

**ANNUAL REPORT**  
**BHARAT OMAN REFINERIES LIMITED**  
**2020-21**



## NOTICE

**NOTICE** is hereby given that the **Twenty Seventh Annual General Meeting** of the Members of Bharat Oman Refineries Limited (BORL) will be held on **Friday, 13<sup>th</sup> Aug'21 at 11:00 A.M.** through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') facility at shorter notice with the consent of the members to transact the following business:

### **A. ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31<sup>st</sup> Mar'21 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Gulshan Bamra (DIN: 02987584), who retires by rotation and being eligible, offers himself for re-appointment.
3. To authorize Board of Directors of the Company to fix remuneration of Statutory Auditors for the financial year 2021-22 and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 139(5), 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Board of Directors of the Company be and is hereby authorized to fix the remuneration of the Statutory Auditors of the Company appointed by Comptroller and Auditor General of India for the Financial Year 2021-22."

### **B. SPECIAL BUSINESS**

4. **Appointment of Mr. Padmakar Kappagantula (DIN: 08021800) as Director not liable to retire by rotation**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Mr. Padmakar Kappagantula (DIN: 08021800), who was appointed as an Additional Director of the Company with effect from 14<sup>th</sup> Sep'20 and whose term expires at this Annual General Meeting, be and is hereby appointed as Director of the Company, not liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

**5. Appointment of Mr. Arun Kumar Singh (DIN: 06646894) as Director liable to retire by rotation**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Mr. Arun Kumar Singh (DIN: 06646894), who was appointed as an Additional Director of the Company with effect from 18<sup>th</sup> Sep’20 and whose term expires at this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”

**6. Appointment of Mr. Ravitej Venkata Pamaraju (DIN: 08975612) as Director liable to retire by rotation**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Mr. Ravitej Venkata Pamaraju (DIN: 08975612), who was appointed as an Additional Director of the Company with effect from 6<sup>th</sup> Aug’21 and whose term expires at this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”

**7. Appointment of Mr. Ramakrishna Gupta Vetsa (DIN: 08188547) as Director liable to retire by rotation**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-

enactment thereof), Mr. Ramakrishna Gupta Vetsa (DIN: 08188547), who was appointed as an Additional Director of the Company with effect from 6<sup>th</sup> Aug'21 and whose term expires at this Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company.”

**8. Ratification of remuneration to be paid to M/s Yogesh Chourasia & Associates, Cost Accountants, Cost Auditor of the Company**

To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), the remuneration of Rs 1,25,000 plus applicable taxes and reasonable out of pocket expenses payable to M/s Yogesh Chourasia & Associates, Cost Auditors for the financial year 2021-22 as approved by the Board of Directors be and is hereby ratified.”

Place: Mumbai  
Date: 6<sup>th</sup> Aug'21

**By Order of the Board of Directors**

Sd/-  
**Shubhendu Tewari**  
**Company Secretary**

**REGISTERED OFFICE:**

Administrative Building  
Refinery Complex, BORL Residential Complex  
Bina- 470124, Dist. Sagar, Madhya Pradesh.  
CIN: U11101MP1994PLC008162  
Website: www.borl.in; Email: pr@borl.co.in

Notes:

- (i) MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/ HERSELF AND THE PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS

THAN FORTY-EIGHT HOURS BEFORE THE MEETING. A PROXY FORM IS ENCLOSED WITH THIS NOTICE.

- (ii) In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its Circular No. 14/2020 dated 8<sup>th</sup> Apr'20; Circular No. 17/2020 dated 13<sup>th</sup> Apr'20, Circular No. 20/2020 dated 5<sup>th</sup> May'20, Circular No. 22/2020 dated 15<sup>th</sup> Jun'20, Circular No. 33/2020 dated 28<sup>th</sup> Sep'20, Circular No. 39/2020 dated 31<sup>st</sup> Dec'20 and Circular no. 02/2021 dated 13<sup>th</sup> Jan'21 (collectively referred to as 'MCA Circulars') permitted holding of the Annual General Meeting through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 and MCA Circulars, the AGM of the Company is being conducted through VC/OAVM
- (iii) The deemed venue for 27<sup>th</sup> AGM shall be the Registered Office of the Company
- (iv) An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is attached.
- (v) All the documents referred to in the Notice and Explanatory Statement shall be open for inspection by all the members of the Company at the Registered Office of the Company during 8.30 A.M. to 11.30 A.M. on all working days (except on Sundays and Public Holidays) upto the date of meeting.

---

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 4. Appointment of Mr. Padmakar Kappagantula (DIN: 08021800) as Director not liable to retire by rotation**

Mr. Padmakar Kappagantula (DIN: 08021800) was nominated by Bharat Petroleum Corporation Ltd (BPCL) on the Board of Company and accordingly, appointed as an Additional Director and Chairman on the Board of the Company with effect from 14<sup>th</sup> Sep'20. As per the provisions of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, Mr. Padmakar Kappagantula holds office up to the date of this Annual General Meeting and is eligible for appointment as Director of the Company. Mr. Padmakar Kappagantula is on the Board of BPCL as Director HR, since Feb'18 and he took over the additional charge of C&MD, BPCL on 1<sup>st</sup> Sep'20. He brings with him an illustrious career spanning over 36 years, during which he steered various key functions in BPCL. His brief resume containing age, qualification, expertise etc. is annexed herewith.

None of the Directors/Key Managerial Personnel and their relatives, other than Mr. Arun Kumar Singh, Mr. Ravitej Venkata Pamaraju and Mr. Ramakrishna Gupta Vetsa are in any way, concerned or interested in this Resolution. Further, Mr. Padmakar Kappagantula being nominee of BPCL, may be deemed to be interested to that extent.

The Directors recommend the Resolution as set out in Item No. 4 of the notice for approval of the members.

**Item No. 5. Appointment of Mr. Arun Kumar Singh (DIN: 06646894) as Director retiring by rotation**

Mr. Arun Kumar Singh (DIN: 06646894) was nominated by Bharat Petroleum Corporation Ltd (BPCL) on the Board of Company and accordingly, appointed as an Additional Director on the Board of the Company with effect from 18<sup>th</sup> Sep'20. As per the provisions of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, Mr. Arun Kumar Singh holds office up to the date of this Annual General Meeting and is eligible for appointment as Director of the Company. Shri Arun Kumar Singh is a Mechanical Engineer with first rank from National Institute of Technology, Patna (formerly BCE, Patna). He has headed various Business Units and Entities in BPCL viz. Retail, LPG, Pipelines, Supply Chain Optimization, etc. and has experience of over 35 years. At present, he is Director (Marketing), holding

additional charge of Director (Refineries), BPCL. His brief resume containing age, qualification, expertise etc. is annexed herewith.

None of the Directors/Key Managerial Personnel and their relatives, other than Mr. Padmakar Kappagantula, Mr. Ravitej Venkata Pamaraju and Mr. Ramakrishna Gupta Vetsa are in any way, concerned or interested in this Resolution. Further, Mr. Arun Kumar Singh being nominee of BPCL, may be deemed to be interested to that extent.

The Directors recommend the Resolution as set out in Item No. 5 of the notice for approval of the members.

**Item No. 6. Appointment of Mr. Ravitej Venkata Pamaraju (DIN: 08975612) as Director retiring by rotation**

Mr. Ravitej Venkata Pamaraju (DIN: 08975612) was nominated by Bharat Petroleum Corporation Ltd (BPCL) on the Board of Company and accordingly, appointed as an Additional Director on the Board of the Company with effect from 6<sup>th</sup> Aug'21. As per the provisions of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, Mr. Ravitej Venkata Pamaraju holds office up to the date of this Annual General Meeting and is eligible for appointment as Director of the Company. Mr. Ravitej Venkata Pamaraju graduated in Chemical Engineering from College of Engineering, Vizag, A.P. He has completed Executive MBA program from SP Jain Institute of Management. He has total 33 years of experience in various functions of Operations, Technical Services, Facilities Planning, Advance Process Control & Optimization, Conceptualizing and setting up of new Plants and Revamps in Mumbai Refinery His brief resume containing age, qualification, expertise etc. is annexed herewith.

None of the Directors/Key Managerial Personnel and their relatives, other than Mr. Padmakar Kappagantula, Mr. Arun Kumar Singh and Mr. Ramakrishna Gupta Vetsa are in any way, concerned or interested in this Resolution. Further, Mr. Ravitej Venkata Pamaraju Singh being nominee of BPCL, may be deemed to be interested to that extent.

The Directors recommend the Resolution as set out in Item No. 6 of the notice for approval of the members.

**Item No. 7. Appointment of Mr. Ramakrishna Gupta Vetsa (DIN: 08188547) as Director retiring by rotation**

Mr. Ramakrishna Gupta Vetsa (DIN: 08188547) was nominated by Bharat Petroleum Corporation Ltd (BPCL) on the Board of Company and accordingly, appointed as an Additional Director on the Board of the Company with effect from 6<sup>th</sup> Aug'21. As per the provisions of Section 161(1) of the Companies Act, 2013 read with Articles of Association of the Company, Mr. Ramakrishna Gupta Vetsa holds office up to the date of this Annual General Meeting and is eligible for appointment as Director of the Company. Mr. Ramakrishna Gupta Vetsa is a member of the Institute of Chartered Accountants of India (1998 batch) and a Bachelor of Commerce. He is also a member of Institute of Cost and Works Accountant. He joined the services of the Corporation on August 1998. With an illustrious career spanning over 23 years at BPCL in various Finance roles, he is currently head of Corporate Treasury of the Corporation. His brief resume containing age, qualification, expertise etc. is annexed herewith.

None of the Directors/Key Managerial Personnel and their relatives, other than Mr. Padmakar Kappagantula, Mr. Arun Kumar Singh and Mr. Ravitej Venkata Pamaraju are in any way, concerned or interested in this Resolution. Further, Mr. Ramakrishna Gupta Vetsa being nominee of BPCL, may be deemed to be interested to that extent.

The Directors recommend the Resolution as set out in Item No. 7 of the notice for approval of the members.

**Item No. 8. Ratification of remuneration to be paid to M/s Yogesh Chourasia & Associates, Cost Accountants, Cost Auditor of the Company**

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 and the rules made there under, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company in General Meeting.

The Board of the Directors in its meeting held on 19<sup>th</sup> Jul'21, had considered and approved the appointment of M/s. Yogesh Chourasia & Associates, Cost Accountants on the recommendation of the Audit Committee for the Financial Year 2021-22 at the remuneration of Rs 1,25,000/- plus applicable taxes and reasonable out of pocket expenses was fixed, subject to approval by the shareholders.



Accordingly, consent of the members is being sought for the proposal contained in the Resolution set out in Item No.8 of the notice. The Board accordingly, recommends the passing of the proposed Ordinary Resolution by the members.

None of the Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested in the Resolution as set out in Item No. 8.

Place: Mumbai  
Date: 6<sup>th</sup> Aug'21

**By Order of the Board of Directors**

Sd/-  
**Shubhendu Tewari**  
**Company Secretary**

**REGISTERED OFFICE:**

Administrative Building  
Refinery Complex, BORL Residential Complex  
Bina- 470124, Dist. Sagar, Madhya Pradesh.  
CIN: U11101MP1194PLC008162  
Website: www.borl.in; Email: pr@borl.co.in

**BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE  
27<sup>th</sup> ANNUAL GENERAL MEETING**

<b>Name</b>	<b>Mr. Padmakar Kappagantula</b>	<b>Mr. Arun Kumar Singh</b>	<b>Mr. Ravitej Venkata Pamaraju</b>	<b>Mr. Ramakrishna Gupta Vetsa</b>
Date of Birth	14 <sup>th</sup> Dec'61	6 <sup>th</sup> Oct'62	7 <sup>th</sup> May'65	29 <sup>th</sup> Jun'71
Date of Appointment	14 <sup>th</sup> Sep'20	18 <sup>th</sup> Sep'20	6 <sup>th</sup> Aug'21	6 <sup>th</sup> Aug'21
Qualifications	Graduate in Agriculture and Post Graduate in Personnel Management & Industrial Relations from TISS (1984 batch)	Mechanical Engineer with first rank from National Institute of Technology, Patna (formerly BCE, Patna)	Chemical Engineering from College of Engineering, Vizag, A.P Executive MBA program from SP Jain Institute of Management	Chartered Accountant and a Bachelor of Commerce A member of Institute of Cost and Works Accountant
Experience in specific functional areas	<p>Mr. Padmakar is on the Board of BPCL as Director HR, since February 2018 and he took over the additional charge of C&amp;MD, BPCL on 1<sup>st</sup> Sep'20.</p> <p>Mr. Padmakar brings with him an illustrious career spanning over 36 years, during which he steered various key functions in BPCL.</p> <p>Mr. Padmakar was member of core team to drive transformational Corporate Restructuring of BPCL during late 90's, through Arthur De Little. Being a major project, he was responsible for the change management across organisation for successful implementation. Later, he went on to lead the team for implementing SAP HR including Payroll in BPCL. This was followed by an extensive stint in Corporate HRD heading HRD. Mr. Padmakar was also instrumental in reformulating Long Term Settlements in the year 2013-14 in Marketing, Kochi Refinery and Mumbai Refinery.</p> <p>Mr. Padmakar is also on the Board of BPRL, BGRL and BORL apart from being the member on various committees &amp; councils of government institutions.</p>	<p>Mr. Arun Kumar Singh has headed various Business Units and Entities in BPCL viz. Retail, LPG, Pipelines, Supply Chain Optimization, etc. and has experience of over 35 years. He has also held the position of President (Africa &amp; Australasia) in Bharat PetroResources Ltd., a wholly owned Subsidiary of BPCL engaged in exploration of Oil &amp; Gas, largely overseas. He was Chairman of Indraprastha Gas Ltd., a Joint Venture CGD Company, listed on Indian bourses, during the period Oct'18 to Jan'19.</p> <p>At present, he is Director (Marketing), holding additional charge of Director (Refineries), BPCL. He is also a Director on the Board of Bharat Gas Resources Ltd, a wholly owned Subsidiary of BPCL engaged in Natural Gas business and on the Board of Petronet LNG Ltd, a listed company on Indian bourses</p>	<p>33 years of experience in various functions of Operations, Technical Services, Facilities Planning, Advance Process Control &amp; Optimization, Conceptualizing and setting up of new Plants and Revamps in Mumbai Refinery.</p> <p>Currently holding the position of Executive Director, Refineries. In his current capacities besides his responsibilities towards the BPCL's group of Refineries, he is also in charge of International Trade, Research &amp; Development, Central Procurement Organization and Group Refineries Information Services &amp; Supply Chain. His hobbies includes reading books, playing badminton and tennis</p>	<p>He joined the services of the Corporation on August 1998. With an illustrious career spanning over 23 years at BPCL in various Finance roles, he is currently head of Corporate Treasury of the Corporation.</p> <p>Mr. V R K Gupta has a well-rounded experience profile and in his rich and diverse career he has held various positions in BPCL handled various facets of finance covering Corporate Accounts, Risk Management, Business plan, Budgeting, Treasury operations etc. Apart from Corporate role, he has vast experience of handling finance in various business units of BPCL. Prior to his role as head of Corporate Treasury, Mr. V R K Gupta was in Corporate Finance where he was responsible for finalization of Accounts in compliance with all regulatory requirements and getting the same audited by Independent and statutory auditors. He played a critical role in strategy formulation and implementation to ensure Corporate Governance, including internal controls and monitoring. Mr. Gupta was a key architect in implementing IND-AS in BPCL.</p>

CIN: U11101MP1994PLC008162

**Regd Off:** Administrative Building, Refinery Complex, Post BORL Residential Complex  
Bina-470124, Distt. Sagar, Madhya Pradesh  
Website: www.borl.in; Email: pr@borl.co.in

Directorship held in other Companies	<ol style="list-style-type: none"> <li>1. Bharat Petroleum Corporation Ltd.</li> <li>2. Bharat PetroResources Ltd.</li> <li>3. Bharat Gas Resources Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Bharat Petroleum Corporation Ltd.</li> <li>2. Petronet LNG Limited</li> <li>3. Bharat Gas Resources Ltd.</li> <li>4. Indraprastha Gas Ltd.</li> </ol>	Sabarmati Gas Limited	<ol style="list-style-type: none"> <li>1. Fino Paytech Limited</li> <li>2. Fino Finance Ltd</li> <li>3. Mumbai Aviation Fuel Farm Facility Limited</li> </ol>
Memberships/ Chairmanships of Audit and Stakeholder Relationships Committee	-	-	-	-
No of Shares held in BORL	NIL	NIL	NIL	NIL

**PROXY FORM**

Name of the member(s): -----  
 Registered address: -----  
 E-mail Id: -----  
 Folio No./ DP ID and Client Id: -----

I/We, being a member(s) of the above named Company, hereby appoint

1. Name:----- Address:-----  
 E-mail Id: -----Signature: ----- or failing him
2. Name:----- Address:-----  
 E-mail Id: -----Signature: ----- or failing him
3. Name:----- Address:-----  
 E-mail Id: -----Signature: ----- or failing him

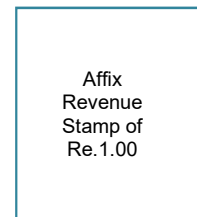
as my/ our proxy to attend and (vote on poll) for me/us on my/ our behalf at the 27<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 13<sup>th</sup> Aug'21 at 11:00 A.M. at Registered Office of the Company and at any adjournments thereof in respect of such Resolution as are indicated below:

<p>Ordinary Business:</p> <ol style="list-style-type: none"> <li>1. Adoption of Audited Financial Statements for year ended 31<sup>st</sup> Mar'21.</li> <li>2. To appoint a Director in place of Mr. Gulshan Bamra (DIN: 02987584), who retires by rotation and being eligible, offers himself for re-appointment.</li> <li>3. To authorize Board of Directors of the Company to fix remuneration of Statutory Auditors for the financial year 2021-22</li> </ol>
<p>Special Business:</p> <ol style="list-style-type: none"> <li>4. Appointment of Mr. Padmakar Kappagantula (DIN: 08021800) as Director not retiring by rotation</li> <li>5. Appointment of Mr. Arun Kumar Singh (DIN: 06646894) as Director retiring by rotation</li> <li>6. Appointment of Mr. Ravitej Venkata Pamaraju (DIN: 08975612) as Director retiring by rotation</li> <li>7. Appointment of Mr. Ramakrishna Gupta Vetsa (DIN: 08188547) as Director retiring by rotation</li> <li>8. Remuneration of M/s Yogesh Chaurasia &amp; Associates, Cost Auditor.</li> </ol>

Signed this -----day of -----, 2021

Signature of Member -----

Signature of proxy holder(s) -----



NOTE: This Proxy form in order to be effective should be completed and deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.

## DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of your Company, it gives me immense pleasure to present the 27<sup>th</sup> Annual Report of the Company for financial year 2020-21 along with its audited financial statements and the Auditors' Report.

During the year, your Company processed 6190 TMT crude oil with average capacity utilization of 79.4% as against 101.4% during FY 2019-20. Substantial fall in petroleum demand caused by COVID-19 pandemic reduced refinery throughput as offtake of products was adversely affected. Amid ups & down in the demand, Company managed to sustain good operational efficiency. Your Company also operationalized new Kerosene Hydro-Desulphurization (KHDS) Unit which provides swing capability between Kerosene, ATF & Diesel.

### STATE OF COMPANY'S AFFAIRS

Your Board is reporting the affairs of the Company for the financial year 2020-21 as under:

#### 1. Physical Performance

During the Financial Year, the Company's physical performance was as under:

Parameters	2020-21	2019-20
Crude Intake (MMT)	6.19	7.91
Capacity Utilization (%)	79.4	101.4
Distillate Yield (%)	85.3	83.8
Fuel & Loss (%)	6.9	6.9
Sales (MMT)	5.48	7.24

#### 2. Financial Performance

The standalone/consolidated financial highlights for the year ended 31<sup>st</sup> March 2021 are summarized below:

Major financial highlights are summarized below:

(Rs. in Crore)

Particulars	2020-21	2019-20
Gross Revenue from Operations	35,419.77	41,940.96
Profit before Interest, Depreciation, Tax and Exceptional Items	1203.86	952.81
Finance Cost	558.54	712.04
Depreciation & Amortisation	754.49	717.92
Exceptional Items (Expense)	-	744.01
Profit before tax	(109.17)	(1221.16)
Net Deferred tax	(32.82)	(413.98)

Profit after tax	(76.35)	(807.18)
------------------	---------	----------

Your company achieved turnover of Rs. 35,419.77 crore during the financial year 2020-21 against Rs. 41,940.96 crore during the financial year 2019-20. Lower product cracks along with constrained crude processing adversely affected Company profitability during the year. The Company posted loss after tax of Rs. 76.35 crores during the financial year 2020-21 against loss of Rs. 807.18 crore during the financial year 2019-20. The Gross Refining Margin (GRM) for financial year 2020-21 was 6.2 \$/bbl as against 5.6\$/bbl during the financial year 2019-20.

### 3. OPERATIONS

During the year under review, your Company achieved a production of 5.75 MMT and sales of 5.48 MMT of products. Further, the refinery set new benchmarks in distillate and transportation fuel yield.

Despite the restricted throughput due to COVID 19 pandemic, the refinery sustained its operations with optimized energy usage while meeting the market demand during peak pandemic. Refinery units also completed a decade of successful operation during FY2020-21.

#### 3.1. Crude Import & Supply

Your Company procured 6.4 MMT of crude oil, consisting majorly Arab Mix and Basrah Crude Oil, in accordance with its processing plan. Of the 6.4 MMT, 5.3 MMT was sourced through term contracts and balance by spot contracts. Your company diversified its refinery crude oil basket to 35 nos by procuring 12 new crude oils from different geographies like Far East, Nigeria, Russia and Middle East region. The Vadinar-Bina pipeline pumped 6.2 MMT of crude in the fiscal.

Your Company continued to utilize the services of M/s Shell International Eastern Trading Company and M/s Shell International Trading and Shipping Company for evaluating and ranking crudes to be procured from spot markets. From 1<sup>st</sup> July 2021, onwards Company started to procure spot cargo through BPCL crude trading desk.

#### 3.2. Product evacuation

The Company achieved sales of 5.48 MMT products in financial year 2020-21 out of which 5.28 MMT were POL products. 1.15 MMT of Motor Spirit and 3.44 MMT of High Speed Diesel sales were achieved. Bina-Kota Pipeline (BKPL) transported about 64% of products servicing the northern markets while 28% white oil products were moved by rail and remaining by road.

ATF demand remained depressed due to COVID-19 pandemic and achieved sales (355 TMT) was 43% of that achieved in 2019-20. As SKO demand continued in declining trend, its offtake from refinery was dipped by 42% to 111 TMT in FY2020-21. Petcoke and Sulphur sales during the year stood at 90 TMT and 109 TMT. Consumption of Petcoke significantly increased in Captive Power Plant leaving lesser quantity for sale.

#### 3.3. Key Performance and Reliability Improvement Initiatives

During 2020-21, with consistent and reliable operation of equipment & plant, the refinery achieved Operational Availability of 99.6% (calculated as per CHT methodology). Key initiatives for performance and reliability improvement implemented during the year are listed below:

**i. Operational efficiency and profitability**

- **Optimization of crude basket:** Refinery crude basket increased to 35 from 23 with evaluation and processing of new crudes namely CPC blend from Kazakhstan, Saharan Blend from Algeria, Labuan, Bintulu & Kimanis from Malaysia, Kuwait Super Light, UMM Lulu from UAE, Seria Light Export Blend (SLEB) & Champion from Brunei, Dolphin Condensate from Qatar, Basrah Medium from Iraq and Bonga from Nigeria.
- **Upgradation of Kerosene into Diesel:** In view of lower kerosene demand, excess kerosene was upgraded to diesel in KHDS unit.
- **Unit OPEX optimization:** Operating Expenses was optimized at reduced operating load of units through extensive monitoring and optimization of power, chemical & utilities, spares & maintenance management, crude inventory management and interest cost reduction.
- **Advanced Process Controller (APC):** Post revamp, modification in HCU and DCU APCs were completed with estimated benefits of Rs 4 crores and Rs 2 crores per annum respectively.
- **Profitability Dashboards** were developed for process units of refinery with in-house efforts. The dashboards guide unit panel officer in optimizing key operating parameters to maximize unit margin.

**ii. Plant reliability improvement measures**

- Asset Integrity Management System (AIMS) was implemented in HCU & HGU. This will help BORL to achieve safer and reliable operation by strategizing inspection & maintenance activities in a cost effective manner.
- Major overhauling of CDU Pre-Flash Pump-B and PENEX Make-Up Gas Compressor C, modification in seal plan of High Pressure Power Recovery Turbine (HPRT) in HCU have enhanced the equipment reliability.
- Replacement of underground Closed Blow Down (CBD) piping network in CDU/VDU, DCU & HGU with upgraded piping and better corrosion protection system have improved the safety of unit operation.
- OT cyber security solution was implemented to safe guard against cyber-attack on plant DCS and PLC systems.
- Advanced acoustic imaging technology was implemented for leak detection of air, gas and electric partial discharge to improve safety in electrical system.
- Cyber Security in IT systems were further strengthened by the implementation of firewall for server segment, deep security solution, VMware infrastructure.

### iii. Steam and Power reliability

Enhancing captive power generation was the key strategy adopted during the year to reduce operating cost. CPP achieved highest ever steam & power generation in any year so far by generating 332 TPH of steam and 61 MW power which is 74% of refinery power consumption.

**CPP STGs:** With overhauling of STG-3 in house power generation was significantly increased to 61 MW in FY 2020-21 as against 44 MW in FY 2019-20 with corresponding reduction in Grid power import to 20 MW in FY 2020-21 from 46 MW in FY 2019-20.

**CFBC Boilers:** CFBC boilers 1 & 2 achieved highest ever continuous run length of 208 days and 178 days respectively during the fiscal. Petcoke utilization into the boilers also increased to 87% in FY 2020-21 as against 84% in FY 2019-20.

### 3.4. Projects

- i. **Kero Hydro Desulphurization (KHDS) unit:** KHDS project was implemented to meet revised kerosene product sulphur specification and reduce kerosene make. Project was successfully commissioned on 19<sup>th</sup> December'2020. It was completed within scheduled cost and with minor delay caused by pandemic related lockdown from end of March'20 to May'21.
- ii. **Crude Oil Blending Station:** Crude Oil Blender at Crude Oil Terminal (COT), Vadinar was commissioned on 14<sup>th</sup> September'2020 and is performing satisfactorily. It has provided flexibility to diversify crude oil basket.

## 4. CAPITAL STRUCTURE

During the year under review, BPCL, the parent Company has entered into Share Purchase Agreement with OQ SAOC for purchase of its entire shareholding of 36.62%. As on 31<sup>st</sup> March 2021, the shareholding of the Company is:

Authorised Share Capital	70,00,00,00,000/- divided into 4,50,00,00,000 equity shares of Rs. 10/- each and 2,50,00,00,000 Preference shares of Rs. 10/- each
Subscribed	2,42,68,29,450 equity shares of Rs. 10/- each
Paid Up Share capital	2,42,68,29,450 equity shares of Rs. 10/- each
Shareholding	1. Bharat Petroleum Corporation Limited - 63.38% 2. OQ S.A.O.C. - 36.62%

Post completion of the share purchase transaction in June 21, the entire shareholding of the Company as on 30<sup>th</sup> June 2021 is held by BPCL.

## 5. BORROWINGS & FINANCE COST

The average borrowings and interest rates are as follows:

	2020-21		2019-20	
	Rs. Crores	Rate %	Rs. Crores	Rate %
Long Term	6,785	6.6	7,052	7.6



Short Term	1,282	4.4	1,056	7.4
<b>Total</b>	<b>8,067</b>	<b>6.2</b>	<b>8,107</b>	<b>7.6</b>

The company has effectively managed its long term and short term funding requirement by borrowing using cost effective instruments and successfully negotiating with long term lenders to reduce interest rates on term loans. The company for the first time has tapped bond market to mobilise Rs 1,440 crores by issuing of 3 year unsecured non-convertible debentures in two tranches at new benchmark rate for company of this credit rating category.

Consistent efforts to reduce interest cost has resulted in reduction of average borrowing cost from 7.4% to 4.4% annually.

## 6. HEALTH, SAFETY & ENVIRONMENT

Your Company has a well-defined Quality, Environment, Occupational Health and Safety Policy which is adhered to by all its employees. Ensuring a safe and healthy work place environment requires continuous monitoring of surroundings. All the statutory and regulatory parameters on health, safety and environment are regularly checked against the established norms. Your Company is committed to compliance with extant regulations and endeavours to improve its environment, health and safety performance.

### 6.1. Health

During the year 2020-21, the following activities / initiatives were carried out:

- Scheduled periodic medical examination for employees were conducted and results were updated in Employee Health Management System (EHMS) which is accessible to employees through BORL intranet portal. EHMS provides health trends to individual employee and facilitates proactive health intervention.
- Medical examination of all service providers was conducted at VK BORL hospital to ensure quality and timeliness. Medical examination of more than 12100 workers were carried out during FY2020-21 in the hospital.
- New Advanced Life Support Ambulance & Emergency Medical Equipment was procured by OHC which came handy during the COVID surge.
- Regular and continuous health awareness and need based counselling was extended by OHC to all concerned stakeholders during the COVID surge.

### 6.2. Safety

Your Company is committed to safety of all its employees and recognizes the importance of safety management practices followed across the industry. Various planned activities, as mentioned further, and need based sessions were conducted during the year to ensure safety standards across the company.

**Safety Training:** BORL employees underwent 468 man-days of training on Fire & Safety while 1650 man days of training was provided to service provider staff. Fire & Safety induction training was imparted to 5132 workers engaged for refinery works. In addition to above, a virtual training on “Behavior Based Safety” was conducted by external agency.

**Safety Audits:** Statutory External Safety Audit (ESA) of refinery as per Manufacture, Storage and Import of Hazardous Chemicals rule was conducted by an agency approved by Directorate of Industrial Health and Safety. Internal Safety Audit (ISA) of Refinery, Bina Dispatch Terminal, Crude Oil Terminal at Vadinar including Single Point Mooring (SPM) and Vadinar Bina Pipeline (VBPL) was conducted by a multidisciplinary team. Pre-Commissioning Safety Audit (PCSA) of KHDS unit was conducted by OISD through virtual platform.

**Mock Drills, Emergency Response and Mutual Aid:** To upkeep Company's preparedness and personnel alertness, total 12 planned mock drills of different levels were conducted as part of emergency preparedness exercise during the year. Statutory Level-3 drills were witnessed by Factory Inspector supported by Mutual Aid Members. Further to strengthen emergency response, fire pre-plans were prepared for most credible scenarios identified in Quantitative Risk Assessment (QRA) study and learning from incidents from other refineries.

**Safety awareness initiatives:** Your Company observed National Fire Service week and celebrated Electrical Safety Week, Road Safety Week and National Safety Week in the refinery and township. Company organized various safety related competitions/activities for employees, contractors and township residents. Apart from this, various safety drives for enhancement of reporting of near miss, safety suggestions and operational discipline conducted during the year.

### **6.3. Environment**

Your Company continued to comply environmental regulatory requirements during the year and furthered its efforts to better environmental performance. Some of the measures taken during the year are:

#### **Air:**

- Improved efficiency of Volatile Organic Compound (VOC) collection and treatment system curtailed VOC emission to atmosphere.
- Timely detection of passing valves and pressure safety valves through periodic surveys using ultrasonic leak detector reduced flare emissions.
- 2750 numbers of samplings were planted in refinery & township.

#### **Water:**

During the year, water conservation has been a major thrust area of the Company and initiatives were taken that resulted in sustaining the water consumption at 5.1 MGD.

- With implementation of Zero Liquid Discharge schemes, significant reduction in fresh water requirement has been achieved.
- During the year, 14,80,929 KL of storm channel water was recycled & reused which is equivalent to about 2.5 months of raw water intake to refinery.
- In STP, enhanced uniform aeration improved the quality of STP treated water.

#### **Solid Waste Management:**

- Bio-remediation system was commissioned to reduce the Total Petroleum Hydrocarbon (TPH) level in the oily sludge.
- Evacuation of bed ash through rail mode was started which helped in achieving highest ever bed ash evacuation.

### **Environment Awareness:**

Standing with the world for minimizing water consumption, your Company initiated 'Water Conservation Week' campaign in Refinery and Township. The World Environment day with theme of "Biodiversity: Time for Nature" was also celebrated in Refinery, township and surrounding villages. To increase awareness levels, various sessions along with theme related competitions were organized for employees, service providers and township residents.

## **7. HUMAN RESOURCES**

Your Company maintains cordial and harmonious relations with all employees & stakeholders. BORL employee strength as on 31<sup>st</sup> March 2021 was 621 including 23 female employees. Your Company recruited five employees during the year.

### **7.1. Learning and Growth**

The developmental opportunities through the Learning & Development Plan 2020-21 were diverse as below:

- a) Focusing on the Company's Technical Training Framework, 82 trainings were organized with an average participation of 20 employees in each training.
- b) A total of 2296 man days were spent on training in the year.
- c) Under the element 'Training' in the Process Safety Management (PSM) wheel, 12 trainings were organized where awareness on various elements of PSM and work processes was provided.
- d) Seven unique awareness programs on themes such as legal awareness in contracts, provisions in the EPF Act, finance for non-finance people, National Pension Scheme, using Six Sigma methodology for decision making etc were facilitated using virtual platforms to build good business understanding.
- e) Training on Prevention of Sexual harassment (PoSH) was provided to 20 female employees using the self-paced Massive Open On-line Course (MOOC) methodology.
- f) Two managerial workshops using virtual platform on handling performance appraisals and leading teams using the Army way were conducted for managers & above covering 77 employees.
- g) Digital platforms have been adopted for providing training to employees through virtual instructor led training model. Two hands on trainings were conducted for 18 employees for 6 days each using virtual simulation platforms for Siemens & Honeywell systems.
- h) Spoken and Business English training are continuing to 126 Assistant Engineers and Assistant Officers in a blended learning model (self-paced study + virtual instructor led training).

### **7.2. Security**

Utmost importance is accorded to security of the Refinery, its people and assets. In order to strengthen the security arrangements of refinery, Company continues to have two tier of security systems by availing the services of the Madhya Pradesh State Industrial Security Force (MP SISF) and a PSARA approved Private Security Agency comprising of Ex Servicemen and well trained, experienced civil security personnel.

To reinforce the security arrangements further, various initiatives were taken such as implementation of material movement application through SAP module at all the Gates, implementation of QR based vehicle passes, enhanced security frisking of vehicles, persons and their baggage. In addition to this, regular specialized training to all security personnel, enhanced area surveillance and domination through vehicle, bicycle and foot patrolling was carried out. Joint Mock security drills were also undertaken.

## **8. AWARDS AND RECOGNITION**

### **8.1. Refinery Performance Improvement Award 2019-20**

Your Company was conferred the “Refinery Performance Improvement Award 2019-20” by Centre for High Technology (CHT), MoP&NG for overall performance improvement during 2019-20 over the previous two years.

### **8.2. IMC Ramkrishna Bajaj National Quality (RBNQ) Performance Excellence Trophy-2020**

Your Company won the prestigious ‘IMC Ramkrishna Bajaj National Quality (RBNQ) Performance Excellence Trophy-2020’ in the Manufacturing category. Performance was adjudged on various parameters such as leadership, strategic planning, knowledge management, customer, workforce & operation focus and business performance.

### **8.3. SAKSHAM 2021 Award**

Your Company received ‘SAKSHAM 2021 Award’ instituted by Petroleum Conservation Research Association (PCRA, MoP&NG) for Best Refinery Performance (2016-19) amongst the Indian refineries in PAT Cycle II.

### **8.4. FIPI Awards 2020**

Your Company won ‘Refinery of the Year’ (capacity up to 9 MTPA category) award from Federation of Indian Petroleum Industry (FIPI) for overall performance in production & operation efficiency, energy conservation, refinery margin, safety and environment protection. Company also received ‘Sustainably Growing Corporate of the Year’ award from FIPI for environment & sustainability performance and benefits extended to the society.

### **8.5. Energy Efficient Unit Award**

Your Company was conferred “Energy Efficient Unit” award by Confederation of Indian Industry (CII) in recognition of various energy improvement initiatives taken by BORL during previous three years.

## **9. CHANGE IN NATURE OF BUSINESS AND MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT**

There has been no change in the business of the Company. Further, there have been no material changes and commitments which affect the financial position between the end of the financial year and date of Board's Report.

## **10. DIVIDEND**

During the year under review, dividend is not recommended.

## **11. RISK MANAGEMENT POLICY**

Your Company operates in a business environment that is characterized by increasing globalization of market and intense competition. Due to this, your Company is exposed to number of risks viz., operational risk, strategic risk, reputational risk, compliance risk, financial risk, information risk, environmental risk, etc. The Risk Management Policy of your Company has clearly structured and defined the procedure for Risk identification, Risk assessment, Risk measuring, Risk mitigation, Risk monitoring, Risk reporting and Risk optimizing. The Company has adequate Risk Management Policy. It manages, monitors and reports on the principal risks and uncertainties that can impact the growth and ability to achieve strategic objective of the Company. The Company's Risk Management Policy is designed to drive a common integrated view of risk and optimal risk mitigation. Amid Covid-19 pandemic, to sustain continuous operation certain critical Risks were identified and incorporated in risk management framework. The Company's Risk Management Policy is placed before the Risk Management Committee. The Company has a Risk Management Committee of the Board comprising of independent Directors, nominee Directors of BPCL and OQ S.A.O.C (OQ) to monitor the implementation of Risk Management Policy including management of overall risks which the Company is exposed to from time to time.

## **12. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company is fully committed in ensuring equitable and sustainable growth of society in and around the area of its operations besides complying with government directives to discharge its social responsibility. CSR activities are essentially guided by project based approach in line with the provisions of Section 135 of Companies Act, 2013 promulgated by Ministry of Corporate Affairs and the Companies (CSR) Rules, 2014 as amended from time to time. Your Company has adopted a CSR Policy as approved by the CSR Committee and Board which covers key focus areas of Promotion of Education and Skill Development, Promotion of Health, Hygiene and Sanitation, Rural development and Environment sustainability and Promotion of Sports and culture.

The CSR projects have resulted in the upliftment of education standards in the surrounding areas, upgradation of skills & engagement opportunities for the youth, better access to healthcare facilities, better prospects for livelihood & water conservation and sports promotion in BORL's operating areas. In the FY 2020-21, the expenditure on CSR activities was Rs.20.37Cr which includes Rs. 15 Cr contribution to PM CARES Fund.

The Annual Report on CSR activities for the financial year 2020-21 is attached as Annexure I to the Report.

The Company has a Corporate Social Responsibility Committee of Board as per the requirements of the Companies Act, 2013. The Composition of CSR Committee upto 31<sup>st</sup> March 2021, is as follows:

Mrs. Mangala Prabhu	Independent Director
Mr. Neelakantapillai Vijayagopal	Non-executive Director
Mr. Mahendra Pimpale	Managing Director

## **13. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

The provisions of Section 134(3)(e) of the Act are not applicable to a Government Company. Consequently, details on Company's policy on Directors' appointment and other matters are not provided under Section 178 (3) of the Act.

Similarly, Section 197 of the Act shall not apply to a Government Company. Consequently, there is no requirement of disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other such details, including the statement showing the names and other particulars of every employee of the Company, who if employed throughout / part of the financial year, was in receipt of remuneration in excess of the limits set out in the Rules are not provided in terms of Section 197 (12) of the Act read with Rule 5 (1) / (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

#### **14. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

Your Company continues to promote diversity and inclusion and has adopted the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereof. In accordance with the provisions of the Act, the Company has constituted the Prevention of Sexual Harassment (POSH) Committee and framed policy to address the concerns and grievances of employees. The Company adopts the "no compromise" approach to discrepancies as brought to the notice of the Committee and the Company.

During financial year 2020-21, there were no cases reported to POSH Committee under Sexual Harassment of Woman at Workplace.

#### **15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information as required u/s 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption and foreign exchange earnings and outgo is attached as **Annexure- II** to the Directors' Report.

#### **16. AUDITORS AND AUDITORS REPORT**

M/s CNK & Associates LLP, Chartered Accountants, Mumbai were appointed as Statutory Auditors for the year 2020-21 by the Comptroller & Auditor General of India (C&AG) under the provision of section 139(5) of the companies Act 2013. They will hold office till conclusion of the ensuing AGM. The Auditors' Report does not contain any qualification reservation or adverse remark.

#### **17. COST AUDITORS AND DISCLOSURES**

The Company has prepared and maintained cost records as prescribed under Section 148(1) of the companies Act 2013 for the year 2020-21. The Cost Audit Report for the year 2019-20 has been filed with the Ministry of corporate Affairs before the due date in XBRL format. The Cost Auditors for year 2020-21 are M/s Yogesh Churasia & Associates, and their remuneration was ratified by Shareholders in the last Annual General Meeting.

#### **18. AUDIT COMMITTEE AND VIGIL MECHANISM**

The Audit Committee of the Company for the year 2020-21 comprised of following Directors:

Prof. N Venkiteswaran (Chairman) (till 14 <sup>th</sup> Aug'20)	Independent Director
Mrs. Mangala Prabhu	Independent Director
Mr. Neelakantapillai Vijayagopal	Non-Executive Director
Dr. Salim Saif Sulaiman Al Huthaili (till 1 <sup>st</sup> December 2020)	Non-Executive Director

The Board has approved the vigil mechanism in terms of Section 177 of the Companies Act, 2013 to deal with the genuine concerns of employees and Directors, if any.

## 19. BOARD OF DIRECTORS

During the year under review and till the date of this Directors Report, following changes took place in the Board of Directors of your Company:

**Mr. Sanjay Kumar Shukla** was appointed as Nominee Director with effect from 28<sup>th</sup> May'20 liable to retire by rotation.

**Mr. Duraiswamy Rajkumar** has been superannuated from M/s Bharat Petroleum Corporation Limited with effect from 31<sup>st</sup> Aug'20 and accordingly resigned from the position of Director and Chairman of the Company.

**Mr. Ramamoorthy Ramachandran** has been superannuated from M/s Bharat Petroleum Corporation Limited with effect from 31<sup>st</sup> Aug'20 and accordingly resigned from the position of Director of the Company.

**Prof. N. Venkiteswaran** vacated office of Independent Director of the Company with effect from 14<sup>th</sup> Aug'20 on expiry of term.

**Mrs. Mangala Prabhu** independent Director was reappointed in the last Annual General Meeting held on 14<sup>th</sup> Aug' 20.

**Dr. Salim Saif Sulaiman Al Huthaili** resigned from the Directorship and Vice-Chairmanship of the Company with effect from 1<sup>st</sup> Dec'20.

**Dr. Rajesh Rajora** vacated office of Directorship of the Company with effect from 9<sup>th</sup> May 2020

**Mr. Said Ahmed Said Al Mahruqi** was appointed as a Director with effect from 12<sup>th</sup> Dec'20 liable to retire by rotation and resigned with effect from 30<sup>th</sup> Jun'21.

**Mr. Padmakar Kappagantula** was appointed as Additional Director and Chairman of the Company with effect from 14<sup>th</sup> Sept'20. He will be appointed as regular Director not liable to retire by rotation in the Annual General Meeting.

**Mr. Arun Kumar Singh** was appointed as Additional Director of the Company with effect from 18<sup>th</sup> Sept'20. He will be appointed as regular Director liable to retire by rotation in the Annual General Meeting.

**Mr. Wail Al-Jamali** resigned from directorship with effect from 30<sup>th</sup> Jun'21.

**Mr. Neelakantapillai Vijayagopal and Mr. Mahendra Pimpale** vacated the position of Director and Managing Director respectively on their superannuation from BPCL on 30<sup>th</sup> July 2021.

**Mr. Ravitej Venkata Pamaraju and Mr. Ramakrishna Gupta Vetsa** were appointed as Additional Directors of the Company with effect from 6<sup>th</sup> Aug'21. They will be appointed as regular Directors liable to retire by rotation in the Annual General Meeting.

The Board wishes to place on record its appreciation for the immense contribution and guidance given by Mr. Duraiswamy Rajkumar, Mr. Ramamoorthy Ramachandran, Dr. Salim Saif

Sulaiman Al Huthaili, Prof. N. Venkiteswaran, Dr. Rajesh Rajora, Mr. Said Ahmed Said Al Mahruqi, Mr. Wail Al-Jamali, Mr. Neelakantapillai Vijayagopal and Mr. Mahendra Pimpale during their tenure on the Board of the Company.

In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Gulshan Bamra, Director will retire by rotation at this Annual General Meeting and being eligible; offers himself for re-appointment as Director of the Company.

## **20. KEY MANAGERIAL PERSONNEL**

During 2020-21, Mr. Mahendra Pimpale, Managing Director; Mr. Manoj Heda, Chief Financial Officer(CFO); Mr. Abhairaj Singh Bhandari, Chief Operating Officer (COO) and Mr. Shubhendu Tewari, Company Secretary are Key Managerial Personnel of the Company as per provisions of the Companies Act, 2013.

## **21. DECLARATION BY INDEPENDENT DIRECTORS**

Mrs. Mangala Prabhu, Independent Director has submitted her declaration of independence as per the criteria given under Section 149(6) of the Companies Act, 2013.

## **22. NUMBER OF BOARD MEETINGS AND ATTENDANCE OF THE DIRECTORS**

The details of Board meetings and its Committees held during the year and attendance of Directors in the meeting is given in the Corporate Governance report which forms part of the Board Report.

## **23. EXTRACT OF ANNUAL RETURN**

Information required to be disclosed pursuant to Section 134(3) (a) of the Companies Act, 2013 with respect to the details forming part of the extract of the Annual Return in form MGT-9 are furnished in **Annexure- III** which forms part of this Report. The same is also available on the website of the Company.

## **24. DISCLOSURE REQUIREMENTS**

As per DPE Guidelines, the Corporate Governance Report with the Auditors' certificate thereon, and the integrated Management Discussion and Analysis are attached, which forms part of this report. The Secretarial Auditor has certified that your Company has complied with the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, during the financial year 2020-21.

## **25. SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Mr. Upendra Shukla, Practising Company Secretary to undertake Secretarial Audit of the Company for the Financial Year 2020-21. The Secretarial Audit Report is attached as **Annexure-IV** to the Board Report.



Secretarial Auditor has made following observations in his report and Management Response is also given

- i. *Debenture Redemption Reserves as required under Section 71(4) of the Companies Act, 2013 is not created in absence of profit.-*

**Management response:**

*DRR shall be created after profits are reported.*

- ii. *The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors.*
- iii. *The Company does not have required number of Independent Directors under the Clause 3.1.4 of the DPE Guidelines during the financial year ended 31<sup>st</sup> March, 2021.*
- iv. *As per the Clause 3.3 of the DPE Guidelines, the Board is required to meet atleast once in every three months and atleast four such meetings are required to be held in a year. Further, time gap between any two meetings should not be more than three months. It is observed that the gap exceeded a period of three months between two Board Meetings held on 27/10/2020 and 28/01/2021. However, as per the relevant provisions of the Companies Act, 2013, the gap between two consecutive meetings of the board shall not be more than 120 days.*
- v. *Since the Company does not have the required number of Independent Directors, composition of the Audit Committee was not as per the Clause 4.1.1 of the DPE Guidelines during the audit period.*
- vi. *Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. It is observed that Audit Committee met only twice during the audit period i.e. on 28<sup>th</sup> May, 2020 & 11<sup>th</sup> August, 2020. No Audit Committee meeting was held after 11<sup>th</sup> August, 2020.*

**Management Response (ii, iii, iv and v):**

“It may be noted that BORL has complied with all the relevant provisions of the Companies Act, 2013 as applicable to it. In respect of the observations regarding compliance with Department of Public Enterprises (DPE) guidelines on Corporate Governance, it may be noted that BORL became a Government Company under the Administrative Control of Ministry of Petroleum and Natural Gas (MoPNG) on 31<sup>st</sup> March 2020. In case of government companies, the nomination/appointment of all categories of directors are done by Government of India in accordance with the laid down guidelines of DPE after appropriate categorization of the company and creation of Board level posts. Accordingly, the process of categorization and creation of Board level posts has been initiated recently post completion of which, the appointment of directors including independent directors will be done by the government in due course. Hence, the subject matter of nomination/appointment of adequate number of Directors including Independent Directors falls under the purview of the Government of India. After the receipt of nomination of

directors from the Govt. of India post categorization and creation of Board level posts, BORL would be able to comply with the requirements of the DPE guidelines as indicated in the Secretarial Audit Report.

The time gap between the two board meetings viz. 27 .10.2020 and 28 .01.2021 exceeded three months by just a day mainly due to various engagements of the Board members during the time. Further, the Audit Committee could not be held due to the lack of quorum on account of insufficient number of Independent Directors. However, all proposals required to be reviewed by the Audit Committee were put up to the Board.

## **26. VIGILANCE**

At BORL, Vigilance activity is being taken care by BPCL, our parent company. BORL has also appointed a vigilance officer. During the year, activities such as taking online pledge by visiting the CVC website, slogan competition & placing of banners at various places in refinery were conducted at BORL during the Vigilance Awareness Week from 27<sup>th</sup> October 2020 to 2<sup>nd</sup> November 2020.

## **27. RIGHT OF INFORMATION**

BPCL being a parent company of BORL, all RTI queries related to BORL are handled by BPCL. However, BORL provides the relevant information pertaining to RTI queries and maintains the record of all RTI communications.

For FY2020-2, BORL received 06 nos of RTI queries and have responded to all the queries.

## **28. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENT**

During the year under review, the Company has not provided any loan or made investment or given any guarantee covered under Section 186 of the Companies Act, 2013.

## **29. RELATED PARTY TRANSACTIONS**

During the Financial Year, the Company has entered into contract or arrangements with related parties, which were in the ordinary course of business and on an arm's length basis.

Information on transactions with related parties as required under Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are provided in Form AOC-2 as **Annexure-V** forming part of the report.

## **30. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (3)(c) of the Companies Act, 2013, your Directors confirm the following:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same.
- b) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2021 and the Profit and Loss of the Company for the year ended on that date.

- c) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) Your Directors have prepared the Annual Accounts of the Company on a “going concern” basis.
- e) Your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **31. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no significant and material orders passed by the Regulators / courts that would impact the going concern status of the Company and its future operations.

### **32. ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has in place, a robust system and framework of Internal Financial Controls. This framework provides a reasonable assurance regarding the adequacy of operating effectiveness of controls with regards to reporting, operational, and compliance risks. The framework ensures that the Company has policies and procedures for ensuring orderly and efficient conduct of the business, including adherence to company’s policies, safeguarding of assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records and timely preparation of reliable financial information.

The types of Internal Financial controls that the Company has, to ensure the above objective, can be broadly stated as:

- a) Financial Reporting controls,
- b) Entity level Operational controls and Technical controls
- c) Embedded in these broad classifications are the Controls to address Financial assertions (including fraud and Information Technology risks), Fraud implications, Efficiency, quality, maintenance etc.

The Internal Auditors certify on the adequacy of internal controls over financial reporting on a yearly basis, which are regularly reviewed by the Audit Committee, while reviewing the year end Accounts.

### **33. PUBLIC DEPOSITS**

During the year under review, your Company did not accept any deposits from the public under Section 73 of the Companies Act, 2013.

### **34. CORPORATE GOVERNANCE**

The Annual Report contains a separate section on Corporate Governance and Management Analysis and Discussion which forms part of this report, which is attached as **Annexure-VI**.

### **35. ACKNOWLEDGEMENT**

Your Board of Directors wish to thank the shareholders for the continued confidence reposed on their Company. Your Directors sincerely thank the Government of India (GoI), Ministry of

Petroleum and Natural Gas (MoP&NG), Ministry of Finance(MoF), Ministry of Corporate Affairs (MCA), Ministry of Environment and Forest (MoEF) for their valuable support, guidance and continued co-operation. Your Directors also place on record its appreciation for the support from Govt. of Madhya Pradesh.

The Directors gratefully acknowledge support and Direction provided by our Promoter company, Bharat Petroleum Corporation Limited and the support of other shareholder OQ S.A.O.C. The Directors acknowledge the continuing cooperation and support received from Gujrat Maritime Board, Banks and all other stakeholders.

The Board would like to express its sincere appreciation for the dedicated efforts made and valuable services rendered by all the employees collectively and concertedly as a team in the progress and achievements of the Company during the year 2020-21.

**For and on behalf of Board of Directors**

Place: Mumbai  
Date: 6th August 21

Sd/-  
**(Padmakar Kappagantula)**  
**Chairman**

**ANNUAL REPORT ON CSR ACTIVITIES 2020-21**

**1. Brief outline on CSR Policy of the Company:**

The Company developed its CSR policy in accordance with section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 notified by the Ministry of Corporate Affairs from time to time. The policy shall apply to all the CSR projects / programs undertaken by the Company across its geography.

**2. Composition of CSR Committee:**

Sl. No	Name of Director	Designation / nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. R. Ramachandran (vacated office 31 <sup>st</sup> August 2020)	Non-Executive Director	ONE	ONE
2	Mr. N. Vijayagopal	Non-Executive Director	ONE	ONE
3	Mrs. Mangala Prabhu	Independent Director	ONE	ONE
4	Mr. MB Pimpale	Managing Director	ONE	ONE

**3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

The policy has been published on the Company's website and can be accessed at  
<http://borl.in/touching-lives/corporate-social-responsibility.aspx>  
 www.borl.in → touching lives → corporate social responsibility

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):**

Impact Assessment Study was carried out in FY 2018-19 and the report was submitted to the CSR Committee of the Board.

As no CSR projects is having a financial outgo of Rs. 1 Cr or more. Impact Assessment Study is not applicable for FY 2020-21.

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sl. No	Financial Year	Amount available for set-off from preceding financial years (in Rs.)	Amount required to be set-off for the financial years, if any (in Rs.)
1	2018-19	Nil	Nil
2	2019-20	Nil	Nil
3	2020-21	4,84,89,377	Nil
4	2021-22	20,37,28,794	Nil
	Total	25,22,18,170	

**6. Average net profit of the company as per section 135(5): Rs. 15700 Lakhs.**

**7. (a) Two percent of average net profit of the company as per section 135(5): Nil.**

As per clause (l) of subsection (4) of section 198, the excess of expenditure over income which was not deducted in any previous year(s), then such excess is required to be deducted in computation of net profits of last three financial years. Accordingly, the amount required to be spent for CSR in FY 2020-21 is Nil on account of having accumulated losses.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil.

(c) Amount required to be set off for the financial year, if any: Nil.

(d) Total CSR obligation for the financial year (7a+7b-7c): Nil.

**8. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
20,37,28,794	NA			NA	

**(b) Details of CSR amount spent against ongoing projects for the financial year: NIL**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	Distri ct.						Name	CSR Regist ration numbe r.
1.												
2.												
3.												
	TOTAL											

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
-----	-----	-----	-----	-----	-----	-----	-----

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Contribution in PM CARES FUND	Item No. i	No			15,00,00,000	Yes		
2.	Covid-19 relief and other healthcare initiatives	Item No. i	Yes	MP	Sagar	9,90,347	Yes		
3.	Other CSR initiatives under the Board approved thematic areas as per CSR Policy	Item No. ii, vii & x	Yes	MP	Sagar	22,70,287	No	<ul style="list-style-type: none"> <li>• BAIF Institute For Sustainable Livelihoods and Development Trust</li> <li>• Daksh Foundation Society</li> <li>• Samanway Mandapam Society</li> </ul>	
4.	Operation of DAVBORL Public School	Item No. ii	Yes	MP	Sagar	1,60,00,000	No	DAV College Trust and Management Society - Society	
5.	Operation of VKBORL Hospital & Swasthya Seva Yojana	Item No. i	Yes	MP	Sagar	3,16,70,950	No	Vivekananda Kendra Society	
	TOTAL					20,09,31,584			

(d) Amount spent in Administrative Overheads: 27,97,210

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): 20,37,28,794

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	Nil
(ii)	Total amount spent for the Financial Year	20,37, 28,794

(iii)	Excess amount spent for the financial year [(ii)-(i)]	20,37, 28,794
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	20,37, 28,794

9. (a) Details of Unspent CSR amount for the preceding three financial years: **NIL**.

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
1	2017-18						
2	2018-19						
3	2019-20						
	TOTAL						

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): **NIL**.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.								
2.								
3.								
	TOTAL							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **NIL**

**(asset-wise details).**

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered their address etc.



- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5).

As a responsible corporate, BORL has spent the CSR mandatory budget.

**Managing Director**

**Chairman CSR Committee**

**DISCLOSURES**

**Particulars of Conservation of Energy, Technology Absorption, details of Foreign Exchange Earnings & Outgo, which are required to be given under Section 134 (3) (m) of Companies Act, 2013 are as under:**

**A. Conservation of Energy**

**(i) Steps taken or impact on Conservation of energy**

Energy conservation measures and schemes implemented over the years and meticulous monitoring of plant operations resulted in reduction of energy consumption in FY2020-21. Key energy saving initiatives and loss control measures implemented during the fiscal are mentioned below:

**Power consumption reduction:**

Power consumption was reduced on a sustainable basis by implementing following measures:

- CPP Export BFW Pump was stopped by using excess capacity in Utility Boiler BFW pump with suitable modifications, saving 178 kW power.
- Refinery Cooling Tower Fan D/F/G blade and hub assembly was replaced with energy efficient blades & light weigh hub saving 22 kW power.
- Motor Driven Boiler feed pump of Utility Boiler was operated instead of Turbine Driven Boiler feed pump to reduce PRDS losses of about 1020 kW. Additional power required for motor driven pump was generated by increasing STG extraction.
- Parallel FD fan operation was changed over to single FD fan operation in DCU heater which reduced power consumption by 154 kW.
- Modification in CPP Condensate Extraction Pump discharge network was carried out to stop Condensate Transfer Pump (CTP) which saved 165 kW power.
- Conventional light fitting in Utilities/Offsite area were replaced by energy efficient LED light fitting, saved 3.1 kW power.

**Steam consumption reduction:**

- Provision of solenoid operated valve in steam sparger line to VDU Off Gas Amine Absorber vent resulted into the saving of 0.25 TPH steam.

**Energy consumption reduction:**

In addition to above mentioned measures, Company conducted following activities to explore further ways of energy conservation.

- A “Energy Real Time Optimizer and Utility Planner” project was implemented to reduce energy cost.
- Comprehensive Energy Audit of refinery was carried out by M/s CII for PAT Cycle-VI to identify new schemes.
- Steam leak surveys of the refinery complex were carried out by in-house team and identified leaks were attended in planned manner.
- Quarterly surveys of flare control valves and pressure safety valves using ultrasonic leak detector were carried out.
- Feasibility study was carried out by an external agency for the identified energy saving measures in CDU & DCU unit.

Your company takes initiatives to enhance capability and awareness level of not only its employees but also township residents on conservation of energy and preservation of environment.

- Various trainings sessions/programmes were organized during the year through external experts to develop organisational capability for enhancing energy efficiency.
- As part of Saksham-2021, a month long campaign for conservation of energy was organized under the aegis of Ministry of Petroleum and Natural Gas. Various activities like steam leak & trap management competition amongst refinery units, debate on energy conservation, slogan competition, awareness session for school children, skit by service providers & township ladies were organised.

**Additional investment and proposal, if any being implemented for reduction of energy consumption**

- Fluid coupling in Primary & Secondary Air fan of CFBC Boilers is being installed for power saving.

**(ii) Steps taken by the Company for utilizing alternate sources of energy - NIL**

**(iii) The Capital investment on energy conservation equipment**

The investments on energy conservation equipment / schemes is Rs 362 lakhs in the year 2020-21.

**B. Technology Absorption**

**(i) The efforts made towards technology absorption, and**

**(ii) The benefits derived like product improvement, cost reduction, product development or import substitution**

The refinery has made efforts in implementing the following projects to obtain benefits of latest technology developments and advances during 2020-21:

- Company commissioned Kero Hydro Desulphurization (KHDS) unit during the FY2020-21. Unit process technology is provided by M/s Axens, France. The unit reduces sulphur content in kerosene to make it compatible for blending with BS-VI Diesel and provides swing capability between kerosene, ATF and Diesel.
- Vacuum Pressure Swing Adsorption (VPSA) based Oxygen Plant project, licenced by M/s Sumitomo, Japan, was completed which has increased capacity of SRU trains from 180 TPD to 245 TPD.
- Crude Oil Blending Station supplied by M/s Sensia Global, UK was commissioned at Crude Oil Terminal (COT), Vadinar which provided flexibility to diversify crude oil basket at optimized crude oil cost.
- Energy Real Time Optimizer (ERTO) and Utility Planner supplied by M/s Yokogawa was implemented during the year. It reduces energy cost by optimizing steam and power balance of refinery.
- Post revamp, modification in Advanced Process Control (APC) of Hydrocracker Unit and Delayed Coker Unit was completed during the year.

- Company implemented IT enabled tool to remotely monitor the work progress while ensuring a check on COVID and safety related violations during unit shutdown. The entire external work space and the internal environment of equipment was remotely monitored by utilising the live feeds from cameras positioned at key locations in the unit.

**(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) –**

**a) The details of technology imported and year of import-**

- (i) KHDS Technology is supplied by M/s Axens, France in the year 2020-21.
- (ii) VPSA Technology is provided by M/s Sumitomo, Japan during the year 2020-21

**b) Whether the technology is fully absorbed –**

Both the technologies, mentioned above, are fully absorbed.

- c) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - Not applicable.**

**(iv) The expenditure incurred on Research and Development - NIL**

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

**(Rs. in crore)**

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Foreign Exchange Outgo	16,177.92	24,064.17
Foreign Exchange Earnings		-

**Annexure- III**

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
as on the financial year ended on 31<sup>st</sup> March 2020**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014.

**I. REGISTRATION and OTHER DETAILS:**

1.	CIN	U11101MP1994PLC008162
2.	Registration Date	25 <sup>th</sup> February 1994
3.	Name of the Company	Bharat Oman Refineries Limited
4.	Category/Sub-category of the Company	Company Limited by shares/ Union Govt. company
5.	Address of the Registered office and contact details	Administrative Building, Refinery Complex, Post BORL Residential Complex, Bina, Distt. Sagar, Madhya Pradesh- 470124 Email: pr@borl.co.in Tel: +91-7580-226000 Fax: +91-7580-226903
6.	Whether listed company	No
7.	Name, Address and contact details of the Registrar and Transfer Agent, if any.	Not applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

SN	Name and Description of main products/services	NIC Code – 2008	% of total turnover of the Company
1.	High Speed Diesel	Group 192: Sub Class 19201	63.29
2.	Motor Spirit	Group 192: Sub Class 19201	22.28

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

SN	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Bharat Petroleum Corporation Limited	L23220MH1952GOI008931	Holding	63.34%	S. 2(87)(ii)



d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FII's	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	888613336	888613336	-	-	888613336	888613336	36.62	No
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2)</b>	-	888613336	888613336	50	-	888613336	888613336	36.62	No
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	888613336	888613336	50	-	888613336	888613336	36.62	No
<b>C. Shares held by Custodian for GDRs and ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	1777226672	1777226672	100	1538215714	888613736	2426829450	100	No

(ii) **Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	BPCL and its Nominee	1538216114	63.38	0	1538216114	63.38	0	0
	Total	1538216114	63.38	0	1538216114	63.38	0	0

(iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1538216114	63.38	1538216114	63.38
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity.):	There is no change in shareholding between 01.04.2020 to 31.03.2021			
	At the end of the year	1538216114	63.38	1538216114	63.38

(iv) **Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	OQ S.A.O.C	888613336	36.62	888613336	36.62
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity .):	There is no change in shareholding between 01.04.2019 to 31.03.2020.			
	At the end of the year (or on the date of separation, if separated during the year)	888613336	36.62	888613336	36.62

(v) **Shareholding of Directors and Key Managerial Personnel:**

SN	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity.):	Nil			
	At the end of the year	Nil			



## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. in crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount*	5089.51	3794.18	-	8883.69
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	33.26	-	33.26
<b>Total (i+ii+iii)</b>	<b>5089.51</b>	<b>3827.44</b>	<b>-</b>	<b>8916.95</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	18891.28	16621.76		35513.04
Reduction	(19094.93)	(13557.14)	-	(32652.07)
<b>Net Change</b>	<b>(203.65)</b>	<b>3064.62</b>		<b>2860.97</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount*	4885.86	6826.41	-	11712.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due		65.65		65.65
<b>Total (i+ii+iii)</b>	<b>4885.86</b>	<b>6892.06</b>		<b>11777.92</b>

\* Including loan treated as deferred Government grant in the Financial Statements

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lakhs)

SN	Particulars of Remuneration	Mr. Mahendra Pimpale (Managing Director and KMP)	Mr S S Sunderajan ** (Managing Director and KMP)	Total Amount
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63.53	2.52	66.05
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9.74		9.74
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			

3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify...			
5	Others: Contributions	20.06		20.06
	<b>Total (A)</b>	93.32	2.52	95.85
	Ceiling as per the Act*			

\*The remuneration is well within the limits prescribed under the Companies Act, 2013.

\*\*Variable Pay paid in FY 2020-21 for 01.04.19 to 30.06.19

**B. Remuneration to other Directors:**

(Rs. in Lakhs)

SN	Particulars of Remuneration	Name of Directors		Total Amount
		Prof. N. Venkiteswaran	Mrs. Mangala Prabhu	
1	Independent Directors			
	Fee for attending board committee meetings	3.20	5.00	8.20
	Commission	-	-	-
	Others, please specify – Sitting fees for Annual General Meeting	-	-	-
	Total (1)			
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	<b>Total (B)=(1+2)</b>	<b>3.20</b>	<b>5.00</b>	<b>8.20</b>
	Total Managerial Remuneration	Sitting fee was paid to Independent Directors.		
	Overall Ceiling as per the Act	In terms of Rule 4 of (Appointment and Remuneration) Rule, 2014, maximum limit of sitting fees is Rs.1,00,000/- for each Board or Committee thereof.		

**C. Remuneration to Key Managerial Personnel other than MD/Manager/ WTD.**

(Rs. in Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel other than MD/Manager/WTD			Total
		Shubhendu Tewari (Company Secretary)	Manoj Heda (CFO)	Mr. Abhairaj Singh Bhandari (COO)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	45.26	53.15	71.42	169.83
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		7.97	5.12	13.09

	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify...				
5	Others- Contribution	1.80	3.91	3.06	8.77
	<b>Total</b>	<b>47.06</b>	<b>65.03</b>	<b>79.60</b>	<b>191.69</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

The Members of  
Bharat Oman Refineries Limited

### **Corporate Governance**

I have examined the compliance of the conditions of Corporate Governance by Bharat Oman Refineries Limited, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India, for the financial year ended 31<sup>st</sup> March, 2021. **I have conducted online verification and examination of records as facilitated by the Company due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report**

The Compliance of conditions of Corporate Governance as stipulated in the Guidelines is the responsibility of management. My examination was limited to the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In my opinion and to the best of my information and based on my verification of the Company's books, papers, minute books, forms and returns filed and other record maintained by the Company and according to the explanation given to me by the management, I hereby certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010, issued by the Ministry of Heavy Industries and Public Enterprises as aforesaid, subject to my following observations:

- (i) *The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors.*
- (ii) *The Company does not have required number of Independent Directors under the Clause 3.1.4 of the DPE Guidelines during the financial year ended 31<sup>st</sup> March, 2021.*
- (iii) *As per the Clause 3.3 of the DPE Guidelines, the Board is required to meet atleast once in every three months and atleast four such meetings are required to be held in a year. Further, time gap between any two meetings should not be more than three months. It is observed that the gap exceeded a period of three months between two Board Meetings held on 27/10/2020 and 28/01/2021. However, as per the relevant provisions of the Companies Act, 2013, the gap between two consecutive meetings of the board shall not be more than 120 days.*
- (iv) *Since the Company does not have the required number of Independent Directors, composition of the Audit Committee was not as per the Clause 4.1.1 of the DPE Guidelines during the audit period.*
- (v) *Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two*

*meetings. It is observed that Audit Committee met only twice during the audit period i.e. on 28<sup>th</sup> May, 2020 & 11<sup>th</sup> August, 2020. No Audit Committee meeting was held after 11<sup>th</sup> August, 2020.*

I further state that such compliance is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

(U.C. SHUKLA)  
COMPANY SECRETARY  
FCS: 2727/CP: 1654

Mumbai  
Date: 19<sup>th</sup> July 2021

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Bharat Oman Refineries Limited,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bharat Oman Refineries Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. **I have conducted online verification and examination of records as facilitated by the Company due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.**

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31<sup>st</sup> March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder subject to the observations made herein below;
  - a) *Debenture Redemption Reserves as required under Section 71(4) of the Companies Act, 2013 is not created in absence of profit.*
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company);**

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011 **(Not applicable to the Company)**;
  - c) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client **(Not applicable to the Company)**;
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company)**;
  - e) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company)**;
  - f) The Securities and Exchange Board of India (Issue and Listing of Debts Securities) Regulations, 2008 ;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company)**; and
  - h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 **(Not applicable to the Company)**.
- (vi) According to explanation and information given by the Company, its officers and authorised representative, the following laws are specifically applicable to the Company:
- The Petroleum Act, 1934;
  - Petroleum Rules, 2002

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with regard to Meeting of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of the Company Secretaries of India; and
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (iii) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 as issued by the Ministry of Heavy Industries and Public Enterprises, Government of India.

I report that during the year under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards as mentioned above subject to observation made hereunder:

- (vi) *Debenture Redemption Reserves as required under Section 71(4) of the Companies Act, 2013 is not created in absence of profit.*

- (vii) *The Board of Directors of the Company is not constituted as per Clause 3.1 of the DPE Guidelines, namely there is no optimum combination of functional, nominee and independent directors.*
- (viii) *The Company does not have required number of Independent Directors under the Clause 3.1.4 of the DPE Guidelines during the financial year ended 31<sup>st</sup> March, 2021.*
- (ix) *As per the Clause 3.3 of the DPE Guidelines, the Board is required to meet atleast once in every three months and atleast four such meetings are required to be held in a year. Further, time gap between any two meetings should not be more than three months. It is observed that the gap exceeded a period of three months between two Board Meetings held on 27/10/2020 and 28/01/2021. However, as per the relevant provisions of the Companies Act, 2013, the gap between two consecutive meetings of the board shall not be more than 120 days.*
- (x) *Since the Company does not have the required number of Independent Directors, composition of the Audit Committee was not as per the Clause 4.1.1 of the DPE Guidelines during the audit period.*
- (xi) *Further, as per Clause 4.4. of the DPE Guidelines, the Audit Committee is required to meet four times in a year and not more than four months should elapse between the two meetings. It is observed that Audit Committee met only twice during the audit period i.e. on 28<sup>th</sup> May, 2020 & 11<sup>th</sup> August, 2020. No Audit Committee meeting was held after 11<sup>th</sup> August, 2020.*

I further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws has not been reviewed in this audit since the same has been subject to review by statutory financial audit and other designated professionals.

I further report that –

- The Board of Directors of the Company is duly constituted as stated hereinabove *except appointment of Independent Director as required under DPE guidelines*. The Changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the chairman, the decisions of the Board and its Committees were unanimous and no dissenting views have been recorded.
- I further report that there are adequate systems and processes in the Company commensurate with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



- I further report that during the audit period, the Company issued 14,400 Debentures having a face value of Rs.10,00,000/- each aggregating to Rs. 14,400,000,000 and get the said listed on BSE Ltd. Except this, there was no specific event/action in pursuance to the laws, rules, regulations, guidelines, etc. as referred to above, having major bearing on the Company's affairs.

UDIN: F002727C000655852

Place: Mumbai

Date: 19<sup>th</sup> July 2021

(U.C. SHUKLA)  
COMPANY SECRETARY

FCS: 2727/CP:1654

**Note: This report is to be read with my letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.**

**ANNEXURE A**

To,  
The Members,  
Bharat Oman Refineries Limited,

My report of even date is to be read with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed, provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the management representation about the compliance of the laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Mumbai  
Date: 19<sup>th</sup> July 2021

(U.C. SHUKLA)  
COMPANY SECRETARY  
FCS: 2727/CP: 1654

**Annexure-V**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section 3 of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Detail of contract or arrangements or transactions not at arm's length basis: NIL
2. Detail of material contracts or arrangements or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship – Bharat Petroleum Corporation Limited (BPCL). BORL is a Subsidiary of BPCL.
  - (b) Nature of contracts/arrangements/transactions – Purchase / Sale of Goods and Interest on Loan
  - (c) Duration of the contracts/arrangements/transactions – F.Y. 2020-21
  - (d) Salient terms of the Contract or arrangements or transactions including the value, if any:

Nature of Contract/Transactions	Salient Terms	Value (In Rs. Crore)
Purchase of Goods	Purchase of Crude Oil and Lubricants	2878.35
Sale of Goods	Sale of Petroleum Products & Crude Oil	35,911.42
Interest on loan	Interest of loan	114.37

- (e) Date(s) of approval by the Board, if any – Not applicable
- (f) Amount paid as advances, if any - NIL

Note: The threshold for determining the material transaction has been considered in line with Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014.

**For and on behalf of Board of Directors**

Place: Mumbai  
Date: 6<sup>th</sup> August 2021

Sd/-  
**Padmakar Kappagantula**  
Chairman

## Annexure-VI

### CORPORATE GOVERNANCE REPORT FOR THE YEAR 2020-21

The Company believes that corporate governance is an effective tool which enhances its influence, efficiency and independence, provides a sound basis for the Company's operations and benefits its stakeholders. The Company's corporate governance consists of a set of subcommittees and policies that are in compliance with the relevant regulations.

#### 1. BOARD OF DIRECTORS

##### Composition of Directors as on 31<sup>st</sup> Mar'21

Executive Director	:	1
Non-Executive Directors	:	5
Independent Directors	:	2
Nominee Directors of GoMP	:	2

##### Board of Directors as on 31<sup>st</sup> Mar'21

Name of the Directors	Executive/ Non-Executive	Category
Mr. Padmakar Kappagantula <sup>1</sup>	Chairman / Non-Executive	Nominee Director-BPCL*
Mr. Mahendra Pimpale	Managing Director	Nominee Director-BPCL*
Mr. Arun Kumar Singh <sup>2</sup>	Non-Executive	Nominee Director-BPCL*
Mrs. Mangala Prabhu	Non-Executive	Independent Director
Mr. Neelakantapillai Vijayagopal	Non-Executive	Nominee Director-BPCL*
Mr. Sanjay Kumar Shukla <sup>3</sup>	Non-Executive	Nominee Director-GoMP**
Mr. Said Ahmed Said Al Mahruqi <sup>4</sup>	Non-Executive	Nominee Director-OQ***
Mr. Wail Zuhair Ali Al Jamali	Non-Executive	Nominee Director-OQ***
Mr. Gulshan Bamra	Non-Executive	Nominee Director-GoMP*

1. Appointed w.e.f. 14<sup>th</sup> Sept'20
2. Appointed w.e.f. 18<sup>th</sup> Sept'20
3. Appointed w.e.f. 28<sup>th</sup> May'20
4. Appointed w.e.f. 12<sup>th</sup> Dec'20

\* BPCL - Bharat Petroleum Corporation Limited

\*\* GoMP - Government of Madhya Pradesh

\*\*\* OQ - OQ S.A.O.C.

##### Changes in the Board of Directors during 2020-21

Director	Date of Appointment	Date of Cessation	Remarks
Mr. Rajesh Rajora	1 <sup>st</sup> Apr'19	9 <sup>th</sup> May'20	Withdrawal of nomination by GoMP
Dr. Salim Saif Sulaiman Al Huthaili	23 <sup>rd</sup> Apr'19	1 <sup>st</sup> Dec'20	Appointed as Additional Director and as Nominee of OQ
Mr. Said Ahmed Said Al Mahruqi	12 <sup>th</sup> Dec'20	-	Appointed as Additional Director and as Nominee of OQ
Mr. Rajkumar Duraiswamy	1 <sup>st</sup> Oct'16	31 <sup>st</sup> Aug'20	Vacated from Directorship and Chairman of the Company due to Superannuated from BPCL
Mr. Ramamoorthy Ramachandran	12 <sup>th</sup> Aug'16	31 <sup>st</sup> Aug'20	Vacated from Directorship of the Company due to Superannuated from BPCL

Prof. Narayana Iyer Venkiteswaran	24 <sup>th</sup> July'14	14 <sup>th</sup> Aug'20	Vacated from Directorship due to end of Term
Mr. Sanjay Kumar Shukla	28 <sup>th</sup> May'20	-	Appointed as Additional Director and as Nominee of GoMP
Mr. Padmakar Kappagantula	14 <sup>th</sup> Sept'20	-	Appointed as Additional Director & Chairman as Nominee of BPCL
Mr. Arun Kumar Singh	18 <sup>th</sup> Sept'20	-	Appointed as Additional Director as Nominee of BPCL

## 2. ATTENDANCE OF DIRECTORS AT THE BOARD MEETING HELD DURING THE FINANCIAL YEAR 2020-21 AND 26<sup>th</sup> ANNUAL GENERAL MEETING HELD ON 14<sup>th</sup> AUG'20

### Details of Board Meetings held during the Financial Year 2020-21

During the year 5 (Five) meetings of the Board of Director were held on the following dates:

Date of Meeting	Meeting No.	Place
28 <sup>th</sup> May'20	163/2/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai
11 <sup>th</sup> Aug'20	164/3/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai
27 <sup>th</sup> Oct'20	165/4/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai
28 <sup>th</sup> Jan'21	166/1/2021	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai
4 <sup>th</sup> Mar'21	167/2/2021	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai

### Attendance of Directors during the Financial Year 2020-21

Name of the Directors	Attendance at Meetings held during the year	Attendance at the last Annual General Meeting
Mr. Duraiswamy Rajkumar (upto 31 <sup>st</sup> Aug'20)	2	Attended
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	2	Attended
Prof. Narayana Iyer Venkiteswaran (upto 14 <sup>th</sup> Aug'20)	2	Attended
Mr. Neelakantapillai Vijayagopal	5	Not Attended
Mrs. Mangala Prabhu	5	Attended
Dr. Salim Saif Sulaiman Al Huthaili (upto 1 <sup>st</sup> Dec'20)	2	Not Attended
Mr. Wail Zuhair Ali Al Jamali	2	Not Attended
Mr. Gulshan Bamra	1	Not Attended
Mr. Mahendra Pimpale	5	Attended
Mr. Sanjay Kumar Shukla (w.e.f. 28 <sup>th</sup> May'20)	4	Not Attended
Mr. Said Ahmed Said Al Mahruqi (w.e.f. 12 <sup>th</sup> Dec'20)	2	Not Applicable

## 3. AUDIT COMMITTEE

Audit Committee was reconstituted on 23<sup>rd</sup> Apr'19. The Committee consists of majority of Independent Directors as per provisions of Section 177 of the Companies Act, 2013. The terms of reference are as per the Companies Act, 2013.

Composition of Audit Committee during the year is as under:

Members of Audit Committee	Category
----------------------------	----------

Prof. Narayana Iyer Venkiteswaran – Chairman (upto 14 <sup>th</sup> Aug'20)	Independent Director
Mrs. Mangala Prabhu	Independent Director
Mr. Neelakantapillai Vijayagopal	Non-Executive
Dr. Salim Saif Sulaiman Al Huthaili (upto 1 <sup>st</sup> Dec'20)	Non-Executive

The Executive Director (Audit), BPCL, Director (Refineries), BPCL and Managing Director are invited to all the meetings of the Audit Committee as Special Invitees. The Internal Auditors and Statutory Auditors are also invited to attend the meetings wherein Internal Audit Report and financial statements are discussed.

#### **Details of the Audit Committee Meetings held during the financial year 2020-21**

During the year 2 (two) meeting of the Audit Committee were held on following dates:

Date of Meeting	Meeting No.	Place
28 <sup>th</sup> May'20	02/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai – 400001
10 <sup>th</sup> Aug'20	03/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai-400001

#### **Attendance at Audit Committee during the financial year 2020-21**

Director	No. of Meetings attended
Prof. Narayana Iyer Venkiteswaran – Chairman (upto 14 <sup>th</sup> Aug'20)	2
Mrs. Mangala Prabhu	2
Mr. Neelakantapillai Vijayagopal	2
Dr. Salim Saif Sulaiman Al Huthaili (upto 1 <sup>st</sup> Dec'20)	2

#### **4. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee was reconstituted on 12<sup>th</sup> Mar'19. The Nomination and Remuneration Committee consist of two Independent and two Non-Executive Directors as per provisions of Section 178 of the Companies Act, 2013. The Nomination and Remuneration policy is also approved as per provisions of Companies Act, 2013.

Composition of Nomination and Remuneration Committee as on 31<sup>st</sup> Mar'21 are as under:

Members of Nomination and Remuneration Committee	Category
Prof. Narayana Iyer Venkiteswaran – Chairman (upto 14 <sup>th</sup> Aug'20)	Independent Director
Mrs. Mangala Prabhu	Independent Director
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	Non-executive Director
Mr. Neelakantapillai Vijayagopal	Non-executive Director

#### **Details of the Nomination and Remuneration Committee Meetings held during the financial year 2020-21.**

During the year 1 (one) meeting of the Nomination and Remuneration Committee were held on following dates: -

Date of Meeting	Meeting No.	Place
-----------------	-------------	-------

11 <sup>th</sup> Aug'20	1/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai-400001
-------------------------	--------	--

**Attendance at Nomination and Remuneration Committee meetings held during the financial year 2020-20 is as follows:**

Director	No. of Meetings attended
Prof. Narayana Iyer Venkiteswaran – Chairman (upto 14 <sup>th</sup> Aug'20)	1
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	1
Mr. Neelakantapillai Vijayagopal	0
Mrs. Mangala Prabhu	1

## 5. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was reconstituted on 5<sup>th</sup> Aug'19. As on 31<sup>st</sup> Mar'2021, the Corporate Social Responsibility Committee under Section 135 of the Companies Act, 2013 consists of following Directors:

Members of Corporate Social Responsibility Committee	Category
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	Non-executive Director
Mrs. Mangala Prabhu	Independent Director
Mr. Neelakantapillai Vijayagopal	Non-executive Director
Mr. Mahendra Pimpale	Managing Director

**Details of the Corporate Social Responsibility Committee Meetings held during the Financial Year 2020-21.**

During the year 1 (one) meeting of Corporate Social Responsibility Committee were held on following dates: -

Date of Meeting	Meeting No.	Place
5 <sup>th</sup> Jun'20	2/2020	BPCL's Board Room 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai – 400 001

Attendance at Corporate Social Responsibility Committee meetings held during financial year 2020-21 is as follows:

Members of Corporate Social Responsibility Committee	No. of Meetings attended
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	1
Mrs. Mangala Prabhu	1
Mr. Neelakantapillai Vijayagopal	1
Mr. Mahendra Pimpale	1

## 6. COMMITTEE OF DIRECTORS FOR AWARD OF ORDERS/ CONTRACTS CDOC

The Board had constituted the Committee of Directors for award of Orders/ Contracts (CDOC) to approve Contracts as per limits specified in Manual of Authorities approved by the Board. The Committee was reconstituted on 27<sup>th</sup> Oct'20. As on 31<sup>st</sup> Mar'21, the Committee of Directors for award of orders/ contracts consists of following Directors and the changes made during 2020-21 is as follows:

Members of Committee of Directors for award of orders/ contracts	Category
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	Non-executive Director
Mr. Neelakantapillai Vijayagopal	Non-executive Director
Mr. Arun Kumar Singh (w.e.f. 27 <sup>th</sup> Oct'20)	Non-executive Director
Mrs. Mangala Prabhu	Independent Director
Mr. Mahendra Pimpale	Managing Director

**Details of the Committee of Directors for award of orders/ contracts Meetings held during the Financial Year 2020-21.**

During the year 1 (one) meeting of Committee of Directors for award of orders/ contracts were held on following dates: -

Date of Meeting	Meeting No.	Place
3 <sup>rd</sup> Nov'20	81	BPCL's Crystal Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai-400001

**Attendance at Committee of Directors for award of orders/ contracts Meetings held during financial year 2020-21 is as follows:**

Members of Committee of Directors for award of orders/ contracts	No. of Meetings attended
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	-
Mr. Neelakantapillai Vijayagopal	1
Mr. Arun Kumar Singh (w.e.f. 27 <sup>th</sup> Oct'20)	1
Mrs. Mangala Prabhu	1
Mr. Mahendra Pimpale	1

**7. RISK MANAGEMENT COMMITTEE**

Risk Management Committee was reconstituted on 27<sup>th</sup> Oct'20. As on 31<sup>st</sup> Mar'21, the Risk Management Committee consists of following Directors and the changes made during 2020-21 is as follows:

Members of the Risk Management Committee	Category
Prof. Narayana Iyer Venkiteswaran (upto 14 <sup>th</sup> Aug'20)	Independent Director
Mr. Neelakantapillai Vijayagopal	Non-executive Director
Mr. Wail Zuhair Ali Al Jamali	Non-executive Director
Mrs. Mangala Prabhu (w.e.f. 27 <sup>th</sup> Oct'20)	
Mr. Mahendra Pimpale	Managing Director

**Details of the Risk Management Committee Meeting held during the Financial Year 2020-21:**

Date of Meeting	Meeting No.	Place
3 <sup>rd</sup> Nov'20	1/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai-400001

**Attendance at Risk Management Committee Meeting held during financial year 2020-21 is as follows:**



Members of Risk Management Committee	No. of Meetings attended
Prof. Narayana Iyer Venkiteswaran (upto 14 <sup>th</sup> Aug'20)	-
Mr. Neelakantapillai Vijayagopal	1
Mr. Wail Zuhair Ali Al Jamali	1
Mrs. Mangala Prabhu (w.e.f. 27 <sup>th</sup> Oct'20)	1
Mr. Mahendra Pimpale	1

## 8. PRODUCT OFF-TAKE COMMITTEE

The Board has formed a Product Offtake Committee to deal with matters related Product Offtake. Product Offtake Committee was reconstituted on 27<sup>th</sup> Oct'20. As on 31<sup>st</sup> Mar'21, the Product Off-Take Committee consists of following Directors and changes made during 2020-21 is as follows:

Members of the Product Off-Take Committee	Category
Prof. Narayana Iyer Venkiteswaran (upto 14 <sup>th</sup> Aug'20)	Independent Director
Mr. Ramamoorthy Ramachandran	Non-executive Director
Mr. Wail Zuhair Ali Al Jamali	Non-executive Director
Mrs. Mangala Prabhu (w.e.f. 27 <sup>th</sup> Oct'20)	Independent Director

### Details of the Product Offtake Committee Meeting held during the Financial Year 2020-21:

Date of Meeting	Meeting No.	Place
28 <sup>th</sup> May'20	12/1/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai-400001

### Attendance at Product Offtake Committee Meeting held during financial year 2020-21 is as follows:

Members of Product Offtake Committee	No. of Meetings attended
Prof. Narayana Iyer Venkiteswaran (upto 14 <sup>th</sup> Aug'20)	1
Mr. Ramamoorthy Ramachandran	1
Mr. Wail Zuhair Ali Al Jamali	1
Mrs. Mangala Prabhu (w.e.f. 27 <sup>th</sup> Oct'20)	-

## 9. PROJECT EVALUATION COMMITTEE

The Board has formed a Project Evaluation Committee to deal with matters related Projects. Project Evaluation Committee was reconstituted on 27<sup>th</sup> Oct'20. As on 31<sup>st</sup> Mar'21, the Project Evaluation Committee consists of following Directors and changes made during 2020-21 is as follows:

Members of the Project Evaluation Committee	Category
Prof. Narayana Iyer Venkiteswaran (upto 14 <sup>th</sup> Aug'20)	Independent Director
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	Non-executive Director
Mr. Neelakantapillai Vijayagopal	Non-executive Director

Dr. Salim Saif Sulaiman Al Huthaili	Non-executive Director
Mr. Mahendra Pimpale	Managing Director
Mrs. Mangala Prabhu (w.e.f. 27 <sup>th</sup> Oct'20)	Independent Director
Mr. Arun Kumar Singh (w.e.f. 27 <sup>th</sup> Oct'20)	Non-executive Director

**Details of the Project Evaluation Committee Meeting held during the Financial Year 2020-21:**

Date of Meeting	Meeting No.	Place
28 <sup>th</sup> May'20	1/2020	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, Ballard Estate, Mumbai-400001

**Attendance at Project Evaluation Committee Meeting held during financial year 2020-21 is as follows:**

Members of Project Evaluation Committee	No. of Meetings attended
Prof. Narayana Iyer Venkiteswaran (upto 14 <sup>th</sup> Aug'20)	1
Mr. Ramamoorthy Ramachandran (upto 31 <sup>st</sup> Aug'20)	1
Mr. Neelakantapillai Vijayagopal	0
Dr. Salim Saif Sulaiman Al Huthaili	0
Mr. Mahendra Pimpale	1
Mrs. Mangala Prabhu (w.e.f. 27 <sup>th</sup> Oct'20)	-
Mr. Arun Kumar Singh (w.e.f. 27 <sup>th</sup> Oct'20)	-

**10. MEETING OF INDEPENDENT DIRECTORS**

As required under Schedule IV of the Companies Act, 2013, two separate meeting of Independent Directors was held on 3<sup>rd</sup> Aug'20 and 7<sup>th</sup> Aug'20.

**11. ANNUAL / EXTRAORDINARY GENERAL MEETINGS HELD DURING THE LAST THREE YEARS**

	Date and Time of the Meeting	Venue
Extra Ordinary General Meeting	31 <sup>st</sup> Jan'17 11:00 A.M.	BPCL's Crystal Conference Room, Bharat Bhavan-I, 4 & 6, Currimbhoy Road, Ballard Estate, Mumbai – 400001
Twenty Third Annual General Meeting	1 <sup>st</sup> Sep'17 12:25 P.M.	Registered Office of the Company at Administrative Building, Refinery Complex, Post BORL, Residential Complex, Bina-470124
Twenty Fourth Annual General Meeting	10 <sup>th</sup> Aug'18 10:30 A.M.	Registered Office of the Company at Administrative Building, Refinery Complex, Post BORL, Residential Complex, Bina-470124
Twenty Fifth Annual General Meeting	20 <sup>th</sup> Aug'19 10:30 A.M.	Registered Office of the Company at Administrative Building, Refinery Complex, Post BORL, Residential Complex, Bina-470124
Twenty Sixth Annual General Meeting	14 <sup>th</sup> Aug'20 03:00 P.M.	Registered Office of the Company at Administrative Building, Refinery Complex, Post BORL, Residential Complex, Bina-470124 ( Through VC)
Extra Ordinary General Meeting	3 <sup>rd</sup> Nov'20 2.30 P.M	BPCL's Board Room, 2 <sup>nd</sup> Floor, Bharat Bhavan-I, 4 & 6, Currimbhoy Road, Ballard Estate, Mumbai – 400001 (Through VC)

## Management Discussion and Analysis

### Economic Overview

#### 1. Global Economy

The outbreak of COVID 19 pandemic had the global GDP decline by 3.3% in the year 2020, with advanced economies bearing most of the brunt. Policy support and liquidity interventions by many countries arrested the deceleration to a substantial extent, which otherwise would have aggravated multifold to further lows.

The only outlier globally was China which grew at 3.3% % riding on strong central bank policy support, containment measures and public investment. Countries primarily dependent on tourism and other human movement based services remain worst affected.

Global economy is recuperating from pandemic shocks and is expected to grow by 6.0% in 2021 with growth moderating to 4.4% in 2022. However recovery is expected to be disparate amongst countries. Advanced economies and other major economies like China, Russia and India are expected to recover at a faster pace as vaccinations continue to cover large populace in these countries. Many emerging, developing and low income economies, where vaccine roll-out is delayed or are majorly dependent on service sectors like tourism may take time to reach pre-pandemic levels. Advanced and major economies generate almost two-third of global output and trade. These countries with synchronized policy support and central bank interventions are expected to drive world consumption and sustain economic growth.

#### 2. Indian Economy

India is now the sixth largest economy in the world. On purchasing power parity basis, India contributed 6.8% to world economy in 2020 and ranks third globally. The country recorded deceleration in GDP by 7.3% during 2020-21 against growth of 4.0% in year 2019-20, as measured at constant prices. The pandemic induced nation-wide lockdowns and other necessary mitigation measures took a toll on economy, especially in initial months of 2020-21. After registering massive de-growth in the first half of the year 2020-21, Indian Economy recovered during second half on account of resumption in activity and economic revival. As expected, contact dependent services were hit badly with trade, hotels, transport, communication & services related to broadcasting sustaining the maximum impact.

As per the reports of various agencies, Indian economy is expected to grow at a high rate in 2021. While the economic activity has been improving steadily, driving up consumption and resumption of manufacturing and services sectors, some uncertainty and risks remain. The severe second wave of pandemic during the first quarter of 2021-22 has impacted the economic growth and undermined the recovery efforts. Resurgence of pandemic giving rise to third wave could derail the fledgling recovery although the pace of vaccination has increased and a sizable population has had its first dose. This may drastically curb the pandemic risks and help economy to recover at faster pace as projected.

### Industry Overview

## **1. Global oil demand**

As per the International Energy Agency (IEA) estimates, global energy demand dropped by 4.0% in 2020 and is slated to increase by 4.6% in 2021, surpassing 2019 levels by 0.5%. Oil and coal saw most contraction in demand. Global oil demand decreased to 91.0 million barrels per day (mb/d) in 2020 from a high of 99.7 mb/d in 2019, fall of 8.7%. The only exception is again China, where oil demand rose from 13.7 mb/d to 13.9 mb/d. As economies and manufacturing activities recover globally, oil demand is estimated to reach 96.4 mb/d in 2021. Transportation fuels are most affected especially Jet-kero, whose demand in 2021 will hardly reach two-third of demand levels in 2019. Overall oil demand is expected to reach pre-pandemic levels in 2022. However, the pathway of global recovery is largely dependent upon the developments on the pandemic situation which continues to remain uncertain as newer mutants of the virus emerge and countries are compelled to implement frequent restrictions / lockdowns.

In the longer term, global energy demand will reach 321.9 million barrels oil equivalent (mboe) in 2030 and 352.3 mboe in 2040, from 289.1 mboe in 2019. Although oil will still continue to hold largest share in energy mix, the increase in demand will largely be met by renewables, hydropower, gas and nuclear energy. Coal consumption will taper from current levels and natural gas will be the fastest growing fossil fuel. Global oil demand will cross 106.0 mb/d in 2030 and is projected to peak at 109.3 mb/d in 2040. A significant part of oil demand growth is estimated to be driven by petrochemicals.

## **2. Global oil supplies outlook and prices**

The global crude oil supply including condensates, natural gas liquids and oil from unconventional sources, decreased from 100.5 mb/d in 2019 to 93.9 mb/d in 2020, a drop of 6.6%. All producers faced market pressures and were forced to cut down supply.

A large part of supply cuts is attributable to OPEC+, which helped in sustaining prices in latter half of 2020-21. Crude oil prices remained largely stable during 2019, but very volatile in 2020. The Dubai benchmark prices averaged around \$42.3 a barrel in 2020 against \$63.5 in 2019, while Brent averaged \$41.9 in 2020 against \$64.2 a barrel in 2019. After hitting a low of \$13.2 a barrel in April 2020, prices have recovered to \$50 a barrel levels in December 2020 and to more than \$75 a barrel in July 2021. With boosting demand, OPEC+ and other producers may increase the supply which may hold the prices from rising up significantly.

## **3. Global refining capacity**

Global refining capacity reached at 101.9 mb/d in 2020 against 101.7 mb/d in 2019, an addition of 0.2 mb/d. Asia-Pacific increased its refining capacity by almost 1.0 mb/d while North America posted a decline of 0.8 mb/d refining capacity. As pandemic gripped the world, refinery throughput also dropped from 83.0 mb/d in 2019 to 75.5 mb/d in 2020.

As per OPEC estimates, 5.2 mb/d production capacity will be added between 2020-2025 and in the longer term capacity addition of 15.6 mb/d between 2020-2045. Most of the additions shall take place in Asia-Pacific, the Middle East and Africa.

## **4. India - Consumption of Petroleum products**

India is third largest consumer of primary energy as well as of oil in the world. India's consumption of petroleum products reached 214.1 MMT in year 2019-20. The pandemic induced lockdowns and mitigation measures affected petroleum demand by 9.1% in 2020-21 bringing down overall

consumption to 194.6 MMT. LPG registered a growth of 4.9% while all transportation fuels posted a decline in consumption with petrol down by 6.7% and diesel by 12%. ATF was worst hit with 53.8% decrease. After a steep fall in the first half of the year 2020-21, demand picked up in the second half, however, it will take some more time to reach pre-pandemic levels. Petroleum consumption was 48.5 MMT in first quarter of 2021-22 against 40.8 MMT and 55.1 MMT in 2020-21 and 2019-20 respectively.

### **Demand projections**

While there is improvement in demand over 2020, it might take another year to reach pre-pandemic level of demand. For long term, IEA estimates India's oil demand to reach around 8.7 mb/d by 2040 from current levels of 5.2 mb/d. A report by Ministry of Petroleum and Natural Gas corroborates the projections and under a most likely scenario expects petroleum fuel demand to touch 400 MMT per year by 2040.

### **Refining capacity and crude oil processing**

India ranks fourth in the world with 249.9 MMTPA refining capacity and is a net exporter of petroleum products. As demand remained subdued during 2020-21, the country processed 221.8 MMT crude oil against 254.4 MMT in previous fiscal. India imported 198.1 MMT crude oil in 2020-21 against 227.0 MMT in 2019-20.

## **Opportunities and Threats**

### **Opportunities**

Owing to its strategic location in the central part of the country, BORL is well placed to serve the growing fueling needs of the region and beyond. The Company has constantly been exploring opportunities for value addition and product rationalization in line with the demand trends. The Company had implemented Kero Hydro Desulphurization Unit during the year. The new configuration has helped company to convert lower demand kerosene into diesel and also to significantly reduce Sulphur content in kerosene. With the new configuration in place, the Company can deliver value added products like Mineral Turpentine Oil (MTO), for which the Company initiated dialogues with prospective buyers.

With nation-wide capacity utilization at lowest levels and diesel demand remaining suppressed, naphtha supply may face shortfall. The Company is exploring sale of excess naphtha especially to petrochemical units. This will help to sustain capacity utilization as well as deliver required quantity of desired products.

### **Threats**

Subdued demand and consistent lower cracks are aggravating an already stressed financial position of standalone refiners. This remains the most prominent threat to refining companies. Operations at lower capacity and depressed cracks adversely affects profitability and puts immense pressure on the balance sheet.

In the longer term, although oil is projected to remain single largest source in energy mix, its demand will stagnate globally. Renewables and electric vehicles are anticipated to proliferate in coming decades curtailing growth of liquid petroleum. Regional disparities will be there as oil demand in Europe and other advanced countries may actually go down while it may significantly

go up in countries like India and other Asia-Pacific regions. There could be long lasting repercussions on oil demand if technological advances in other energy sources outpace expectations.

### **Risks and concerns**

The uncertainty around the pathway of COVID 19 pandemic pose serious risks to the global economic situation and may have deeper and long lasting impact on various sectors and industries. The new normal which has emerged in the wake of pandemic has the potential to cause permanent changes in consumer behavior impacting the demand for transportation and aviation fuel.

Further, the Govt. of India has advanced the target of 20% blending of ethanol in Motor Spirit (MS). This may curtail effective MS demand from refineries. That is, even if MS demand in the country increases, refineries shall be restricted from boosting production.

HSD demand took a drastic hit during pandemic. The ratio of consumption of HSD to MS in the country was 3.63 in FY2014-15, it had come down to 2.75 in FY2019-20 and decreased further to 2.60 in FY2020-21. However, the refinery is configured to produce 52-55% HSD and 17-18% MS. With both products facing market pressures, sustaining throughput will be a challenge unless demand picks up sooner.

For standalone refiners, price volatility and supply of desired crudes is becoming an area of serious concern. The refinery is designed to process high sulphur crudes which are usually cheaper than low sulphur ones. Availability of design compatible crudes at right prices is done through spot purchase. As supply cuts by term crude providers are affecting procurement, the Company has proactively started exploring markets through BPCL International Trade Division.

### **Forward looking and cautionary statements:**

Statements in the Management Discussion and Analysis and Director's Report describing the Company's objectives, projections and estimates are forward looking statements and progressive within the meaning of applicable rules and regulations. Actual results may vary from those expressed or implied depending upon economic conditions, Government policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

#### *Data sourced from:*

*Press notes of Central Statistics Organization (Ministry of Statistics and Program Implementation)*

*World Economic Outlook, April 2020 (International Monetary Fund publication)*

*Global Economic Prospects (World Bank publication)*

*Petroleum Planning and Analysis Cell*

*International Energy Agency reports*

*British Petroleum Statistical Review, June 2020*

*International Energy Agency - World Energy Outlook June 2020*

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**Bharat Oman Refineries Limited**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying Financial Statements of Bharat Oman Refineries Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements");

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs (financial position) of the Company as at 31<sup>st</sup> March, 2021, the loss and total comprehensive income (financial performance), changes in equity and its cash flows for the year ended on that date.

#### **Basis of Opinion**

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on Financial Statements.

## **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's management and Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, but does not include the Financial Statements and our auditor's report thereon. The above reports are expected to be made available to us after the date of this auditor's report;

Our opinion on the Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon;

In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated;

If we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total Comprehensive Income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act and the relevant Rules. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error;

In preparing the Financial Statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so;

The Board of Directors are also responsible for overseeing the Company's financial reporting process.



## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements;

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls over financial reporting with reference to Financial Statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

1. In view of exemption given vide Notification No. G.S.R. 463(E) dated June 5, 2015, issued by Ministry of Corporate Affairs, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the company;
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable;
3. As required by Section 143(5) of the Act, we give in "Annexure B", a statement on the matters specified by the Comptroller and Auditor-General of India for the Company.
4. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
  - d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) In view of exemption given vide notification no. G.S.R. 463(E) dated June 5 2015, issued by Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualification of Directors, are not applicable to the Company;
  - f) With respect to the adequacy of the internal financial controls over financial reporting with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Financial Statements;

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 29 to the Financial Statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (ii) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
  - (iii) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

- v. There were no amounts which were declared or paid during the year as dividend by the company.

**For C N K & Associates LLP**

Chartered Accountants

Firm Registration Number: 101961W/W-100036

**Vijay Mehta**

Partner

Membership No.: 106533

UDIN: 21106533AAAABV9544

Place: Mumbai

Date: 10/05/2021

## ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Bharat Oman Refineries Limited ("the Company") on the Financial Statements for the year ended 31<sup>st</sup> March, 2021]

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment (PPE);
- (b) The Company has a regular program of physical verification of PPE under which PPE are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification;
- (c) According to the information and explanations given to us, along with True copies of documents certified by sub divisional officer evidencing title provided for our verification and on the basis of, our examination of the records of the Company, the title deeds of immovable property are held in the name of the company except in the following case:

Particulars	Number of Cases	Gross Block (Rs. Crores)	In	Net Block (Rs. Crores)	in	Remarks
Freehold Land	1	3.64		3.64		As informed to us, the Company is in the process of getting the title deeds registered in its name.

- (ii) As explained to us, the inventories, except goods in transit, were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification;
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii) of the Order are not applicable to the Company;
- (iv) According to the information and explanations given to us, the Company has not given any loans, provided any guarantees or securities in respect of loans taken by entities covered by provisions of Section 185 of The Companies Act, 2013; Further, since the Company is in the business of providing infrastructural facilities as referred to in Schedule VI to the Companies Act, 2013, provisions of Section 186 are not applicable to the Company;

- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, therefore, the provisions of clause 3(v) of the Order are not applicable to the Company;
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete;
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing with appropriate authorities, undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it;

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it, were outstanding, as on the last day of the financial year, for a period of more than six months from the date they became payable;

- (b) Details of income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax have not been deposited as on 31<sup>st</sup> March, 2021 on account of any dispute, are as under:

Name of the Statute	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. In Crores)	Amount Unpaid (Rs. In Crores)
Income Tax Act, 1961	CIT (Appeal), Bhopal	AY 2010-11	21.76	NIL
Sales Tax / VAT Laws	High Court, Jabalpur Appellate Board, Bhopal	FY 2011-12	1.11	0.31
		FY 2012-13	0.43	0.15

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank or government or debenture holders;
- (ix) According to the information and explanations given by the management, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments), and no term loans were raised during the year;

- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year;
- (xi) In view of exemption given vide notification no. G.S.R. 463(E) dated June 5 2015, issued by Ministry of Corporate Affairs, provisions of Section 197 read with Schedule V of the Act regarding managerial remuneration are not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable;
- (xii) In our opinion, and according to the information and explanations given by the management, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company;
- (xiii) In our opinion, and according to the information and explanations given by the management, the Company is in compliance with section 177 and 188 of the Companies Act, 2013, and the details of related party transactions have been disclosed in Note no. 33 of the financial statements as required by the applicable accounting standards;
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review except private placement of non-convertible debentures. According to the information and explanations given to us the amount raised have been used for the purposes for which the funds were raised;
- (xv) According to the information and explanations given by the management, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable;
- (xvi) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and therefore, the provisions of clause 3(xvi) of the Order are not applicable.

**For C N K & Associates LLP**

Chartered Accountants

Firm Registration Number: 101961W/W-100036

**Vijay Mehta**

Partner

Membership No.: 106533

UDIN: 21106533AAAAABV9544

Place: Mumbai

Date: 10/05/2021

**ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT**

Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Bharat Oman Refineries Limited ("the Company") on the Ind AS Financial Statements as of and for the year ended 31st March 2021]

<b>Directions for the year 2020-21</b>		
1	Area examined	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.
	Observations/ Findings	The Company has a system in place to process all the accounting transactions through its implemented IT system, SAP. As such, we have not come across any accounting transactions processed outside IT system which would have an impact on the integrity of the accounts or any financial implications.
2	Area examined	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company)
	Observations/ Findings	Based on our examination of relevant records of the Company and the information and explanations received from the Management, there were no cases of restructuring of an existing loan or cases of waiver/write off of debts /loans / interest by any of the lenders of the Company due to inability to repay the loan.
3	Area examined	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from central/ state Government of its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.
	Observations/ Findings	Based on our examination of relevant records of the Company and the information and explanations received from the Management, Funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per terms and conditions and applicable Ind AS.

**For C N K & Associates LLP**

Chartered Accountants

Firm Registration Number: 101961W/W-100036

**Vijay Mehta**

Partner

Membership No.: 106533

UDIN: 21106533AAAABV9544

Place: Mumbai

Date: 10/05/2021



## **ANNEXURE C TO INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 4(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Bharat Oman Refineries Limited ("the Company") on the Financial Statements for the year ended 31<sup>st</sup> March, 2021]

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls with reference to Financial Statements of Bharat Oman Refineries Limited ("the Company") as of 31<sup>st</sup> March, 2021 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Financial Statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Financial Statements.

### **Meaning of Internal Financial Controls with reference to Financial Statements**

A company's internal financial controls with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls with reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Financial Statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at 31<sup>st</sup> March, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **For C N K & Associates LLP**

Chartered Accountants

Firm Registration Number: 101961W/W-100036

### **Vijay Mehta**

Partner

Membership No.: 106533

UDIN: 21106533AAAABV9544

Place: Mumbai

Date: 10/05/2021

**BHARAT OMAN REFINERIES LIMITED**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2021**

₹ in crores

Particulars	Note No.	As at 31 <sup>st</sup> Mar 2021	As at 31 <sup>st</sup> Mar 2020
<b>Non-current Assets</b>			
Property, Plant and Equipment	2	10,420.30	10,787.68
Capital work-in-progress		47.28	330.42
Intangible Assets	2	300.03	308.22
Financial Assets			
Loans	3	52.15	44.46
Deferred Tax Assets (net)	4	915.19	883.34
Other Non-current Assets	5	29.08	144.01
<b>Current Assets</b>			
Inventories	6	5,111.58	2,496.19
Financial Assets			
Trade Receivables	7	1,572.62	1,024.99
Cash and Cash Equivalents	8	41.53	71.70
Other Financial Assets	9	16.85	12.13
Other Current Assets	10	19.88	24.18
<b>TOTAL</b>		<b>18,526.49</b>	<b>16,127.32</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	11	2,426.83	2,426.83
Other Equity	12	1,116.24	1,190.80
<b>Liabilities</b>			
<b>Non Current Liabilities</b>			
Financial Liabilities			
Borrowings	13	7,729.79	6,449.19
Right of use obligation		217.94	227.21
Provisions	14	19.76	20.03
Other Non-current Liabilities	15	930.12	830.51
<b>Current Liabilities</b>			
Financial Liabilities			
Borrowings	16	2,886.01	-
Trade Payables	17		
Total outstanding dues of micro and small enterprises		29.52	18.37
Total outstanding dues of creditors other than micro and small enterprises		1,899.21	2,355.85
Other Financial Liabilities	18	633.69	2,153.98
Other Current Liabilities	19	93.40	48.58
Provisions	20	543.98	405.97
<b>TOTAL</b>		<b>18,526.49</b>	<b>16,127.32</b>

Significant Accounting Policies

1(b)

Other Notes to Financial Statements

29-44

**As per our attached report of even date**

**For and on behalf of**  
**C N K & Associates LLP**

Chartered Accountants  
FRN: 101961W / W100036

Sd/-

**Vijay Mehta**

Partner

Membership No. 106533

**For and on behalf of the Board of Directors of**  
**Bharat Oman Refineries Limited**

Sd/-

**M. B. Pimpale**

Managing Director

Sd/-

**K. Padmakar**

Chairman

Sd/-

**Manoj Heda**

Chief Financial Officer

Sd/-

**Shubhendu Tewari**

Company Secretary

Mumbai: 10 May 2021

**BHARAT OMAN REFINERIES LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

Particulars	Note No.	2020-21	2019-20
<b>INCOME</b>			
Revenue from Operations	21	35,419.77	41,940.96
Other Income	22	67.91	72.46
<b>Total Income</b>		<b>35,487.68</b>	<b>42,013.42</b>
<b>Less: Expenses</b>			
Cost of Raw Materials Consumed	23	14,399.67	26,573.28
Purchases of Stock-in-trade		895.60	1,103.79
Changes in Inventories of Finished Goods and work-in-progress	24	(727.70)	269.42
Excise duty on Sales and Inventory differentials on Finished Goods		18,411.15	11,554.86
Employee Benefits Expense	25	98.99	103.01
Finance Cost	26	558.54	712.04
Depreciation and Amortization Expense	2	754.49	717.92
Other Expenses	27	1,206.11	1,452.57
<b>Total Expenses</b>		<b>35,596.85</b>	<b>42,486.89</b>
<b>Loss before Exceptional items and Tax</b>		<b>(109.17)</b>	<b>(473.47)</b>
Less: Exceptional Items	28	-	744.01
<b>Loss before tax for the year</b>		<b>(109.17)</b>	<b>(1,217.48)</b>
Tax expense			
Current tax		-	-
Deferred tax		(32.82)	(413.98)
Total Tax Expense		(32.82)	(413.98)
<b>Loss for the year</b>		<b>(76.35)</b>	<b>(803.50)</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
Gain/(Loss) on remeasurement of defined benefit plan		2.76	(4.84)
Deferred tax on above		(0.97)	1.16
Remeasurement of defined benefit plans (net of tax)		1.79	(3.68)
<b>Total Comprehensive Income</b>		<b>(74.56)</b>	<b>(807.18)</b>
Earnings per share	35		
Basic		(0.22)	(2.35)
Diluted		(0.22)	(2.35)
Significant Accounting Policies	1(b)		
Other Notes to Financial Statements	29-44		

**As per our attached report of even date**
**For and on behalf of**
**C N K & Associates LLP**

Chartered Accountants

FRN: 101961W / W100036

Sd/-

**Vijay Mehta**

Partner

Membership No. 106533

**For and on behalf of the Board of Directors of  
Bharat Oman Refineries Limited**

Sd/-

**M. B. Pimpale**

Managing Director

Sd/-

**K. Padmakar**

Chairman

Sd/-

**Manoj Heda**

Chief Financial Officer

Sd/-

**Shubhendu Tewari**

Company Secretary

Mumbai: 10 May 2021

**BHARAT OMAN REFINERIES LIMITED****STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021****A. Equity Share Capital (Refer Note 11)**

₹ in crores

Year	Opening balance	Changes during the year	Closing balance
2020-21	2,426.83	-	2,426.83
2019-20	1,777.23	649.60	2,426.83

**B. Other Equity (Refer Note 12)**

Particulars	Reserves & Surplus		Compulsorily Convertible Debentures	Money received against share warrants	Total
	Securities Premium	Retained Earnings			
<b>For the year ended 31<sup>st</sup> March 2021</b>					
Balance as at 1 <sup>st</sup> April 2020	400.35	(1,172.13)	1,000.00	962.58	1,190.80
Total Comprehensive Income					
Surplus in the Statement of profit and loss	-	(76.35)	-	-	(76.35)
Other comprehensive income	-	1.79	-	-	1.79
<b>Total Comprehensive Income for the year</b>	-	(74.56)	-	-	(74.56)
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>400.35</b>	<b>(1,246.69)</b>	<b>1,000.00</b>	<b>962.58</b>	<b>1,116.24</b>
<b>For the year ended 31<sup>st</sup> March 2020</b>					
Balance as at 1 <sup>st</sup> April 2019	399.95	(364.95)	1,000.00	1,612.58	2,647.58
Conversion of Warrants to Equity Shares	0.40	-	-	(650.00)	(649.60)
Total Comprehensive Income					
Surplus in the Statement of profit and loss	-	(803.50)	-	-	(803.50)
Other comprehensive income	-	(3.68)	-	-	(3.68)
<b>Total Comprehensive Income for the year</b>	-	(807.18)	-	-	(807.18)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>400.35</b>	<b>(1,172.13)</b>	<b>1,000.00</b>	<b>962.58</b>	<b>1,190.80</b>

As per our attached report of even date

For and on behalf of

**C N K & Associates LLP**

Chartered Accountants

FRN: 101961W / W100036

Sd/-

**Vijay Mehta**

Partner

Membership No. 106533

For and on behalf of the Board of Directors of  
Bharat Oman Refineries Limited

Sd/-

**M. B. Pimpale**

Managing Director

Sd/-

**K. Padmakar**

Chairman

Sd/-

**Manoj Heda**

Chief Financial Officer

Sd/-

**Shubhendu Tewari**

Company Secretary

Mumbai: 10 May 2021

**BHARAT OMAN REFINERIES LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

Particulars	2020-21	2019-20
<b>Cash flows from operating activities</b>		
Net loss before tax	(109.17)	(1,217.48)
Adjustments for:		
Depreciation and Amortisation	754.49	717.92
Exchange loss / (gain) on revaluation of items denominated in foreign currency	(0.20)	99.61
Net (gain)/loss on derivatives at fair value through profit or loss	(1.79)	7.56
Other non-operating income	(45.76)	(43.90)
Finance costs	558.54	712.04
<b>Operating profit before working capital changes</b>	<b>1,156.11</b>	<b>275.75</b>
(Invested in)/generated from		
Trade Receivables	(547.63)	998.65
Other Receivables	(0.42)	52.48
Inventories	(2,615.39)	1,797.65
Trade payables	(466.70)	(14.83)
Other payables	170.13	(6.47)
<b>Net cash flows from operating activities before tax</b>	<b>(2,303.90)</b>	<b>3,103.23</b>
Direct Taxes refund / (paid)	114.92	(49.87)
<b>Net cash flows from operating activities (A)</b>	<b>(2,188.98)</b>	<b>3,053.36</b>
<b>Cash flows from investing activities</b>		
Purchase / Construction of Property, Plant and Equipment	(200.54)	(398.12)
Deposits made during the period	(7.69)	-
Interest received	1.74	2.41
<b>Net cash used in investing activities (B)</b>	<b>(206.49)</b>	<b>(395.71)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of Unsecured, Redeemable, Non-convertible debentures	1,440.00	-
Proceeds from Long-term borrowings	215.00	112.50
Repayment of Long-term borrowings	(1,678.81)	(481.68)
Proceeds / (Repayment) of Short-term borrowings	2,886.01	(1,578.51)
Finance costs paid	(488.29)	(631.57)
Principal portion of Right-of-use obligations	(8.61)	(7.99)
<b>Net cash used in financing activities (C)</b>	<b>2,365.30</b>	<b>(2,587.25)</b>
<b>Net increase in Cash and cash equivalents (A+B+C)</b>	<b>(30.17)</b>	<b>70.40</b>
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at beginning of the year		
Cash on hand and balances with banks	71.70	1.30
<b>Total (D)</b>	<b>71.70</b>	<b>1.30</b>
Cash and cash equivalents at end of the year		
Cash on hand and balances with banks	41.53	71.70
<b>Total (E)</b>	<b>41.53</b>	<b>71.70</b>
<b>Net increase in Cash and cash equivalents (D-E)</b>	<b>(30.17)</b>	<b>70.40</b>

**Note:**

a. Reconciliation statement between opening and closing balances for the liabilities arising from financing activities:

₹ n crores

Particulars	Ref. Note No.	Opening balance	Cash (outflow)/ inflow	Non-cash effect due to changes in:			Closing balance
				Foreign Exchange Rates	Fair valuation	Others	
2020-21							
Long-term Borrowings	13	8,151.77	(24.59)	(33.58)	(105.77)	0.74	7,988.57
Short-term borrowings	16	-	2,886.01	-	-	-	2,886.01
Interest accrued but not due on borrowings	18	33.26	(33.26)	-	-	65.65	65.65
2019-20							
Long-term Borrowings	13	8,408.23	(369.18)	161.80	(50.19)	1.11	8,151.77
Short-term borrowings	16	1,578.51	(1,578.51)	-	-	-	-
Interest accrued but not due on borrowings	18	36.27	(36.27)	-	-	33.26	33.26

b. The above Cash Flow and reconciliation statements has been prepared under the "Indirect Method" as set out in Ind AS - 7 on Statement of Cash Flows.

<p><b>As per our attached report of even date</b>  <b>For and on behalf of</b>  <b>C N K &amp; Associates LLP</b>  Chartered Accountants  FRN: 101961W / W100036</p> <p>Sd/-  <b>Vijay Mehta</b>  Partner  Membership No. 106533</p>	<p><b>For and on behalf of the Board of Directors of</b>  <b>Bharat Oman Refineries Limited</b></p> <p>Sd/-  <b>M. B. Pimpale</b>  Managing Director</p> <p>Sd/-  <b>Manoj Heda</b>  Chief Financial Officer</p>	<p>Sd/-  <b>K. Padmakar</b>  Chairman</p> <p>Sd/-  <b>Shubhendu Tewari</b>  Company Secretary</p>
Mumbai: 10 May 2021		

**BHARAT OMAN REFINERIES LIMITED**
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**
**2. Property, Plant and Equipment and Intangible Assets**

₹ in crores

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET CARRYING AMOUNT As on 31.03.2021
	As on 01.04.2020	Additions	Disposals / Adjustments	As on 31.03.2021	Upto 31.03.2020	For the year	Disposals / Adjustments	Upto 31.03.2021	
<b>Property, Plant and Equipment</b>									
(a) Land #	35.58	-	-	35.58	-	-	-	-	35.58
(b) Buildings	957.10	2.99	-	960.09	262.53	44.86	-	307.39	652.70
(c) Plant and Equipment*	12,118.64	350.00	(12.28)	12,456.36	2,332.96	643.97	(0.09)	2,976.84	9,479.52
(d) Furniture and Fixtures	34.82	-	(0.06)	34.76	18.73	3.59	-	22.32	12.44
(e) Vehicles	11.85	0.19	-	12.04	9.16	0.49	-	9.65	2.39
(f) Office equipment	65.33	8.54	(1.22)	72.65	41.06	8.84	(1.13)	48.77	23.88
(g) Right-of-use (Lease) (Refer Note 42)	243.80	-	-	243.80	15.00	15.01	-	30.01	213.79
<b>Sub-total (A)</b>	<b>13,467.12</b>	<b>361.72</b>	<b>(13.56)</b>	<b>13,815.28</b>	<b>2,679.44</b>	<b>716.76</b>	<b>(1.22)</b>	<b>3,394.98</b>	<b>10,420.30</b>
<b>Intangible Assets</b>									
(a) Software and Licences	26.10	7.61	(0.03)	33.68	10.64	5.14	(0.03)	15.75	17.93
(b) Single Point Mooring and Sub Sea Pipeline	303.00	21.93	-	324.93	76.48	32.59	-	109.07	215.86
(c) Right-of-use / Right-of-works	66.24	-	-	66.24	-	-	-	-	66.24
<b>Sub-total (B)</b>	<b>395.34</b>	<b>29.54</b>	<b>(0.03)</b>	<b>424.85</b>	<b>87.12</b>	<b>37.73</b>	<b>(0.03)</b>	<b>124.82</b>	<b>300.03</b>
<b>GRAND TOTAL (A+B)</b>						<b>754.49</b>			

Long-term borrowings are secured by first charge ranking pari passu on all Property, Plant and Equipment (immovable and movable), both present and future.

#Land having value of Rs 3.64 crore, is pending for transfer/registration in favour of the Company.

\*Disposals / Adjustments to Plant and Equipment mainly includes adjustment of Rs. 12.17 crores on account of foreign exchange fluctuation gain (Refer Note 41).



**BHARAT OMAN REFINERIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

**2. Property, Plant and Equipment and Intangible Assets (continued..)**

₹ in crores

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET CARRYING AMOUNT As on 31.03.2020
	As on 01.04.2019	Additions	Disposals / Adjustments	As on 31.03.2020	Upto 31.03.2019	For the year	Disposals / Adjustments	Upto 31.03.2020	
<b>Property, Plant and Equipment</b>									
(a) Land #	35.58	-	-	35.58	-	-	-	-	35.58
(b) Buildings	925.53	31.90	(0.33)	957.10	218.14	44.70	(0.31)	262.53	694.57
(c) Plant and Equipment*	11,514.37	571.96	32.31	12,118.64	1,712.65	620.92	(0.61)	2,332.96	9,785.68
(d) Furniture and Fixtures	34.25	0.57	-	34.82	14.89	3.84	-	18.73	16.09
(e) Vehicles	11.12	0.73	-	11.85	8.52	0.64	-	9.16	2.69
(f) Office equipment	116.32	3.65	(54.64)	65.33	47.74	13.57	(20.25)	41.06	24.27
(g) Right-of-use (Lease) (Refer Note 42)	-	243.80	-	243.80	-	15.00	-	15.00	228.80
<b>Sub-total (A)</b>	<b>12,637.17</b>	<b>852.61</b>	<b>(22.66)</b>	<b>13,467.12</b>	<b>2,001.94</b>	<b>698.67</b>	<b>(21.17)</b>	<b>2,679.44</b>	<b>10,787.68</b>
<b>Intangible Assets</b>									
(a) Software and Licences	17.70	8.19	0.21	26.10	6.79	3.81	0.04	10.64	15.46
(b) Single Point Mooring and Sub Sea Pipeline	303.00	-	-	303.00	61.04	15.44	-	76.48	226.52
(c) Right-of-use / Right-of-works	66.24	-	-	66.24	-	-	-	-	66.24
<b>Sub-total (B)</b>	<b>386.94</b>	<b>8.19</b>	<b>0.21</b>	<b>395.34</b>	<b>67.83</b>	<b>19.25</b>	<b>0.04</b>	<b>87.12</b>	<b>308.22</b>
<b>GRAND TOTAL (A+B)</b>						<b>717.92</b>			

Long-term borrowings are secured by first charge ranking pari passu on all Property, Plant and Equipment (immovable and movable), both present and future.

#Land having value of Rs 3.64 crore, is pending for transfer/registration in favour of the Company.

\*Additions to Plant and Equipment includes capitalization of Rs. 84.12 crores on account of foreign exchange fluctuation loss. (Refer Note 41).

Disposals/Adjustments includes regrouping of Fire Fighting Equipment having gross value Rs. 54.31 crores (Accumulated depreciation: Rs. 20.13 crores) to Plant and Equipment from Office Equipment.

**BHARAT OMAN REFINERIES LIMITED****NOTES TO FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH 2021**

₹ in crores

Particulars	31 <sup>st</sup> Mar 2021	31 <sup>st</sup> Mar 2020
<b>3 Financial Assets</b>		
Loans (Considered good - Unsecured)		
Security and other deposits	52.15	44.46
<b>TOTAL</b>	<b>52.15</b>	<b>44.46</b>
<b>4 Deferred Tax Asset (Net)</b>		
Unused tax credit	380.99	380.99
Deferred Tax Asset on:		
Depreciation (Net)	305.78	277.54
Unabsorbed Business Loss	197.00	197.00
Expenses allowed on payment basis under Income Tax Act	31.42	27.81
<b>TOTAL</b>	<b>915.19</b>	<b>883.34</b>
<b>5 Other Non-current Assets</b>		
Capital advances	0.04	0.05
Taxes paid in advance (net of provisions)	29.04	143.96
<b>TOTAL</b>	<b>29.08</b>	<b>144.01</b>
<b>6 Inventories</b>		
[Refer note 1 (VI)]		
Raw materials	2,976.98	825.77
Raw materials in transit	-	291.19
Work-in-progress	350.03	188.10
Finished goods	1,471.24	905.47
Stores and spares	312.96	285.47
Stores and spares in transit	0.37	0.19
<b>TOTAL</b>	<b>5,111.58</b>	<b>2,496.19</b>

During the year ended 31 March 2021, the write-down of inventories in respect of Stores and spares to net realisable value is amounts to Rs. 4.76 crores (Previous year - Rs. 744.01 crores, comprises of Raw Material: Rs. 225.04 crores, Intermediates: Rs. 109.62 crores and Finished Goods: Rs. 409.35 crores).

Inventory write-down for previous year disclosed separately as Exceptional Items (Refer Note 28). The cost of material consumed is recognised as an expense during the period as disclosed in Note No.23.

**BHARAT OMAN REFINERIES LIMITED**
**NOTES TO FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH 2021**

₹ in crores

Particulars		31 <sup>st</sup> Mar 2021	31 <sup>st</sup> Mar 2020
<b>7 Trade Receivables</b>			
Considered good - Secured		-	-
Considered good - Unsecured		1,572.62	1,024.99
Trade Receivables which have significant increase in credit risk		-	-
Trade Receivables – credit impaired		-	-
Less: Loss Allowances		-	-
<b>TOTAL</b>		<b>1,572.62</b>	<b>1,024.99</b>
<b>8 Cash and Cash Equivalents</b>			
Balances with banks		41.51	71.68
Cash on hand		0.02	0.02
<b>TOTAL</b>		<b>41.53</b>	<b>71.70</b>
<b>9 Other Financial Assets</b>			
Advances and recoverables - Considered good - Unsecured		16.85	12.13
<b>TOTAL</b>		<b>16.85</b>	<b>12.13</b>
<b>10 Other Current Assets</b>			
Recoverables from VAT and GST		9.51	16.79
Expenses paid in advance		7.10	2.20
Others		3.27	5.19
<b>TOTAL</b>		<b>19.88</b>	<b>24.18</b>

**11 Share Capital**

Particulars		31 <sup>st</sup> Mar 2021	31 <sup>st</sup> Mar 2020
<b>a. Authorized Share Capital</b>			
4,500,000,000 Equity shares of Rs.10 each		4,500.00	4,500.00
2,500,000,000 Preference shares of Rs.10 each		2,500.00	2,500.00
<b>TOTAL</b>		<b>7,000.00</b>	<b>7,000.00</b>
<b>b. Issued, subscribed and fully paid up Equity Share Capital</b>			
2,426,829,450 Equity shares of Rs.10 each fully paid up (As on 31 March 2020: 2,426,829,450 Equity shares of Rs.10 each fully paid up)		2,426.83	2,426.83
<b>TOTAL</b>		<b>2,426.83</b>	<b>2,426.83</b>
<b>c. Par value per share</b>		10.00	10.00

**d. Reconciliation of number of Equity shares**

Particulars	31 <sup>st</sup> Mar 2021		31 <sup>st</sup> Mar 2020	
	Number	₹ in crores	Number	₹ in crores
Shares outstanding at the beginning of the year	2,42,68,29,450	2,426.83	1,77,72,26,672	1,777.23
Shares allotted pursuant to conversion of warrants	-	-	64,96,02,778	649.60
Closing balance at the end of the year	2,42,68,29,450	2,426.83	2,42,68,29,450	2,426.83

**e. Terms and Rights attached to Equity shares**

The Company has only one class of Equity shares. Each shareholder of Equity shares is entitled to one vote per share. Each share ranks pari passu.

**f. Shares held by each shareholder holding more than 5% shares**

Name of Shareholder	31 <sup>st</sup> Mar 2021		31 <sup>st</sup> Mar 2020	
	Number	% of Holding	Number	% of Holding
Bharat Petroleum Corporation Limited (BPCL)	1,53,82,16,114	63.38	1,53,82,16,114	63.38
OQ S.A.O.C (formerly known as Oman Oil Company S.A.O.C)*	88,86,13,336	36.62	88,86,13,336	36.62
<b>TOTAL</b>	<b>2,42,68,29,450</b>	<b>100.00</b>	<b>2,42,68,29,450</b>	<b>100.00</b>

\*A share purchase agreement has been signed between BPCL and OQ S.A.O.C on 31 March 2021 for acquisition of 888613336 shares held by OQ S.A.O.C. Post acquisition of these shares by BPCL, joint venture agreement between BPCL and OQ S.A.O.C will cease.

**BHARAT OMAN REFINERIES LIMITED****NOTES TO FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH 2021**

₹ in crores

**12 Other Equity**

Particulars	31 <sup>st</sup> Mar 2021	31 <sup>st</sup> Mar 2020
<b>Reserves &amp; Surplus</b>		
Securities Premium	400.35	400.35
Retained Earnings	(1,246.69)	(1,172.13)
<b>Instruments equity in nature</b>		
Compulsorily Convertible Debentures	1,000.00	1,000.00
Money received against share warrants	962.58	962.58
<b>TOTAL</b>	<b>1,116.24</b>	<b>1,190.80</b>

Particulars	31 <sup>st</sup> Mar 2021	31 <sup>st</sup> Mar 2020
<b>Securities Premium</b>		
Opening balance	400.35	399.95
Add: Pursuant to conversion of warrants	-	0.40
Closing balance	<b>400.35</b>	<b>400.35</b>
<b>Retained Earnings</b>		
Opening balance	(1,172.13)	(364.95)
Add: Profit/(Loss) for the reporting period as per Statement of Profit and Loss	(76.35)	(803.50)
Add/(Less): Remeasurement of defined benefit plans (net of tax)	1.79	(3.68)
Closing balance*	<b>(1,246.69)</b>	<b>(1,172.13)</b>

\*The balance includes accumulated loss on account of Remeasurement of defined benefit plans (net of tax) as on 31 March 2021 Rs. 2.41 crores ( 31 March 2020: Rs. 4.20 crores).

**Nature of reserves**

Securities Premium collected on issue of securities are accumulated as part of securities premium.

**Compulsorily Convertible Debentures**

100,00,00,000, 0% Compulsorily Convertible Debentures (CCDs) of Rs.10 each, issued to Bharat Petroleum Corporation Ltd. in March 2017, convertible into equal number of equity shares, on the happening of one or more events, but not later than 10 years from March 2017 as per the terms and conditions of issue.

**Money received against Share Warrants**

Particulars	31 <sup>st</sup> Mar 2021	31 <sup>st</sup> Mar 2020
<b>Issued to Bharat Petroleum Corporation Ltd.</b>		
Opening balance	935.68	1,585.68
Less: Conversion of warrants to equity shares (Refer Note (a) below)	-	(650.00)
Closing balance	935.68	935.68
48,68,86,664 warrants of Rs.10 each and 29,91,94,364 warrants of Rs.15 each [Refer note (b) below]		
<b>Issued to Government of Madhya Pradesh (GoMP)</b>	26.90	26.90
2,69,00,000 warrants of Rs. 10 each (As on 31 March 2020: 2,69,00,000 warrants of Rs. 10 each) [Refer note (c) below]		
<b>TOTAL</b>	<b>962.58</b>	<b>962.58</b>

- a) Pursuant to terms of subscription agreement dated 22 March 2013, 36,11,11,111 warrants of Rs. 18 each were due for conversion in FY 2019-20. Bharat Petroleum Corporation Limited (BPCL) exercised the rights for conversion of warrants into equity shares. Accordingly, 64,96,02,778 Equity Shares of Rs. 10/- each, fully paid up, allotted to the BPCL on 31 March 2020 as per conversion ratio. Subsequent to this allotment, the shareholding of BPCL has increased to 63.38% of the enhanced paid up equity share capital of the Company.
- b) 48,68,86,664 & 29,91,94,364 warrants carry the right to subscribe for equal number of equity shares, on the happening of one or more events as envisaged in the Subscription Agreement dated 15th November, 2009.
- c) Pursuant to terms of subscription agreement and as per terms and conditions approved by the shareholders in the Annual General Meeting dated 14th September 2010, 2,69,00,000 warrants of Rs. 10 each represent the right to subscribe for equal number of equity shares.

**BHARAT OMAN REFINERIES LIMITED****NOTES TO FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH 2021**

₹ in crores

**13 Borrowings**

Nature	Coupon Rate of Interest	As as 31 <sup>st</sup> March 2021		As as 31 <sup>st</sup> March 2020	
		Current*	Non-current	Current*	Non-current
<b>Secured</b>					
Term Loans					
- From banks/financial institutions	SBI MCLR**+15 bps	231.00	3,316.05	209.50	3,546.53
- Foreign Currency loan	Libor + 185 bps	27.78	331.02	26.11	367.98
- External Commercial Borrowing (ECB)	Libor+ 73 bps	-	-	939.39	-
<b>Unsecured</b>					
Term loans					
- External Commercial Borrowing	Libor + 113 bps	-	-	527.58	-
Loans from related parties					
- Subordinated loan From Bharat Petroleum Corporation Limited	9.12%	-	1,254.10	-	1,254.10
Redeemable, Non-convertible, Non-cumulative, taxable Debentures	5.75%	-	839.27	-	-
Redeemable, Non-convertible, Non-cumulative, taxable Debentures	5.85%	-	599.54	-	-
Interest Free Loan from Govt. of Madhya Pradesh	0%	-	1,389.81	-	1,280.58
<b>Total</b>		<b>258.78</b>	<b>7,729.79</b>	<b>1,702.58</b>	<b>6,449.19</b>

\*Classified under Other financial Liabilities (Refer Note 18).

\*\*State Bank of India's Marginal Cost of fund based Lending Rate

**Nature of Security for all secured term loans**

- First charge ranking pari passu on entire Property, Plant and Equipment (immovable and movable), both present and future.
- Second charge ranking pari passu on entire Current Assets, both present and future.

**BHARAT OMAN REFINERIES LIMITED****NOTES TO FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH 2021**

₹ in crores

**Note 13 Borrowings continued. . . . .****Terms of Repayment schedule of Long-term borrowings (Gross Amount ) as on 31 March 2021:**

<b>Nature of borrowings</b>	<b>Current</b>	<b>Non Current</b>	<b>Repayment Terms and instalments</b>
<b>Secured</b>			
Term Loan	231.00	3,317.46	The outstanding instalments ranges from 1% to 7% repayable quarterly. The last instalment will due in June 2027.
Foreign Currency loan	27.78	331.02	The outstanding instalments ranges from 1.5% to 5% repayable quarterly. The last instalment will due in June 2027.
<b>Unsecured</b>			
Subordinated Debt from BPCL	-	1,254.10	Repayment is dependent on the happening of one or more events as stated in the Subordinated Loan letter dated 15 <sup>th</sup> November, 2009.
5.75%, Redeemable, Non-convertible, Non-cumulative, taxable Debentures	-	840.00	Issued during the financial year 2020-21 for a tenure of three years, repayable on 15 December 2023.
5.85%, Redeemable, Non-convertible, Non-cumulative, taxable Debentures	-	600.00	Issued during the financial year 2020-21 for a tenure of three years, repayable on 13 July 2023.

**Unsecured - Interest free loan given by Government of Madhya Pradesh**

The Company by virtue of Memorandum of Understanding (MoU) with the Government of Madhya Pradesh continues to get the fiscal assistance as 'Interest free VAT loan (VAT Loan)' up to Rs. 250 crores per annum for fifteen years, beginning from the year of commercial production . The VAT Loan is repayable in 16th year from each year in which such VAT Loan was received.

During the financial year 2020-21, the company received VAT loan of Rs. 215 crores. The total gross value of VAT loan as on 31 March 2021 is Rs. 2,227.50 crores. This VAT loan being the interest free loan is accounted at fair value and accordingly accounting for Government Grant is done.

**BHARAT OMAN REFINERIES LIMITED****NOTES TO FINANCIAL STATEMENTS AS AT 31<sup>st</sup> MARCH 2021**

₹ in crores

Particulars	31 <sup>st</sup> Mar 2021	31 <sup>st</sup> Mar 2020
<b>14 Provisions</b>		
Provision for employee benefits	19.76	20.03
<b>TOTAL</b>	<b>19.76</b>	<b>20.03</b>
<b>15 Other Non-current Liabilities</b>		
Deferred Government Grant (Comprises mainly unamortised Interest free VAT Loan from Govt. of Madhya Pradesh on account of fair valuation)	930.12	830.51
<b>TOTAL</b>	<b>930.12</b>	<b>830.51</b>
<b>16 Borrowings</b>		
<b>Secured Loans</b>		
Loans repayable on demand from banks		
- Working capital loan	980.00	-
- Cash Credit	0.01	-
<b>Unsecured Loans</b>		
Loans repayable on demand		
- Commercial papers	1,200.00	
- Working capital loan	706.00	
<b>TOTAL</b>	<b>2,886.01</b>	-
<b>17 Trade Payables</b>		
Total outstanding dues of micro and small enterprises	29.52	18.37
Total outstanding dues of other than micro and small enterprises	1,899.21	2,355.85
<b>TOTAL</b>	<b>1,928.73</b>	<b>2,374.22</b>
<b>18 Other Financial Liabilities</b>		
Current maturities of long-term borrowings (Refer Note 13)	258.78	1,702.58
Current maturities of Right of use obligation	9.27	8.61
Interest accrued but not due on borrowings	65.65	33.26
Payables for derivative contracts	0.64	7.38
Other payables		
For purchase of Property Plant and Equipment	240.42	333.01
Security deposits and Earnest money deposits	51.41	60.64
Others	7.52	8.50
<b>TOTAL</b>	<b>633.69</b>	<b>2,153.98</b>
<b>19 Other Current Liabilities</b>		
Statutory Dues	93.40	48.50
Advance from customers	-	0.08
<b>TOTAL</b>	<b>93.40</b>	<b>48.58</b>
<b>20 Provisions</b>		
Provision for Excise duty on closing stock	541.84	403.26
Provision for employee benefits	2.14	2.71
<b>TOTAL</b>	<b>543.98</b>	<b>405.97</b>

**BHARAT OMAN REFINERIES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

Particulars	2020-21	2019-20
<b>21 Revenue from Operations</b>		
Sale of Petroleum Products	16,251.60	29,373.50
Add: Excise duty	18,272.57	11,463.67
Sale of Petroleum Products including excise duty	34,524.17	40,837.17
Sale of crude oil	895.60	1,103.79
<b>TOTAL</b>	<b>35,419.77</b>	<b>41,940.96</b>
<b>22 Other Income</b>		
Interest Income	6.78	6.88
Non-operating income		
Insurance Claims	10.84	19.99
Amortisation of Deferred Govt. Grant	44.02	37.03
Others	6.27	8.56
<b>TOTAL</b>	<b>67.91</b>	<b>72.46</b>
<b>23 Cost of Raw Materials Consumed</b>		
Opening Stock	1,116.95	2,204.76
Add: Purchases	16,259.70	25,710.51
Less: Closing Stock	2,976.98	1,116.95
	14,399.67	26,798.32
Less: Exceptional Items (Refer Note No.28)	-	225.04
<b>TOTAL</b>	<b>14,399.67</b>	<b>26,573.28</b>
<b>24 Changes in Inventories of Finished Goods and Work in Progress</b>		
Value of Opening Stock		
Work in Progress	188.10	652.17
Finished goods	905.47	1,229.79
Less: Value of Closing Stock		
Work in Progress	350.03	188.10
Finished goods	1,471.24	905.47
	<b>(727.70)</b>	<b>788.39</b>
Less: Exceptional Items (Refer Note No.28)	-	518.97
<b>TOTAL</b>	<b>(727.70)</b>	<b>269.42</b>
<b>25 Employee Benefits Expense</b>		
Salaries and wages	90.55	93.40
Contribution to provident fund	3.63	4.08
Staff welfare expenses	4.81	5.53
<b>TOTAL</b>	<b>98.99</b>	<b>103.01</b>
<b>26 Finance Cost</b>		
Interest*	515.10	624.05
*Includes interest of Rs. 17.39 crores (2019-20: Rs. 18.01 crores) on Right-of-use obligation recognised as per Ind AS 116		
Foreign Exchange Fluctuation loss (attributable to finance cost)	1.09	48.82
Other borrowing cost	42.35	39.17
<b>TOTAL</b>	<b>558.54</b>	<b>712.04</b>



**BHARAT OMAN REFINERIES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
<b>27 Other Expenses</b>		
Central Sales Tax Expenses*	506.66	294.18
Rates , Taxes and Other levies	59.15	60.39
Repairs to Buildings	6.26	7.78
Repairs to Plant and Equipment	254.14	277.91
Power, Water and Fuel	408.46	502.04
Less: Consumption of fuel out of own production	(166.19)	(129.51)
Power, Water and Fuel consumed (net)	<u>242.27</u>	<u>372.53</u>
Consumption of stores and spares	33.66	38.77
Lease rental and hire charges	0.86	2.27
Transportation of Products	1.54	4.87
Travelling and Conveyance	9.29	12.39
Insurance	30.50	31.71
Remuneration to auditors	0.22	0.19
Consultancy and Professional Fees	8.65	7.99
Letter of credit and bank charges	7.07	12.81
Exchange (gain) / loss on revaluation or settlement of items denominated in foreign currency	(31.08)	240.02
Net (gain)/loss on derivatives at fair value through profit or loss	(1.79)	7.56
Expenditure on Corporate Social Responsibility (Refer Note 34)	20.37	24.26
Security expenses	30.19	27.22
General and administrative expenses	28.15	29.72
[Includes Directors' Sitting fees - Rs. 0.08 crores (2019-20 : Rs. 0.13 crores)]		
<b>TOTAL</b>	<b>1,206.11</b>	<b>1,452.57</b>

\*The Company by virtue of Memorandum of Understanding (MoU) entered into with the Government of Madhya Pradesh, was granted fiscal assistance of Central Sales Tax (CST) exemption on sale of finished goods up to Rs. 3750 crores from the date of commercial production. CST exemption limit was fully exhausted in F.Y. 2019-20. As per industry practice, CST is not recoverable from buyer as such it is treated as cost. Consequently, company charged CST on inter-state sale of non GST (Goods and Service Tax) products as an expense.

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
<b>28 Exceptional Items</b>		
Inventory write-down (Refer Note 6)	-	744.01
<b>TOTAL</b>	<b>-</b>	<b>744.01</b>

**BHARAT OMAN REFINERIES LIMITED****OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

**29 Contingent liabilities & Commitments**

<b>Particulars</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Contingent Liabilities		
Claims against the Company not acknowledged as debts on account of disputes relating to:		
Land / Right of Use matters	51.46	97.03
Arbitration matters	21.94	21.69
Taxation matters	6.65	6.30
Other matters	0.99	0.99

It is not practicable to estimate the timing of cash outflows, if any, in respect of matters stated above pending resolution of the arbitration/apellate proceedings. Further, the contingent liability mentioned above includes interest except in cases where the Company has determined that the possibility of such levy is remote.

<b>Particulars</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	178.40	293.35

**30 To the extent, the Company has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details regarding Micro and Small Enterprises are provided as under:**

<b>Particulars</b>	<b>31.03.2021</b>	<b>31.03.2020</b>
Principal amount overdue (remaining unpaid) at the year end	-	-
Interest due thereon remaining unpaid at the year end	-	-
Payment made during the year after the due date		
Principal	-	-
Interest	-	-
Interest accrued and remaining unpaid at the year end	-	-

**31 Foreign Currency Transaction and Derivatives**

(i) Hedged foreign currency exposures are as follows:

<b>Exposure Type</b>	<b>Instrument</b>	<b>31.03.2021</b>		<b>31.03.2020</b>	
		<b>USD (in Million)</b>	<b>Rs. In crores</b>	<b>USD (in Million)</b>	<b>Rs. In crores</b>
Import Payable	Forward Contract	24.00	176.41	180.00	1,356.95

(ii) Un-hedged foreign currency exposures are as follows:

<b>Exposure Type</b>	<b>31.03.2021</b>		<b>31.03.2020</b>	
	<b>USD (in Million)</b>	<b>Rs. In crores</b>	<b>USD (in Million)</b>	<b>Rs. In crores</b>
ECB	-	-	195.00	1,470.03
Foreign Currency Term Loan	48.81	358.80	52.28	394.09
Import Payable	218.26	1,604.29	115.74	872.50

**32 Payment to auditors**

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Audit fees	0.18	0.18
Certification and other matters	0.09	0.05
Less: Reimbursable by OQ S.A.O.C.	(0.05)	(0.05)
<b>Total expense for the year</b>	<b>0.22</b>	<b>0.18</b>

**BHARAT OMAN REFINERIES LIMITED****OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

**33 Related Party Transactions**

- a Related Parties
- Entities having significant influence (Joint Venture Partners) Bharat Petroleum Corporation Limited (BPCL), Mumbai.  
OQ S.A.O.C (formerly known as Oman Oil Company S.A.O.C)
- Subsidiary of BPCL Numaligarh Refineries Limited, Numaligarh, Assam (up to 25<sup>th</sup> March 2021)
- b Key Management Personnel
- Managing Director Mr. M. B. Pimpale (w.e.f. 1<sup>st</sup> July 2019)  
Mr. S.S. Sunderajan (up to 30<sup>th</sup> June 2019)
- Chief Financial Officer Mr. Manoj Heda
- Chief Operating Officer Mr. Abhai Raj Singh Bhandari
- Company Secretary Mr. Shubhendu Tewari
- Non-Executive Directors Mr. Padmakar Kappagantula (Chairman) (w.e.f. 14th September 2020)  
Mr. Rajkumar Duraiswamy (Chairman) (up to 31st August 2020)  
Dr. Salim Saif Sulaiman Al Huthaili (Vice Chairman) (up to 1st December 2020)  
Mr. Wail Zuhair Ali Al Jamali (w.e.f. 20th June 2019)  
Mr. Ramamoorthy Ramachandran (up to 31st August 2020)  
Mr. Neelakantapillai Vijayagopal  
Prof. Narayana Iyer Venkiteswaran (up to 14th August 2020)  
Mrs. Mangala Radhakrishna Prabhu  
Mr. Gulshan Bamra(w.e.f. 5th August 2019)  
Dr. Rajesh Rajora (up to 9th May 2020)  
Mr. Sanjay Kumar Shukla (w.e.f. 28th May 2020)  
Mr. Arun Kumar Singh (w.e.f. 18th September 2020)  
Mr. Said Al Mahruqi (w.e.f. 10th December 2020)  
Mr. Anurag Jain (up to 25th July 2019)

- c The nature wise transactions with the above related parties are as follows:

Nature of transactions	2020-21	2019-20
With BPCL		
a) Purchase of Goods	2,878.35	3,021.48
b) Sale of goods	35,911.42	42,421.13
c) Interest on loan	114.37	114.69
d) Receiving of services	26.86	29.83
e) Reimbursements by BPCL	8.98	15.34
f) Reimbursements to BPCL	3.34	1.36
g) Lease rentals	30.68	30.68
h) Issue of Equity shares pursuant to conversion of warrants	-	650.00
With OQ S.A.O.C		
Expenses reimbursed/reimbursable	0.05	0.05
With Numarligarh Refineries Limited (Related party considered only up to 25th March 2021)		
Sale of goods	95.79	115.05

- d Receivables / Payables from/to related parties

Particulars	31.03.2021	31.03.2020
Accounts receivable		
BPCL	1521.02	1,013.55
OQ S.A.O.C	0.11	0.05
Accounts payable		
BPCL	39.73	49.69
Loan and interest payable to BPCL		
Unsecured Loan – Subordinated loan	1,254.10	1,254.10
Interest payable on above	26.09	25.66

- e Outstanding guarantees given by BPCL

Particulars	31.03.2021	31.03.2020
Guarantee of USD 84 million given to unsecured ECB lenders	-	633.24

**BHARAT OMAN REFINERIES LIMITED****OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

**Note 33 Related party Transactions (continued). . . . .**

f Key Management Personnel Compensation (inclusive of Managing Director, Chief Financial Officer and Company Secretary)

Particulars	2020-21	2019-20
Short-term employee benefits	2.59	2.84
Post-employment defined benefits	0.29	0.28
Sitting fees	0.08	0.13

**34 Disclosure in respect of expenditure on Corporate Social Responsibility Activities**

Particulars	2020-21	2019-20
a) Amount required to be spent by the Company	-	-
b) Amount spent other than for construction / acquisition of any assets <sup>#</sup>	20.37	24.26

<sup>#</sup>The above expenditure includes contribution to funds, expenses through registered trusts / registered society or company established under section 8 of the Act and direct expenses by the company.

**35 Earnings per share (EPS)**

Particulars		2020-21	2019-20
a) Profit attributable to equity shareholders	Rs. in crores	(76.35)	(803.50)
Weighted Average number of shares/convertible instruments for EPS:			
b) Ordinary shares	No. in crores	242.68	241.41
c) Compulsorily convertible instruments	No. in crores	100.00	100.00
d) Weighted average number of equity shares/convertible instruments for Basic EPS	No. in crores	342.68	341.41
e) Dilutive potential equity shares (Refer note below)	No. in crores	-	-
f) Weighted average number of equity shares/convertible instruments for Diluted EPS	No. in crores	342.68	341.41
g) EPS			
Basic EPS	Rs./share	(0.22)	(2.35)
Diluted EPS	Rs./share	(0.22)	(2.35)

Note : As per Ind AS 33 on Earnings per share, potential equity shares i.e. warrants (Refer Note 12) are antidilutive in nature, therefore not considered in Diluted EPS computation.

**36 Income-tax**

a Amounts recognised in Statement of Profit and Loss

Particulars	2020-21	2019-20
Current tax	-	-
Deferred tax attributable to:		
Origination and reversal of temporary differences	(32.82)	(415.90)
Previously unrecognised tax (losses)/profits	-	1.92
<b>Tax expense for the year</b>	<b>(32.82)</b>	<b>(413.98)</b>

b Amounts recognised in other comprehensive income

Particulars	2020-21	2019-20
Items that will not be reclassified to statement of profit and loss		
Remeasurements of the defined benefit plans	2.76	(4.84)
Tax (expense) / benefit	(0.97)	1.16
<b>Remeasurements of the defined benefit plans (Net of tax)</b>	<b>1.79</b>	<b>(3.68)</b>

c Reconciliation of effective tax rate

Particulars	31.03.2021		31.03.2020	
	%	Amount	%	Amount
Profit before tax		(109.17)		(1,217.48)
Tax using the Company's domestic tax rate @34.94%	34.94	(38.15)	34.94	(425.44)
Tax effect of :				
Non-deductible tax expenses	(4.88)	5.33	(0.78)	9.54
Recognition of tax effect of previously unrecognised tax gains/(losse:	-	-	(0.16)	1.92
	<b>30.06</b>	<b>(32.82)</b>	<b>34.00</b>	<b>(413.98)</b>

**BHARAT OMAN REFINERIES LIMITED**
**OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

## d Movement in deferred tax balances

Deferred tax Asset/(Liabilities)	Net balance as on 1.04.2020	Recognized in profit or loss	Recognized in OCI	Net balance	As at 31.03.2021	
					Deferred tax Asset	Deferred tax Liability
Property, plant and equipment	(2,215.83)	18.18	-	(2,197.65)	-	(2,197.65)
Intangible assets	(77.54)	8.93	-	(68.61)	-	(68.61)
Unabsorbed business loss	197.00	-	-	197.00	197.00	-
Unabsorbed depreciation	2,570.91	1.13	-	2,572.04	2,572.04	-
Employee benefits	7.35	0.68	(0.97)	7.06	7.06	-
Unused Tax Credit (MAT Credit)	380.99	-	-	380.99	380.99	-
Other items	20.46	3.90	-	24.36	24.36	-
<b>Tax assets/(Liabilities)</b>	<b>883.34</b>	<b>32.82</b>	<b>(0.97)</b>	<b>915.19</b>	<b>3,181.45</b>	<b>(2,266.26)</b>

Deferred tax Asset/(Liabilities)	Net balance as on 1.04.2019	Recognized in profit or loss	Recognized in OCI	Net balance	As at 31.03.2020	
					Deferred tax Asset	Deferred tax Liability
Property, plant and equipment	(2,083.55)	(132.28)	-	(2,215.83)	-	(2,215.83)
Intangible assets	(84.02)	6.48	-	(77.54)	-	(77.54)
Unabsorbed business loss	-	197.00	-	197.00	197.00	-
Unabsorbed depreciation	2,232.46	338.45	-	2,570.91	2,570.91	-
Employee benefits	4.31	1.88	1.16	7.35	7.35	-
Unused Tax Credit (MAT Credit)	380.99	-	-	380.99	380.99	-
Other items	18.01	2.45	-	20.46	20.46	-
<b>Tax assets/(Liabilities)</b>	<b>468.20</b>	<b>413.98</b>	<b>1.16</b>	<b>883.34</b>	<b>3,176.71</b>	<b>(2,293.37)</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Unused tax credits, Deferred Tax Asset on unabsorbed business loss, unabsorbed depreciation and other temporary differences available as per the Income Tax Act, 1961 has been recognized, since, based on profitability projections, it is probable that taxable profit will be available to adjust them in future years.

**37 Employee Benefits**

Brief descriptions of the long-term employee benefit plans:

- The Company contributes 12% of the basic pay to Employee Provident Fund
- The Company has Leave Encashment and Gratuity as its defined benefit plans. Leave encashment is available to employees on accrued leave of more than 30 days. The Company provides for gratuity in accordance with the Payment of Gratuity Act, 1972.

The following table shows the components of gratuity expense recognized in the Statement of Profit and Loss and Balance sheet:

Particulars	2020-21	2019-20
<b>Change in obligation</b>		
Present value at the beginning	11.47	5.77
Interest cost	0.75	0.45
Current service cost	1.26	0.74
Benefits paid	(0.16)	(0.33)
Actuarial loss/(gain) due to:		
- change in demographic assumptions	0.12	1.50
- change in financial assumptions	(2.27)	2.26
- experience	(0.61)	1.08
Present value at the end	<b>10.56</b>	<b>11.47</b>
<b>Expenses recognized in the Statement of Profit and Loss</b>		
Interest cost	0.75	0.45
Current service cost	1.26	0.74
Expenses recognized in the Statement of Profit and Loss	<b>2.01</b>	<b>1.19</b>
Expenses recognized in Other Comprehensive income	<b>(2.76)</b>	<b>4.84</b>
<b>Amount recognized in Balance Sheet and its reconciliation</b>		
Opening net liability	11.47	5.77
Expense recognized in the Statement of Profit and Loss	2.01	1.19
Expense recognized in Other Comprehensive Income	(2.76)	4.84
Less : Benefits paid	(0.16)	(0.33)
Closing net liability recognized in the balance sheet	<b>10.56</b>	<b>11.47</b>

**BHARAT OMAN REFINERIES LIMITED**
**OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

**Note 37 Employee benefits (continued). . . . .**

Particulars	2020-21	2019-20
<b>Actuarial assumptions (in %)</b>		
Discount rate (Financial assumption)	6.86	6.56
Salary escalation rate (Financial assumption)	5.00	7.20
Attrition rate (Demographic assumption)	7.10	9.50
Mortality rate (Demographic assumption)	Indian Assured Lives Mortality (2006-08) Ult	
<b>Other Details</b>		
No. of active members	626	625
Per month salary for active members - Rs. crores	2.38	2.40
Average expected future service - in years	11.00	8.00
Projected benefit obligation (PBO) – Rs. crores	10.56	11.47
Weighted average duration of the PBO – in years	9.00	9.00
<b>Estimated expenses to be recognized in the Statement of Profit and Loss for next year</b>		
Estimated Current service cost	1.04	1.26
Estimated Net interest cost	0.72	0.75
Estimated expenses to be recognized for next year	1.76	2.01
<b>PBO payable in future years from the date of reporting</b>		
1 <sup>st</sup> following year	0.98	1.12
Sum of years 2 to 5	4.10	4.39
Sum of years 6 to 10	4.03	4.51
<b>Sensitivity analysis on PBO</b>		
Delta effect of 1% increase in rate of discounting	(0.73)	(0.77)
Delta effect of 1% decrease in rate of discounting	0.85	0.88
Delta effect of 1% increase in rate of salary escalation	0.83	0.79
Delta effect of 1% decrease in rate of salary escalation	(0.75)	(0.74)
Delta effect of 1% increase in rate of attrition	0.12	(0.04)
Delta effect of 1% decrease in rate of attrition	0.14	0.05

**38 Segment Reporting**

- a) The Company is operating under a single segment, namely, downstream petroleum sector (Refining).  
 b) In presenting the geographical information, segment revenue has been considered based on the geographic location of customers and segment's assets based on the geographic location of the respective non-current assets.

Particulars	2020-21	2019-20
Revenue (including excise duty)		
India	35,419.77	41,940.96

Particulars	31.03.2021	31.03.2020
Non-current assets (Written down value) – in India	10,796.69	11,570.33

- c) The major customer of the Company is BPCL. (Refer Note 33).

**39 Financial Instruments - fair values and risk management**

- a) Accounting classification and fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

Particulars	Carrying amount		Fair value Level 2
	FVTPL	Amortised Cost	
<b>As on 31 March 2021 (Financial Liability)</b>			
Derivative contracts	0.64	-	0.64
Subordinated loan from BPCL	-	1,254.10	1,545.59
Interest free loan from GoMP	-	1,389.81	1,354.96
<b>As on 31 March 2020 (Financial Liability)</b>			
Derivative contracts	7.38	-	7.38
Subordinated loan from BPCL	-	1,254.10	1,403.36

**BHARAT OMAN REFINERIES LIMITED****OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

Interest free loan from GoMP

-

1,280.58

1,326.75

**BHARAT OMAN REFINERIES LIMITED****OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

**Note 39 Financial Instruments - fair values and risk management (continued). . . . .**

## b) Measurement of fair values

The following tables shows the valuation techniques used in measuring Level 2 fair values.

Type	Valuation technique
Subordinated loan from BPCL and Interest free loan from GoMP	Discounted cash flows: The valuation model considers the present value of expected payment discounted using appropriate discounting rates.
Derivative instruments	Based on quotes from Banks and Financial Institutions.

## c) Financial Risk Management

The Company has exposure to the Credit risk, Liquidity risk and Market risk arising from financial instruments.

Risk Management Framework: The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established the Risk Management Committee (RMC), which is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits to control / monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted by internal audit. Internal audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is approved by the Board of Directors.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables.

Trade receivables: The Company's exposure to credit risk is minimal considering the fact that bulk of the sales are to BPCL, a large company with high credit rating. Other customers include other Oil Marketing Public Sector Undertakings.

The Company does not provide for any loss allowance on trade receivables since the receivables are from good credit rating companies.

Cash and cash equivalents: The Company held cash and cash equivalents of Rs. 41.53 crores as at 31 March 2021 (Previous year: Rs. 71.70 crores). The cash and cash equivalents are held with banks with good credit ratings and financial institutions with good market standing.

Derivatives: The derivatives are entered with reputed banks and financial institutions.

**Liquidity Risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Particulars	Carrying amount	Contractual cash flows				
		Total	Up to 1 year	1-2 years	2-5 years	> than 5 years
<b>As on 31 Mar. 2021</b>						
Non-derivative financial liabilities						
Borrowings	10,874.58	10,877.18	3,144.79	544.00	3,650.07	3,538.32
Interest (Refer note below)	65.65	2,012.40	438.49	413.32	771.13	389.46
Trade payables	1,928.73	1,928.73	1,928.73	-	-	-
Other financial liabilities	299.35	299.35	299.35	-	-	-
Derivative financial liabilities						
Forwards	0.64					
Inflow		176.41	176.41	-	-	-
Outflow		176.17	176.17	-	-	-



**BHARAT OMAN REFINERIES LIMITED**
**OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

**Note 39 Financial Instruments - fair values and risk management (continued). . . . .**

Particulars	Carrying amount	Contractual cash flows				
		Total	Up to 1 year	1-2 years	2-5 years	> than 5 years
<b>As on 31 Mar. 2020</b>						
Non-derivative financial liabilities						
Borrowings	8,151.77	8,156.80	1,705.64	259.49	2,064.92	4,126.75
Interest (Refer note below)	33.26	2,346.36	451.04	411.55	984.39	499.38
Trade payables	2,374.22	2,374.22	2,374.22	-	-	-
Other financial liabilities	402.15	402.15	402.15	-	-	-
Derivative financial liabilities						
Interest Rate Swap	5.15	5.15	5.15	-	-	-
Forwards	2.23					
Inflow		1,356.95	1,356.95	-	-	-
Outflow		1,364.14	1,364.14	-	-	-

Note: Contractual cash flows related to Interest for more than 5 years, is not considered on (a) Short-term borrowings, and (b) Subordinated loan from BPCL.

**Market Risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and commodity prices, will affect the Company's income or the value of its financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables, long term debt and commodity prices. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and commodity price risk.

**Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates, in cases where the borrowings are measured at fair value through the Statement of profit and loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to Interest rate risk: Company's interest rate risk arises from borrowings. The interest rate profile of the Company's interest-bearing long term financial instruments is as follows:

Particulars	31.03.2021	31.03.2020
Fixed-rate instruments		
Financial liabilities - measured at amortised cost	4,082.72	2,534.68
Variable-rate instruments		
Financial liabilities - measured at amortised cost	3,905.85	5,617.09
<b>Total</b>	<b>7,988.57</b>	<b>8,151.77</b>

Cash flow sensitivity analysis for variable-rate instruments: A reasonably possible decrease by 100 basis points in interest rates at the reporting date would have positive impact (before tax) by Rs. 39.06 crores and Rs. 56.17 crores for the outstanding balance as on 31.3.2021 and 31.3.2020 respectively. Similarly a reasonable possible increase by 100 basis points in interest rate would have negative impact (before tax) by same amounts.

**Currency Risk**

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. To the extent the exposures on purchases and borrowings are not economically hedged by the foreign currency denominated receivables, the Company uses derivative instruments, like, foreign exchange forward contracts to mitigate the risk of changes in foreign currency exchange and principal only swap rates. Company does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk: The currency profile in INR of financial assets and financial liabilities as on 31 March 2020 and 31 March 2019 are as below:

Particulars	Total	USD	Others
<b>As on 31 Mar. 2021</b>			
Financial assets			
Other Current financial asset	9.24	9.24	-
<b>Exposure for assets (A)</b>	<b>9.24</b>	<b>9.24</b>	-
Financial liabilities			
Long term borrowings	358.80	358.80	-
Interest accrued	0.02	0.02	-
Trade payables	1,766.11	1,765.80	0.31
Other payables	14.60	2.89	11.71
<b>Exposure for liabilities (B)</b>	<b>2,139.53</b>	<b>2,127.51</b>	<b>12.02</b>
<b>Net exposure as on 31 March 2021 (B-A)</b>	<b>2,130.29</b>	<b>2,118.27</b>	<b>12.02</b>

**BHARAT OMAN REFINERIES LIMITED****OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

**Note 39 Financial Instruments - fair values and risk management (continued). . . . .**

Particulars	Total	USD	Others
<b>As on 31 Mar. 2020</b>			
Financial assets			
Other Current financial asset	0.26	0.26	-
<b>Exposure for assets (A)</b>	<b>0.26</b>	<b>0.26</b>	-
Financial liabilities			
Long term borrowings	1,861.06	1,861.06	-
Interest accrued	7.41	7.41	-
Trade payables	2,214.19	2,214.19	-
Other payables	15.26	3.35	11.91
<b>Exposure for liabilities (B)</b>	<b>4,097.92</b>	<b>4,086.01</b>	<b>11.91</b>
<b>Net exposure as on 31 March 2020 (B-A)</b>	<b>4,097.66</b>	<b>4,085.75</b>	<b>11.91</b>

Sensitivity analysis: A reasonably possible strengthening of the Indian Rupee against USD at March 31 by 3% would have positive impact (before tax) by Rs. 63.91 crores and Rs. 122.93 crores for the net outstanding balance as on 31.3.2021 and 31.3.2020 respectively. Similarly a reasonably possible weakening of the India Rupee against USD would have a negative impact (before tax) by same amounts.

**Capital Management**

For the purpose of the Company's capital management, capital includes issued capital, convertible instruments and reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The company manages its capital structure and makes adjustments, if any, required in the light of the current economic environment and other business requirements.

**40** Determination as to whether and how much an asset is impaired, involves management's estimates of highly uncertain matters such as international prices of crude oil and products. The value in use is taken as the recoverable amount and in measuring the value in use, cash flow projection based on the forecasts and discount rate worked out on the basis of weighted average cost of capital employed have been considered. Based on cash flow projection worked out as above (which indicates that the recoverable amount is more than the carrying amount of the assets) and based on the assessment of the management, there is no indication of impairment of Property, Plant and Equipment as on the balance sheet date.

**41** The Company continues to account the exchange differences arising on reporting of long-term foreign currency monetary items outstanding as on 31st March 2016 as permitted by Para D13AA Ind AS 101 for first time adopters of Ind AS. Accordingly, an amount of Rs. 12.17 crores (Previous year: Loss Rs. 84.12 crores) being the net exchange gain on account of restatement of long term foreign currency loans taken for the purpose of acquisition of Property, Plant and Equipment has been adjusted to the cost of asset to be amortized over the balance useful life of Property, Plant and Equipment.

**42 Leases**

(a) Additions to right of use assets and its carrying value as on that date:

Particulars	2020-21	2019-20
Addition of right-of-use assets that do not meet the definition of investment property	-	243.80
Depreciation charged during the year	15.01	15.00
Carrying value of Right-of-use assets	213.79	228.80

(b) Maturity Analysis of Lease liabilities

Maturity analysis –contractual undiscounted cash flows	31.03.2021	31.03.2020
Less than one year	26.00	26.00
One to five years	104.00	104.00
More than five years	240.50	266.50
<b>Total undiscounted lease liabilities for the year ended*</b>	<b>370.50</b>	<b>396.50</b>
Lease liabilities included in the statement of financial position*		
Current	9.27	8.61
Non-current	217.94	227.21

\*On account of Ind AS 116 application w.e.f. 1.4.2019, the lease period considered together with option of lease extension.

(c) Amounts recognised in the statement of profit or loss

Particulars	2020-21	2019-20
Depreciation	15.01	15.00
Interest on right of use obligation	17.39	18.01
Expenses relating to short-term leases	0.28	0.35

**BHARAT OMAN REFINERIES LIMITED****OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

₹ in crores

**Note 42 Leases (continued). . . . .**

(d) Amount recognised in the statement of cash flows

<b>Particulars</b>	<b>2020-21</b>	<b>2019-20</b>
Total cash outflow for leases	26.00	26.00

**43** Revenue from contracts with customers disaggregated by primary geographical market is disclosed in Note No. 38 . The company operating under a single segment, namely, downstream petroleum sector (Refining) and have arrangements with BPCL for the upliftment of its product. The trade receivables are short term in nature as referred in Note No. 7. The Company recognises revenue when it satisfies a performance obligation by transferring a promised good to a customer from its Marketing terminal.

**44** The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Company has, at the date of approval of the financial statements, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of the same.

As per our attached report of even date

**For and on behalf of**  
**C N K & Associates LLP**Chartered Accountants  
FRN: 101961W / W100036

Sd/-

**Vijay Mehta**Partner  
Membership No. 106533**For and on behalf of the Board of Directors of**  
**Bharat Oman Refineries Limited**

Sd/-

**M. B. Pimpale**  
Managing Director

Sd/-

**Manoj Heda**  
Chief Financial Officer

Sd/-

**K. Padmakar**  
Chairman

Sd/-

**Shubhendu Tewari**  
Company Secretary

Mumbai: 10 May 2021

# **BHARAT OMAN REFINERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

## **1 (a) Company Overview**

Bharat Oman Refineries Limited ("BORL", "Company") is jointly controlled by Bharat Petroleum Company Limited ("BPCL") and OQ S.A.O.C {formerly known as Oman Oil Company S.A.O.C (OOC)}. Pursuant to conversion of warrants during financial year 2019-20, the shareholding between BPCL & OQ S.A.O.C is 63.38% and 36.62% respectively in company's paid up share capital as disclosed in Note No. 11.

The Company is engaged in the business of refining of crude oil at Bina, Dist. Sagar, Madhya Pradesh. The processing capacity of the company is 7.8 million metric tonnes per annum (MMTPA). The Company also has a Single Point Mooring System (SPM) and Crude Oil Terminal (COT) at Vadinar, Gujarat and a 935 km long pipeline from Vadinar to Bina for crude oil supply on a dedicated basis to the refinery. The Company commenced commercial operations on 30<sup>th</sup> June, 2011.

## **(b) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **I. Basis for preparation:**

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (Act) read with Rule 4A of Companies (Accounts) Second Amendment Rules, 2015, Companies (Indian Accounting Standards) Rules, 2015; and the other relevant provisions of the Act and Rules thereunder. The Financial Statements have been prepared under historical cost convention basis except for certain financial assets and financial liabilities measured at fair value.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Company's presentation and functional currency is Indian Rupees (₹).

These financial statements were authorized for issue by the Company's Board of Directors in its meeting held on 10 May 2021.

### **II. Use of Judgement, Assumptions and Estimates**

The preparation of the Company's financial statements requires management to make informed judgements, reasonable assumptions and estimates that affect the amounts reported in the financial statements and notes thereto. Uncertainty about these could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in the future periods. These assumptions and estimates are reviewed periodically based on the most recently available information. Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

In the assessment of the Company, the most significant effects of use of judgments and/or estimates on the amounts recognized in the financial statements related to the following areas:

- Assessment of functional currency;
- Financial instruments;
- Useful life of property, plant and equipment and intangible assets;

# **BHARAT OMAN REFINERIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

- Valuation of inventories;
- Measurement of recoverable amounts of assets / cash-generating units for impairment;
- Assets and obligations relating to employee benefits;
- Evaluation of recoverability of deferred tax assets; and
- Provisions and Contingencies.

### **III. Property, Plant and Equipment**

- a) The cost of an item of property, plant and equipment is recognized as an asset only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably;
- b) Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment loss, if any;
- c) 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 bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation (if any) and the applicable borrowing cost till the asset is ready for its intended use;
- d) Catalysts which have useful life of more than one year are capitalised as Property, Plant and Equipment;
- e) For Goods and Service Tax (GST) Input tax credit on common capital goods, the Company takes full credit and reverse the non-GST portion to the respective asset in the month of procurement. In subsequent months, the differential amount on account of change in GST /Non-GST ratio is charged to the Statement of Profit and Loss subject to materiality threshold limit of Rs. 5,00,000 (differential) each per item per month. Beyond the threshold limits, the amounts are recognized in the cost of the respective assets;
- f) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company;
- g) Cost of major replacement and overhaul is recognised as an asset only if the recognition criteria mentioned in (a) above are satisfied. The carrying amount of replaced part is derecognised regardless of whether the replaced part had been depreciated separately. Where it is not practicable to determine the carrying amount of replaced part, cost of the replacement is used as an indication of what the cost of replaced asset was at the time it was acquired;
- h) Expenditure on assets not exceeding Rs. 1,000 per item is charged to revenue;
- i) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds if

# **BHARAT OMAN REFINERIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

- any and the carrying amount of the asset) is recognized in the Statement of Profit and Loss when the asset is derecognised;
- j) Major spare parts which meet the definition of property plant and equipment are capitalized as property, plant and equipment. In other cases, the spare parts are inventoried on procurement and charged to Statement of Profit & Loss on issue/consumption;
  - k) Direct expenses incurred during construction period on capital projects are capitalised;
  - l) On the date of transition to Ind AS, the Company has elected to continue with the carrying value of the property, plant and equipment existing as at 1<sup>st</sup> April 2015 as per previous Generally Accepted Accounting Principles or GAAP (Accounting Standards prescribed under Sec 133 of the Act read with Rule (7) of the Companies (Accounts) Rules, 2014) and use that as its deemed cost.

#### **IV. Depreciation**

- a) Depreciation on property, plant and equipment is provided on the straight-line basis, over the useful lives of assets (after retaining the residual value of up to 5%). The useful lives determined are in line with the useful lives as prescribed in the Schedule II of the Act;
- b) The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the period in which the estimates are revised and in any future periods affected. In case of catalyst with noble metal content, residual value is considered based on cost of metal content;
- c) Items of property, plant and equipment costing not more than Rs. 5,000 each are depreciated at 100 percent in the year in which they are capitalised;
- d) Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated separately over their estimated useful life. Useful lives of such components are assessed based on historical experience and internal technical assessment. For this purpose, each Process Unit in the Refinery is considered as a main asset;
- e) The spare parts are depreciated over the estimated useful life based on internal technical assessment;
- f) Depreciation is charged on additions / deletions on pro-rata monthly basis including the month of addition / deletion;
- g) Depreciation is charged on the cost of major replacement and overhaul over the expected period till the next overhaul expenditure;
- h) Depreciation on catalyst is charged on straight line method basis over the useful life guaranteed by the licensor ranging from one year to eight years;

# **BHARAT OMAN REFINERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

## **V. Intangible Assets and Amortisation**

- a) Intangible assets are carried at cost net of accumulated amortization and accumulated impairment loss (if any);
- b) In cases where, the Company has constructed assets like Single Point Mooring system (SPM) and sub-sea pipeline, the ownership of which is not with the Company and the Company has only a licence and preferential right to use, these assets are classified as intangible assets and are amortised over their useful life or the period of the licence agreement, whichever is lower;
- c) The useful lives of intangible assets are assessed as either finite or indefinite;
- d) 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. Whether the basis of indefinite life continues to be supportable is reviewed annually. If not, the change in useful life from indefinite to finite is made on a prospective basis;
- e) Intangible assets with a finite life are amortised over their estimated useful life;
- f) The amortisation expense on intangible asset with finite useful lives and impairment loss (if any) is recognised in the Statement of Profit and Loss;
- g) The useful life of SPM and sub-sea pipeline is estimated at 25 years and other intangible assets of the Company having finite life such as computer software at 5 years;
- h) On transition to Ind AS, the Company has elected to continue with the carrying value of the intangible assets existing as at 1<sup>st</sup> April 2015 as per previous GAAP and use that as its deemed cost.

## **VI. Inventories**

Inventories are stated at cost or net realizable value, whichever is lower. Cost of inventories comprises of expenditure incurred in the normal course of business in bringing inventories to their present location, including appropriate overheads apportioned on a reasonable and consistent basis and are determined on the following basis:

- a) Raw materials and finished goods on First in First Out basis;
- b) Intermediates at raw material cost plus cost of conversion;
- c) Stores and spares on weighted average basis.

Customs duty on raw materials / finished goods lying in bonded warehouse is provided for at the applicable rates except where liability to pay duty is transferred to consignee. Excise duty on finished stocks lying in bond is provided for at the applicable assessable value.

# **BHARAT OMAN REFINERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

## **VII. Revenue Recognition**

Sale of goods: Revenue from the sale of goods is recognised when the performance obligation is satisfied by transferring the related goods to the customer. The performance obligation is considered to be satisfied when the customer obtains control of the goods.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable (after including fair value allocations related to arrangements involving more than one performance obligation), net of returns, taxes or duties collected on behalf of the Government and applicable trade discounts or rebates;

Interest income is recognized using effective interest rate (EIR) method;

Income from sale of scrap is accounted for on realisation;

Claims, including insurance claims, are accounted for when there is a reasonable certainty of recovery. Claims are reviewed on a periodic basis and if recovery becomes uncertain, provision is made in the accounts.

## **VIII. Government Grants**

Government grants are recognized to the extent they are received in cash or kind;

When the grant relates to an expense item, the same is deducted in reporting the related expense in the Statement of Profit or Loss for which it is intended to compensate;

Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic basis over the useful life of the asset;

Grants related to income are deducted in reporting the related expense;

The benefit of a Government Loan, free of interest / at a below-market rate of interest received at a date later than date of transition to Ind AS (i.e., 1<sup>st</sup> April 2015) is treated as a deferred Government Grant and is recognised at difference between the carrying value of the loan and the proceeds received.

## **IX. Employee Benefits**

Short term employee benefits are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss for the period in which the related services are rendered;

The Company's post-employment benefit consists of provident fund and gratuity. The Company also provides for leave encashment which is in the nature of long-term benefit;

Company's contributions to defined contribution plans such as provident fund is recognised as an expense in the Statement of Profit and Loss for the period in which the services are rendered;

Liabilities towards gratuity and leave encashment are determined on actuarial valuation by qualified actuaries at the balance sheet date by using Projected Unit Credit method. The current service cost, past service costs and the interest cost (calculated by applying the



# **BHARAT OMAN REFINERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

discount rate to the balance of the obligation) are included in employee benefit expense in the Statement of Profit and Loss;

Actuarial gains and losses are recognised in other comprehensive income for gratuity and recognised in the Statement of Profit and Loss for leave encashment.

## **X. Leases**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration. The Company reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

### As a Lessee

At the commencement date, company recognises a right-of-use (RoU) asset at cost and a lease liability at present value of the lease payments that are not paid at commencement date. The Lease Payments is discounted using Company's incremental borrowing rate on periodic basis. Subsequently, RoU asset is depreciated over lease term and lease liability is reduced as payments are made and an imputed finance cost on lease liability is recognised in Statement of Profit and Loss using the Company's incremental borrowing rate;

If a lease, at the commencement date, has a lease term of 12 months or less, it is treated as Short term lease. Lease payments associated with short term leases are treated as an expense on systematic basis.

### As a Lessor

The company classify each of its leases as either an operating lease or a finance lease.

#### Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Company recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

#### Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Company recognise lease payments from operating leases as income on systematic basis in the pattern in which benefit from the use of the underlying asset is diminished.

## **XI. Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences in relation to borrowings denominated in foreign currency to the extent regarded as an adjustment to the borrowing costs;

Exchange differences are regarded as an adjustment to borrowing costs for an amount equivalent to the extent to which an exchange loss does not exceed the difference between

# **BHARAT OMAN REFINERIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

the cost of borrowing in functional currency when compared to the cost of borrowing in a foreign currency and the amount of gain in relation to any settlement or translation of a borrowing, to the extent of any unrealised loss in respect of the same borrowing, previously recognised as an adjustment to such borrowing cost;

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets till the month in which the asset is ready for use. All other borrowing costs are charged to the Statement of Profit and Loss.

### **XII. Foreign Currency Transactions**

#### **Monetary items:**

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition;

Monetary assets and liabilities denominated in foreign currencies are translated at spot rates of exchange at the reporting date;

Foreign exchange differences on long-term foreign currency monetary items outstanding as of 31<sup>st</sup> March 2016, relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance useful life of the asset. Other exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

#### **Non – Monetary items:**

Non-monetary items that are measured in terms of historical cost are recorded at the exchange rates at the dates of the initial transactions.

### **XIII. Provisions, Contingent Liabilities and Contingent assets**

- a) Provisions are recognized when there is a present obligation (legal or constructive) 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. The expenses relating to a provision are recognised in the Statement of Profit and Loss net of any reimbursement;
- b) If the effect of time value of money is material, provisions are shown at present value of expenditure expected to be required to settle the obligation, by discounting using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;
- c) Contingent liabilities are possible obligations arising from past events and whose existence will only be confirmed by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required to settle

# **BHARAT OMAN REFINERIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote;

- d) Contingent Assets are disclosed in the Notes in respect of possible assets that arise from past events and whose existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company and where inflow of economic benefit is probable;
- e) Contingent liabilities and Contingent assets disclosed are in respect of items which exceed Rs. 5,00,000 in each case.

### **XIV. Fair Value measurement**

- a) The Company measures financial instruments i.e. derivative contracts at fair value at each balance sheet date;
- b) Fair value is the price that would be received on selling an asset or paid to transfer a liability 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 Company has access at that date;
- c) While measuring the fair value of an asset or liability, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure the fair value using observable market data as far as possible and minimising the use of unobservable inputs. Fair values are categorised into three levels as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the assets or liability, either directly (i.e. as prices for similar item) or indirectly (i.e. derived from prices);

Level 3: inputs that are not based on observable market data (unobservable inputs).

### **XV. Financial Assets other than derivatives**

All financial assets are recognised initially at fair values including transaction costs that are attributable to the acquisition of the financial asset;

A financial asset is derecognised either partly or fully to the extent the rights to receive cash flows from the asset have expired and / or the control on the asset has been transferred to a third party. On de-recognition, any gains or losses are recognised in the Statement of Profit and Loss.

Subsequent measurement is determined with reference to the classification of the respective financial assets. Based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit and loss.

# **BHARAT OMAN REFINERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

## Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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 measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

## Debt instruments at Fair value through Other Comprehensive Income (FVOCI)

A 'debt instrument' is measured at the fair value through Other Comprehensive Income if both the following conditions are met:

The asset is held within a business model whose objective is achieved by both

- collecting contractual cash flows and selling financial assets and
- contractual terms of the asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

After initial measurement, these assets are subsequently measured at fair value. Interest income under effective interest method, foreign exchange gains and losses and impairment losses are recognised in the Statement of Profit and Loss. Other net gains and losses are recognised in other comprehensive Income.

## Debt instruments at Fair value through Profit or Loss (FVTPL)

Fair Value through Profit or Loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation at amortised cost or as FVOCI, is classified as FVTPL.

After initial measurement, any fair value changes including any interest income, foreign exchange gain and losses, impairment losses and other net gains and losses are recognised in the Statement of Profit and Loss separately.

## **XVI. Financial Liabilities other than derivatives**

All financial liabilities are recognised initially at fair value net of transaction costs that are attributable to the respective liabilities;

After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate method ("EIR"). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss;

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original

# **BHARAT OMAN REFINERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss;

Debentures which do not carry any obligation to make interest payments and which are Compulsorily Convertible into equity shares are classified as equity instrument under "Other Equity".

## **XVII. Derivative financial instruments**

The Company uses derivative financial instruments, such as foreign exchange forward contracts and currency swaps to manage its exposure to foreign exchange risks;

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value with the 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.

## **XVIII. 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.

## **XIX. Classification of Assets and Liabilities as Current and Non-Current:**

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle (considered as 12 months) and other criteria set out in Schedule III of the Act.

## **XX. Impairment**

### **Non-financial Assets**

At each Balance Sheet date, an assessment is made of whether there is any indication of impairment. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of, the asset's or Cash-Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets;

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# **BHARAT OMAN REFINERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

## **Financial Assets**

The Company 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 right from initial recognition. In respect of other financial assets measured at amortised cost, the loss allowance is measured at 12-month ECL for financial assets with low credit risk at the reporting date. Where there is a significant deterioration in the credit risk, the loss allowance is measured since initial recognition of the financial asset.

## **XXI. Taxes on Income**

### **Current Tax**

Income-tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

### **Deferred tax**

Deferred tax (both assets and liabilities) is calculated using the balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date;

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The amount of deferred tax assets is reviewed at each reporting date;

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date;

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority;

Current tax and Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss or Other Comprehensive Income.

# **BHARAT OMAN REFINERIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

## **XXII. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period;

Diluted earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period, adjusted for the effect of all dilutive potential equity shares.

## **XXIII. Cash and Cash equivalents**

Cash and cash equivalents include cash at bank, cash, cheques and draft on hand. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

## **XXIV. Cash Flows**

Cash flows are reported using the indirect method, where by 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.

## **XXV. Recent Pronouncements**

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

# **BHARAT OMAN REFINERIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2021**

- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

### Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments will not have any significant impact on the financial statements of the company.