635	71,255
Employee benefits expense	1,654	1,710
Finance costs	4,708	6,162
Depreciation and amortisation expense	4,911	6,351
Other expenses	9,397	9,064
Total expenses	252,639	280,178
Profit/(loss) before tax	(661)	(458)
Tax expense		
Current tax (Minimum alternate tax)	-	207
Deferred tax charge/(credit)	(1,324)	(1,294)
Total tax expense/(credit)	(1,324)	(1,087)
Profit for the period	663	629
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Re-measurement gain/(loss) on defined benefit obligations	22	(48)
Income tax impact	(8)	17
	14	(31)
Items that will be reclassified to profit and loss		
Net gain/(loss) on effective portion of cash flow hedges	2,058	-
Income tax impact	(719)	-
	1,339	-
Total other comprehensive income/(loss) for the period	1,353	(31)
Total comprehensive income for the period	2,016	598

Earnings per equity share in INR computed on the basis of profit for the period

Basic	0.08	0.08
Diluted	0.08	0.08

The accompanying notes are an integral part of the unaudited special purpose condensed consolidated interim financial information

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 Harak Banthia
Chief Financial Officer

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Company Secretary
Membership No. A 14544

 Place: New Delhi
Date: 30 October 2020

 Place: Noida
Date: 30 October 2020

Place: Noida

HPCL-MITTAL ENERGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(All amounts are in million Indian Rupees, unless otherwise stated)

(a) Equity share capital

	No. million	INR million
As at 31 March 2019 (Audited)	8,041	80,411
Changes in equity share capital during the period	-	-
As at 30 September 2019 (Unaudited)	8,041	80,411
Changes in equity share capital during the period	-	-
As at 31 March 2020 (Audited)	8,041	80,411
Changes in equity share capital during the period	-	-
As at 30 September 2020 (Unaudited)	8,041	80,411

(b) Other equity

Particulars	Retained Earnings	Debenture Redemption Reserve	Cash Flow Hedge Reserve	Total
As at 31 March 2019 (Audited)	20,908	4,179	-	25,087
Profit for the period	629	-	-	629
Other comprehensive income/(loss) for the period - Re-measurement of defined benefit liability (net of tax)	(31)	-	-	(31)
Transfer from retained earnings	(195)	195	-	-
Final dividend paid for financial year 2018-19	(1,021)	-	-	(1,021)
Dividend distribution tax on above	(210)	-	-	(210)
As at 30 September 2019 (Unaudited)	20,080	4,374	-	24,454
As at 31 March 2020 (Audited)	21,231	1,942	(3,451)	19,722
Profit for the period	663	-	-	663
Other comprehensive income/(loss) for the period - Effective portion of cash flow hedges (net of tax)	-	-	1,339	1,339
Other comprehensive income/(loss) for the period - Re-measurement of defined benefit liability (net of tax)	14	-	-	14
Transfer from retained earnings	(615)	615	-	-
As at 30 September 2020 (Unaudited)	21,293	2,557	(2,112)	21,738

The accompanying notes are an integral part of the unaudited special purpose condensed consolidated interim financial information

In terms of our report attached

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Place: Mumbai

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 Harak Banthia
Chief Financial Officer

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Company Secretary
Membership No. A 14544

 Place: New Delhi
Date: 30 October 2020

 Place: Noida
Date: 30 October 2020

Place: Noida

HPCL-MITTAL ENERGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(All amounts are in million Indian Rupees, unless otherwise stated)

Particulars	For half year ended 30 September 2020 Unaudited	For half year ended 30 September 2019 Unaudited
Profit/(loss) before tax	(661)	(458)
Adjustments for non-operating activities	6,980	14,036
Movements in working capital	(8,976)	4,771
Direct tax (paid)/refund (net)	436	(1,523)
A Net cash generated from/(used in) operating activities	(2,221)	16,826
B Net cash used in investing activities	(14,700)	(29,006)
C Net cash from financing activities	14,118	10,829
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(2,803)	(1,351)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	16,813	1,476
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14,010	125
Balances with scheduled banks		
-On current accounts	560	108
-Deposits with original maturity of upto 3 months	13,450	17
Cash and cash equivalents	14,010	125

The accompanying notes are an integral part of the unaudited special purpose condensed consolidated interim financial information

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors
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Place: Mumbai

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Harak Banthia
Chief Financial Officer

Sidhartha Tyagi
Company Secretary
Membership No. A 14544

Place: New Delhi
Date: 30 October 2020

Place: Noida
Date: 30 October 2020

Place: Noida

NOTES TO UNAUDITED SPECIAL PURPOSE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 SEPTEMBER 2020

(All amounts are in million Indian Rupees, unless otherwise stated)

1. Corporate information

HPCL-Mittal Energy Limited ('HME' or 'the Company') was incorporated in the year 2000 as a wholly owned subsidiary of Hindustan Petroleum Corporation Limited ('HPCL'), a Government Company. Subsequently, the Company, pursuant to a joint venture agreement entered into between HPCL and Mittal Energy Investments Pte. Limited, Singapore (a wholly owned subsidiary of Mittal Investments S.a.r.l, Luxembourg) ('Mittal Energy') became a joint venture Company with equal equity participation by HPCL and Mittal Energy. The Company is domiciled in India and is limited by shares. The registered office of the Company is located at Village Phulokhari, Taluka Talwandi Saboo, Bathinda, Punjab - 151301.

The Company is engaged in the business of refining of crude oil and has a petroleum refinery of 11.3 Million Metric Tonne Per Annum (MMTPA) called Guru Gobind Singh Refinery at Bathinda, Punjab.

The Company has a wholly owned subsidiary, viz. HPCL-Mittal Pipelines Limited ('HMPL'), domiciled in India and limited by shares which owns and operates a Single Point Mooring ('SPM'), crude receipt and storage facility at Mundra port, Gujarat and 1,017 kilometers cross country pipeline for storage and transportation of crude oil. The Company also has a wholly owned non-profit organisation incorporated under Section 8 of the Companies Act, 2013 ('Act'), viz. HPCL-Mittal Foundation.

These unaudited special purpose condensed consolidated interim financial information have been reviewed by the Audit Committee and on its recommendation approved by the Board of Directors at their meeting held on 30 October 2020.

The Company along with its subsidiary is collectively hereinafter referred to as 'the Group'.

2. Basis of preparation and Group's accounting policies

These are unaudited special purpose condensed consolidated interim financial information for half year ended 30 September 2020 and have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India for the purpose of reporting by the Group to its shareholders and lenders.

The unaudited special purpose condensed consolidated interim financial information do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended 31 March 2020.

3. Disclosure on COVID-19

The Group has assessed the possible effects that may result from the COVID-19 pandemic on the carrying amounts of Property, plant and equipment, Inventories, Receivables and other assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these unaudited special purpose condensed consolidated interim financial information, has used internal and external sources of information on the expected future performance of the Group. The Group has performed sensitivity analysis on the assumptions used and based on current estimates, expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Group's financial statements may differ from that estimated as at the date of approval of these unaudited special purpose condensed consolidated interim financial information.

4. Taxation Laws (Amendment) Act 2019

The Government of India vide the Taxation Laws (Amendment) Act, 2019 has inserted Section 115BAA in Income Tax Act, 1961 which provides domestic companies a non-reversible option (the "option") to pay corporate tax at reduced rates effective from financial year beginning 1 April 2019 subject to certain conditions. The Company (HPCL-Mittal Energy Limited) has so far not exercised the option in preparation of these unaudited special purpose condensed consolidated interim financial information. However, the subsidiary (HPCL-Mittal Pipelines Limited) has recognised the impact of this change along with remeasurement of its deferred tax balances basis the rates prescribed under the said section, in tax expense for financial year ended 31 March 2020.

**For and on behalf of the Board of Directors
HPCL-Mittal Energy Limited**

M. K. Surana Chairman DIN 07464675	Rajan Tandon Director DIN 01968916	Prabh Das Managing Director & Chief Executive Officer DIN 00164799
Place: Mumbai	Place: London	Place: Noida
Harak Banthia Chief Financial Officer		Sidhartha Tyagi Company Secretary Membership No. A 14544
Place: Noida Date: 30 October 2020		Place: Noida