

**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF 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 30 September 2018 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 30 September 2018 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 issue a report on the 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 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 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 217 million as at 30 September 2018 included in the Unaudited Special Purpose Condensed Consolidated Interim Financial Information in respect to the joint operations not operated by the Company. These unaudited account balances have been compiled and certified by the management based on the unaudited information provided by the operator of the respective joint operations and have 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 these joint operations, is based solely on such unaudited or un-reviewed account balances.

Our report is not modified in respect of this matter.

Restriction on use and distribution

5. 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 Company as of 30 September 2018, 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)



A handwritten signature in black ink, appearing to read 'Jitendra Agarwal'.

Jitendra Agarwal
Partner
(Membership No. 87104)

Place: *Gurgaon*
Date: *5th November 2018.*

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2018

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

	As at 30 September 2018 Unaudited	As at 31 March 2018 Audited
ASSETS		
Non-current assets		
Property, plant and equipment	237,126	231,081
Capital work in progress	38,292	16,987
Intangible assets	124	140
Financial assets		
Loans	265	215
Other bank balances	27	27
Other financial assets	1,168	814
Deferred tax assets (net)	9,891	9,394
Tax assets (net)	1,341	1,019
Other non-current assets	4,161	2,723
	292,395	262,400
Current assets		
Inventories	87,814	65,976
Financial assets		
Investments	1,329	-
Trade receivables	41,857	20,430
Cash and cash equivalents	344	67
Other bank balances	2	400
Loans	-	2
Other financial assets	117	142
Other current assets	1,012	1,569
	132,475	88,586
TOTAL ASSETS	424,870	350,986
EQUITY AND LIABILITIES		
Equity		
Equity share capital	80,411	80,411
Other equity	16,923	11,684
	97,334	92,095
Liabilities		
Non-current liabilities		
Financial Liabilities		
Borrowings	180,199	164,842
Other financial liabilities	879	1
Provisions	1,098	1,060
Deferred tax liabilities (net)	1,829	1,656
Other non-current liabilities	3,312	3,065
	187,317	170,624
Current liabilities		
Financial Liabilities		
Borrowings	50,295	22,521
Trade payables	61,532	49,988
Other financial liabilities	9,959	9,896
Other current liabilities	18,146	4,083
Provisions	238	1,779
Current tax liabilities (net)	49	-
	140,219	88,267
TOTAL EQUITY AND LIABILITIES	424,870	350,986

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Jitendra Agarwal
Jitendra Agarwal
Partner


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

Rajan Tandon
Rajan Tandon
Director
DIN 01968916

Place: Mumbai

Sidhartha Tyagi
Sidhartha Tyagi
Company Secretary
Membership No. A 14544

Place: Mumbai
Date: 5 November 2018

J. Ramaswamy
J. Ramaswamy
Director
DIN 06627920

Place: Mumbai

Prabh Das
Prabh Das
Managing Director &
Chief Executive Officer
DIN 00164799
Place: London

Harak Banthia
Harak Banthia
Chief Financial Officer

Place: Mumbai

Place: Gurugram
Date: 5 November 2018



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

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

	For half year ended 30 September 2018	For half year ended 30 September 2017
	Unaudited	Unaudited
Income		
Revenue from operations	312,143	123,731
Other income	4,083	1,815
Total income	316,226	125,546
Expenses		
Cost of raw materials consumed	204,470	65,961
(Increase) / decrease in inventories	(8,691)	4,619
Excise duty on sale of goods	78,201	41,810
Employee benefits expense	1,590	1,278
Finance costs	7,545	5,461
Depreciation and amortisation expense	6,138	5,564
Other expenses	19,099	2,839
Total expenses	308,352	127,532
Profit/(loss) before tax	7,874	(1,986)
Tax expense		
Current tax	1,684	-
Deferred tax charge/(credit)	(308)	(2,370)
Total tax expenses	1,376	(2,370)
Profit for the period	6,498	384
Other comprehensive income		
Items not to be reclassified to profit or loss in subsequent period:		
Re-measurement (losses)/gains on defined benefit obligations	(45)	(7)
Income tax (charge)/credit	16	2
Net other comprehensive income not to be reclassified to profit or loss in subsequent period	(29)	(5)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Total comprehensive income for the period	6,469	379
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	0.81	0.05
Diluted - par value of INR 10 per share	0.81	0.05

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsJitendra Agarwal
PartnerFor and on behalf of the Board of Directors of
HPCL-Mittal Energy LimitedRajan Tandon
Director
DIN 01968916

Place: Mumbai

J. Ramaswamy
Director
DIN 06627920

Place: Mumbai

Prabh Das
Managing Director &
Chief Executive Officer
DIN 00164799
Place: LondonSidhartha Tyagi
Company Secretary
Membership No. A 14544Harak Banthia
Chief Financial Officer

Place: Mumbai

Place: Gurugram
Date: 5 November 2018Place: Mumbai
Date: 5 November 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

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

(a) Equity share capital

	No. million	INR million
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
Changes in equity share capital during the half year	-	-
As at 31 March 2018 (Audited)	8,041	80,411
Changes in equity share capital during the half year	-	-
As at 30 September 2018 (Unaudited)	8,041	80,411

(b) Other equity

Particulars	Retained Earnings	Debenture Redemption Reserve	Total
As at 31 March 2017 (Audited)	(4,606)	-	(4,606)
(i) Profit for the half year period	384	-	384
(ii) Other comprehensive income for the half year	(5)	-	(5)
As at 30 September 2017 (Unaudited)	(4,227)	-	(4,227)
As at 31 March 2018 (Audited)	7,819	3,865	11,684
(i) Profit for the half year period	6,498	-	6,498
(ii) Other comprehensive income for the half year	(29)	-	(29)
(iii) Transfer from retained earnings	(200)	200	-
(iv) Dividend for financial year 2017-18	(1,020)	-	(1,020)
(v) Dividend distribution tax on iv above	(210)	-	(210)
As at 30 September 2018 (Unaudited)	12,858	4,065	16,923

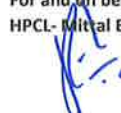
See accompanying notes forming part of the Unaudited Special Purpose Condensed Consolidated Interim Financial Information

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

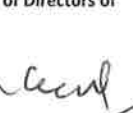


Jitendra Agarwal
Partner

Place: Gurugram
Date: 5 November 2018For and on behalf of the Board of Directors of
HPCL- Mittal Energy Limited


Rajan Tandon
Director
DIN 01968916

Place: Mumbai

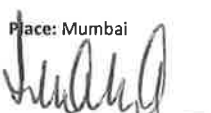


J. Ramaswamy
Director
DIN 06627920

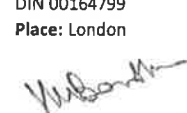
Place: Mumbai



Prabh Das
Managing Director &
Chief Executive Officer
DIN 00164799
Place: London



Sidhartha Tyagi
Company Secretary
Membership No. A 14544

Place: Mumbai
Date: 5 November 2018


Harak Banthia
Chief Financial Officer

Place: Mumbai



UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

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

	For half year ended 30 September 2018 Unaudited	For half year ended 30 September 2017 Unaudited
Net cash (used in)/from operating activities (A)	8,586	(1,882)
Net cash used in investing activities (B)	(25,333)	(11,618)
Net cash from/ (used in) financing activities (C)	17,024	12,992
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	277	(508)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE HALF YEAR	67	725
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	344	217
Balances with scheduled banks		
-On current accounts	64	28
-Deposits with original maturity of upto 3 months	280	189
Cash and cash equivalents	344	217

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

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered AccountantsJitendra Agarwal
PartnerPlace: Gurugram
Date: 5 November 2018For and on behalf of the Board of Directors of
HPCL-Mittal Energy LimitedRajan Tandon
Director
DIN 01968916

Place: Mumbai

Sidhartha Tyagi
Company Secretary
Membership No. A 14544Place: Mumbai
Date: 5 November 2018J. Ramaswamy
Director
DIN 06627920

Place: Mumbai

Prabh Das
Managing Director &
Chief Executive Officer
DIN 00164799
Place: LondonHarak Banthia
Chief Financial Officer

Place: Mumbai

1. Corporate information

HPCL-Mittal Energy Limited ('HMEI' 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 Exploration & Production (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.

During the year ended 31 March 2018, the capacity of the Company's petroleum refinery at Bathinda, Punjab has increased 9 Million Metric Tonne Per Annum (MMTPA) to 11.3 MMTPA.

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 the half year ended 30 September 2018 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 Company 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 2018.

In respect to the revenue recognition effective 1 April 2018, the Group has adopted Ind AS 115 'Revenue from contracts with customers'. The adoption of this standard does not have any material impact on the Unaudited Special Purpose Condensed Consolidated Interim Financial Information (UCCIFI) as at and for the half year ended 30 September 2018. For others, same accounting policies, presentation and methods of computation are followed in these unaudited special purpose 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 2018.

3. Operations in the interim period

The turnaround of the refinery of HPCL-Mittal Energy Limited from May 2017 to close of end of July 2017 led to a reduction in the financial performance of the Company during the half year ended 30 September 2017. Post, turnaround crude thrupt capacity of the refinery increased from 9 million Metric tonne per annum (MMTPA) to 11.3 MMTPA. Refinery operated at the increased crude processing capacity during the current half year ended 30 September 2018 as compared to the similar period in the last financial year 2017-18. Accordingly, the financial performance during the two half year period ended 30 September 2018 and 30 September 2017 are not comparable.

4. Cash flow statement

'Gain on settlement of deferred sales tax loan' of INR 1,390 million, which was considered as a part of financing activities while preparing unaudited condensed consolidated cash flow statement for the period ended 30 September 2017, has been reclassified from 'cash flow from financing activities' to 'cash flow from operating activities' in the comparative period.

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 2018 are not comparable with the previous period.



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

Rajan Tandon
Director
DIN 01968916

J. Ramaswamy
Director
DIN 06627920

Prabh Das
Managing Director &
Chief Executive Officer
DIN 00164799
Place: London

Place: Mumbai
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Place: Mumbai

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Date: 5 November 2018

