

INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF UNAUDITED 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, 2017 and its subsidiary (the Parent and its subsidiary together referred to as the "Group"), and the related unaudited condensed consolidated statement of profit and loss and other comprehensive income, unaudited condensed consolidated statement of changes in equity and unaudited condensed consolidated statement of cash flows for the half year ended September 30, 2017 and selected notes (collectively, the "Unaudited Condensed Consolidated Interim Financial Information"). Management is responsible for the preparation and fair presentation of these unaudited 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 issue a report on the Unaudited 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 persons 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 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, nothing has come to our attention that causes us to believe that the accompanying Unaudited 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.



4. The comparative financial information of the Company for the half year ended September 30, 2016 and as at March 31, 2017 prepared in accordance with Ind AS included in this Statement have been reviewed/audited by the predecessor auditor. The reports of the predecessor auditor on these comparative financial information for the half year ended September 30, 2016 and as at March 31, 2017 dated December 12, 2016 and May 17, 2017 respectively, expressed an unmodified conclusion/opinion.

Our report is not modified in respect of these matters.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Jitendra Agarwal

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: MUMBAI
Date: 14 NOV, 2017


HPCL-MITTAL ENERGY LIMITED
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2017

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

	As at 30 September 2017 Unaudited	As at 31 March 2017 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	219,498	213,261
Capital work in progress	19,744	18,922
Intangible assets	209	350
Financial assets		
Loans	187	178
Other bank balances	27	27
Other financial assets	158	281
Deferred tax assets (net)	12,372	11,645
Tax assets (net)	1,861	489
Other non-current assets	1,712	902
	255,768	246,055
Current assets		
Inventories	57,932	58,912
Financial assets		
Trade receivables	31,099	13,536
Cash and cash equivalents	217	726
Other bank balances	400	897
Loans	3	3
Other financial assets	99	257
Other current assets	1,500	3,101
	91,250	77,432
TOTAL ASSETS	347,018	323,487
EQUITY AND LIABILITIES		
Equity		
Equity share capital	80,411	80,411
Other equity	(4,227)	(4,606)
	76,184	75,805
Liabilities		
Non-current liabilities		
Financial Liabilities		
Borrowings	158,620	168,715
Other financial liabilities	72	22
Provisions	942	893
Deferred tax liabilities (net)	1,345	2,989
Other non-current liabilities	2,866	2,864
	163,845	175,483
Current liabilities		
Financial Liabilities		
Borrowings	52,605	20,475
Trade payables	26,518	34,535
Other financial liabilities	8,653	10,647
Other current liabilities	18,823	5,371
Provisions	390	344
Current tax liabilities (net)	-	827
	106,989	72,199
TOTAL EQUITY AND LIABILITIES	347,018	323,487

See accompanying notes forming part of the Unaudited Condensed Consolidated Interim Financial Information

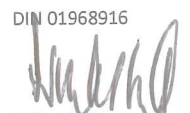
 For Deloitte Haskins & Sells LLP
Chartered Accountants


Jitendra Agarwal
Partner

 Place: Mumbai
Date: 14 November 2017

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


Rajan Tandon
Director
DIN 01968916


Sidhartha Tyagi
Company Secretary
Membership No. A 14544


J. Ramaswamy
Director
DIN 06627920


Prabh Das
Managing Director &
Chief Executive Officer
DIN 00164799


Harak Banthia
Chief Financial Officer


HPCL-MITTAL ENERGY LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017
(All amounts are in million Indian Rupees, unless otherwise stated)

	For half year ended 30 September 2017 Unaudited	For half year ended 30 September 2016 Unaudited
Income		
Revenue from operations	123,731	212,373
Other income	1,815	3,400
Total income	125,546	215,773
Expenses		
Cost of raw materials consumed	65,961	101,688
(Increase) / decrease in inventories	4,619	(4,505)
Excise duty on sale of goods	41,810	80,335
Employee benefit expenses	1,278	1,184
Finance costs	5,461	5,387
Depreciation and amortisation expense	5,564	5,830
Other expenses	2,839	4,255
Exploration costs written off	-	2
Total expenses	127,532	194,176
Profit/(loss) before tax	(1,986)	21,597
Tax expense		
Deferred tax charge/(credit)	(2,370)	6,817
Total tax expenses	(2,370)	6,817
Profit for the half year	384	14,780
Other comprehensive income		
Items not to be reclassified to profit or loss in subsequent period:		
Re-measurement gains/ (losses) on defined benefit obligations	(7)	(18)
Income tax relating to items that will not be reclassified to profit or loss	2	6
Net other comprehensive income not to be reclassified to profit or loss in subsequent period	(5)	(12)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Total comprehensive income for the period	379	14,768
Earnings per equity share in INR computed on the basis of profit for the half year (not annualised)		
Basic - par value of INR 10 per share	0.05	1.84
Diluted - par value of INR 10 per share	0.05	1.84

See accompanying notes forming part of the Unaudited Condensed Consolidated Interim Financial Information

For Deloitte Haskins & Sells LLP
Chartered Accountants

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Partner



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Place: Mumbai
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HPCL-MITTAL ENERGY LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017
(All amounts are in million Indian Rupees, unless otherwise stated)

(a) Equity share capital


	No. million	INR million
As at 31 March 2016 (Audited)	8,041	80,411
Changes in equity share capital during the half year	-	-
As at 30 September 2016 (Unaudited)	8,041	80,411
Changes in equity share capital during the half year	-	-
As at 31 March 2017 (Audited)	8,041	80,411
Changes in equity share capital during the half year	-	-
As at 30 September 2017 (Unaudited)	8,041	80,411

(b) Other equity

Particulars	Retained Earnings
As at 31 March 2016 (Audited)	(35,502)
Profit for the half year	14,780
Other comprehensive income for the half year	(12)
As at 30 September 2016 (Unaudited)	(20,734)
As at 31 March 2017 (Audited)	(4,606)
Profit for the half year	384
Other comprehensive income for the half year	(5)
As at 30 September 2017 (Unaudited)	(4,227)

See accompanying notes forming part of the Unaudited Condensed Consolidated Interim Financial Information

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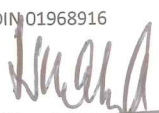


For and on behalf of the Board of Directors of
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Company Secretary
Membership No. A 14544


Harak Banthia
Chief Financial Officer

Place: Mumbai
Date: 14 November 2017



HPCL-MITTAL ENERGY LIMITED

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017

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

	For half year ended 30 September 2017 Unaudited	For half year ended 30 September 2016 Unaudited
Net cash (used in)/from operating activities (A)	(3,272)	16,951
Net cash used in investing activities (B)	(11,618)	(3,571)
Net cash from/ (used in) financing activities (C)	14,382	(12,639)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(508)	741
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE HALF YEAR	725	122
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	217	863
Balances with scheduled banks		
-On current accounts	28	463
-Deposits with original maturity of upto 3 months	189	400
Cash and cash equivalents	217	863

See accompanying notes forming part of the Unaudited Condensed Consolidated Interim Financial Information

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE HALF YEAR ENDED 30 SEPTEMBER 2017

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

1. Corporate information

HPCL-Mittal Energy Limited ('HMEL' 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 has a petroleum refinery at Bathinda, Punjab. The Company has participating interest in one domestic E&P block at Rajasthan viz. RJ-ONN-2005/2 with a participating interest of 20% (comparative period 20%) which is in the nature of jointly controlled asset and operated by third party. This block is in exploratory stage.

The Company has a wholly owned subsidiary- HPCL-Mittal Pipelines Limited ('HMPL'), domiciled in India and limited by shares. HMPL has set up a Single Point Mooring ('SPM'), crude receipt and storage facility at Mundra port, Gujarat and 1,017 kilometers cross country pipeline for transportation of crude oil. The registered office of HMPL is located at Village Phulokhari, Taluka Talwandi Saboo, Bathinda, Punjab - 151301.

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

2. Basis of preparation and Group's accounting policies

The unaudited condensed consolidated interim financial information for the half year ended 30 September, 2017 has 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.

The unaudited 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 2017.

The same accounting policies, presentation and methods of computation are followed in these unaudited condensed consolidated interim financial information as were applied in the preparation of the Group's consolidated financial statements as at and for the year ended 31 March 2017.

3. Comparative information

The comparative financial information of the Group for the half year ended 30 September, 2016 have not been reviewed or audited.

4. Operations in the interim period

The turnaround shutdown of refinery of HPCL-Mittal Energy Limited from April 29 to July 24, 2017 has led to a reduction in the financial performance of the Group during the half year ended 30 September, 2017.

5. Goods and Service Tax (GST)

Post implementation of Goods and Service Tax (GST) with effect from 1 July, 2017, some of the petroleum products have come under the domain of current GST laws and the balance petroleum products continue to remain under the excise laws. Since excise duty is included in revenue and GST is not included in revenue, the revenue for operations as presented in the unaudited condensed consolidated statement of profit and loss for half year ended 30 September, 2017 are not comparable with the previous period.

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