

Bharat Petroleum Corporation Limited ♦ Twenty Seventh Annual Report 1979-80



BHARAT PETROLEUM CORPORATION LIMITED

Board of Directors

R. N. BHATNAGAR
Chairman and Managing Director

R. M. BHANDARI

R. K. BHARGAVA

S. L. KHOSLA

U. M. KINI
Finance Director

Secretary

P. J. KISHINCHANDANI

Joint Auditors

BATLIBOI & PUROHIT
K. S. AIYAR & CO.

Registered Office

BHARAT BHAVAN
4 & 6 CURRIMBHOY ROAD
BALLARD ESTATE
BOMBAY-400 038

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Twenty-seventh Annual Report together with the audited Statement of Accounts of the Corporation for the year ended 31st March 1980.

FINANCIAL RESULTS

	(Rupees in lakhs)	
	1979-80	1978-79
2. Profit before depreciation amounted to	3253.01	2910.14
Deducting therefrom depreciation	770.96	455.10
Profit before tax amounted to	2482.05	2455.04
Deducting therefrom provision for taxation	1505.00	1589.00
Profit after tax is	977.05	866.04
Adding thereto		
(a) Transfer from Development Rebate Reserve	20.80	46.50
(b) Excess provision for taxation in earlier years written back	111.46	—
(c) Balance of profit from previous year after payment of dividend	0.64	0.35
Amount available for disposal is	1109.95	912.89
which the Directors have appropriated as under		
(a) Investment Allowance Reserve	84.50	17.79
(b) General Reserve	850.00	720.00
(c) Proposed Dividend	174.46	174.46
	1108.96	912.25
Leaving a balance of carried to balance sheet	0.99	0.64

DIVIDEND

3. With a view to conserving cash resources for financing of capital intensive projects, your Directors propose to maintain the dividend at the same level as in the previous year. Accordingly, they recommend a dividend

@ 12% on Equity Shares (@ Rs. 12 per fully paid share and Rs. 7.5756 per partly paid share) amounting to Rs. 1,74,46,002, which will be paid if approved by the shareholders at the Annual General Meeting.

FINANCES

4. The Corporation did not take any term loans during the year under report. On the other hand, short term borrowings from banks stood at Rs. 7.73 crores as at 31st March, 1980 as against Rs. 3.38 crores as at 31st March, 1979. Internal cash generation amounted to Rs. 16.85 crores compared to Rs. 11.47 crores last year. To meet the increased working capital requirements of the Corporation, cash credit upto Rs. 36 crores has been approved by the Reserve Bank of India.

NET WORTH

5. The net worth of the Corporation increased by Rs. 9.14 crores from Rs. 46.45 crores as at 31st March 1979 to Rs. 55.59 crores as at 31st March 1980. The paid up share capital remained unaltered at Rs. 14.54 crores.

REFINING

6. **Crude Consumption:** Crude consumption during the year under report was 4.84 million tonnes (inclusive of 3.52 million tonnes of Bombay High crude) as against 4.71 million tonnes (including 2.87 million tonnes of BH crude) in the previous year, reflecting an increase of 2.8%. Eleven different crudes (including Ferreidoon crude from Iran for the first time) were processed during the year.

7. **Production:** (a) Total production of refined products during the year was 4.62 million tonnes as compared to 4.59 million tonnes in the previous year, registering a modest rise of 0.6%. LPG production at 80,569 tonnes was slightly lower than the previous year's production of 82,022 tonnes primarily due to higher quantum of Bombay High crude in the mix. ATF production at 26,410 tonnes was very low. This was due to—

- (i) unsuitability of most of the Middle East crudes processed for ATF make with existing facilities;
- (ii) unsteady distiller conditions when processing ME crudes as a result of high water, sludge and salt contents; and
- (iii) ATF tankage problems.

However, production of low sulphur heavy stock (LSHS) rose by 22.4% from 509,890 tonnes in the previous year to 624,226 tonnes this year due to further increase in BH crude processing from 61% to 73% of crude mix.

Similarly, hexane production at 14,438 tonnes (from own as well as HPC feedstock) was the highest ever made.

(b) The yield of middle distillates at 54.7% by weight on crude this year was lower than the corresponding yield of 55.5% in the previous year. This was mainly due to—

- (i) higher crude intake rates;
- (ii) heavier Middle East crudes in the crude mix despite higher proportion of BH crude; and
- (iii) scheduled biennial cat cracker shutdown for 34 days.

However, the refinery fuel and loss (excluding product transfer loss) during the year was lower at 4.68% by weight on crude processed as against 4.98% in the previous year.

(c) As stated under (b) above, a major shutdown of the cat cracker complex was carried out after an uninterrupted run of 734 days (longest so far). During this planned shutdown, a new flue gas boiler was installed, all the 13 cyclones in reactor/regenerator, reactor/regen standpipe bellows and all the underground electrical cables (approximately 25 km) were replaced. These equipments having rendered prolonged service were due for replacement. Extensive repairs to regen refractory lining and reactor striplining were also undertaken and the turbo-blower was overhauled.

8. **Facilities for processing Bombay High crude including inter-refinery optimisation :** Most of the work on facilities for processing of 4.6 million tonnes per annum of Bombay High crude neat and operational integration of the Corporation's refinery with HPCL refinery has been completed, except for crude desalter, permanent facilities for processing raw hexane, package heater for VTB, few pumps and motors, steam boiler and steam coils in 5 out of the 13 crude tanks.
9. **Facilities for Storage and Filling of LPG :**
 - (a) **At Refinery :** All the three new spheres for the storage of LPG have been commissioned. Work on the new bottling plant and the new bulk loading facilities is in progress and is expected to be completed by October 1980.
 - (b) **At Shakurbasti :** Work on the two new spheres and the expansion of the bottling plant is in progress and is planned to be completed by March 1981.
10. **Safety :** One million manhours without lost time accident were achieved once again during the year. Stress on safety was continued

throughout the year, and a safety audit team was appointed to go into all aspects of safety and to make specific recommendations for its further improvement.

11. **Import substitution :** Discussions were held with a number of small-scale industries with a view to procuring our requirements of spares for refinery equipment within the country. Imports now are generally limited to those items for which sophisticated design/metallurgy developments in the country have not taken place.

MARKETING

12. Total sales during the year amounted to 4.97 million tonnes compared to 4.60 million tonnes in the previous year. The Corporation's market participation stood at 16.7% as against 16.3% last year. The turnover increased from Rs. 777.12 crores in the previous year to Rs. 936.18 crores during the year under report. Foreign exchange earnings through international aviation and bunker sales at Rs. 67.99 crores were higher by Rs. 24.63 crores as compared to last year.
13. The total number of retail outlets at the end of March 1980 stood at 3302 as against 3281 on 31st March 1979. 9 Multi-Purpose Distribution Centres and 3 Farm Fuel Outlets were commissioned in the year under review raising their number to 69 and 31 respectively.
14. During the year, the Corporation imported 10,955 tonnes of LPG to cover the industry's shortfall in the indigenous production. Similarly, to supplement the indigenous availability, 11,100 tonnes of wax were imported.

DISTRIBUTION

15. At the end of the year, the Corporation had 5 Port Installations, 2 Lubricating Oil Blending Plants and 61 Bulk Depots with total tankage of 6.26 lakh kls. The throughput of products handled rose from 156.46 lakh kls. in 1978-79 to 164.78 lakh kls. in 1979-80. During the year under review, your Corporation has added 30 new Company-owned and operated tanklorries for use at Depots and Installations.

MAJOR PROJECTS

16. **Aromatics from Bombay High Naphtha :** Government approval has been received for Phase I of the Project estimated to cost Rs. 13.12 crores for the manufacture of 61,000 tonnes per annum of benzene and 16,000 tonnes per annum of toluene. This project is expected to be completed by 1984. The Corporation has also submitted to Government for approval a Feasibility Report

for Phase II of the Project to increase benzene production from 61,000 t/a to 185,900 t/a, manufacture 61,700 t/a of p-xylene and 30,800 t/a of o-xylene and in the process upgrade toluene into benzene, by utilising 5,43,000 t/a of 60-140° naphtha cut from 3 million t/a of Bombay High crude. This project is estimated to cost Rs. 88.47 crores.

17. **Additional Secondary Processing Facilities :** Government approval has been received for debottlenecking of primary crude distillation unit to raise the crude distilling capacity to 6 million t/a for any combination of BH and ME crudes and for providing matching secondary processing facilities with the necessary auxiliary facilities at a total estimated cost of Rs. 36.05 crores. Primary work has started and this project is expected to be completed by 1984.
18. **Sulphur Recovery Plant :** With a view to improving environment, a Feasibility Report for the installation of a Plant at the refinery to recover 5,700 t/a of sulphur from sulphur dioxide has been submitted to Government for approval (estimated cost Rs. 3.19 crores).
19. **Marketing of incremental LPG — Phase II :** The Corporation has also submitted a Feasibility Report for marketing additional quantity of 47,000 t/a of LPG that would be available from Mathura refinery and Koyali FCCU. The cost of the project (excluding deposits from customers) is estimated at Rs. 22.20 crores.

OUTLOOK

20. Under the Sales Plan for 1980-81, your Corporation's entitlement has been fixed at 5.88 million tonnes representing a growth of 9.36% over the last year's Sales Plan of 5.38 million tonnes as against the anticipated Industry growth of 7.56%.

PERSONNEL

21. Industrial relations continued to be generally cordial with no major unrest during the year. In Madras/Ernakulam Regions, there was work-to-rule/go slow agitations and a partial six days strike in Madras Installation. Negotiations for a long Term Settlement in Ernakulam/Bombay/Delhi Regions have reached an advanced stage.
22. Training and development of personnel continued to receive high priority. Besides imparting training at the Corporation's Training Centres and "on the job" training, employees were sent to outside training courses and seminars.

23. The total number of foreign tours undertaken by the officers during the year was 7 and the total expenditure incurred amounted to Rs. 1.25 lakhs.

24. Particulars of employees required under Section 217(2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are set out in Annexure I to this report.

SUBSIDIARY COMPANIES

25. It was reported last year that two subsidiary companies of your Corporation, viz. Burmah-Shell Provident Trust Private Limited and Burmah-Shell Pensions Trust Private Limited, had requested the Registrar of Companies, Maharashtra, to strike their names off the Register under Section 560 of the Companies Act, since, with the establishment of the Provident, Gratuity and Pension Trust Funds, these subsidiary companies had no function to perform. Accordingly, the names of these two subsidiary companies were struck off the Register by the Registrar of Companies and they were dissolved with effect from 31st March, 1980.

DIRECTORS

26. Under Article 76 of the Articles of Association of the Corporation, all Directors, except Shri R. N. Bhatnagar, Chairman & Managing Director and Shri U. M. Kini, Finance Director, will retire at the conclusion of the ensuing Annual General Meeting.

AUDITORS

27. The present Auditors of the Corporation, M/s. Batliboi & Purohit and M/s. K. S. Aiyar & Co., will retire at the conclusion of the Annual General Meeting. Auditors for the year 1980-81 will be appointed by the Central Government under section 619(2) of the Companies Act, 1956.

ACKNOWLEDGEMENT

28. The Directors express their thanks for the guidance and support received from the Government of India and the various State Governments. The Directors also wish to place on record their appreciation of the sincere and devoted services rendered by the employees of the Corporation.

For and on behalf of the
Board of Directors
R. N. BHATNAGAR
Chairman

Bombay,
23rd August, 1980

BHARAT PETROLEUM CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1980

	Schedule	Rs.	Rs.	Rs.	1979 Rs.
I. SOURCES OF FUNDS					
(1) Shareholders' Funds:					
(a) Capital	A		14,53,83,350		14,53,83,350
(b) Reserves & Surplus	B		41,05,29,419		31,91,24,348
				55,59,12,769	46,45,07,698
(2) Loan Funds:					
(a) Secured Loans	C		—		3,13,34,123
(b) Unsecured Loans	C		7,72,55,465		24,93,918
				7,72,55,465	3,38,28,041
Total				63,31,68,234	49,83,35,739
II. APPLICATION OF FUNDS					
(1) Fixed Assets:					
(a) Gross Block	D		60,52,54,904		50,46,63,679
(b) Less: Depreciation	D		37,23,22,932		29,86,88,758
(c) Net Block	D		23,29,31,972		20,59,74,921
(d) Capital Work-in-Progress (At Cost) (includes materials at site and advance payments)			13,27,91,421		7,65,44,244
				36,57,23,393	28,25,19,165
(2) Investments	E			11,36,900	11,39,395
(3) Current Assets, Loans & Advances:					
(a) Inventories	F	158,53,92,996			73,88,25,817
(b) Sundry Debtors	G	22,81,88,740			7,04,14,981
(c) Cash & Bank Balances	H	33,95,45,358			45,71,18,850
(d) Other Current Assets	I	40,59,580			50,75,338
(e) Loans & Advances	J	14,82,47,458			17,35,82,683
			230,54,34,132		144,50,17,669
Less: Current Liabilities & Provisions:					
(a) Liabilities	K	200,48,92,526			118,49,60,528
(b) Provisions	L	3,42,33,665			4,53,79,962
			203,91,26,191		123,03,40,490
Net Current Assets				26,63,07,941	21,46,77,179
Total				63,31,68,234	49,83,35,739
Capital commitments and Contingent Liabilities	M				
Notes forming Part of Accounts	U				

R. N. BHATNAGAR
Chairman & Managing Director
U. M. KINI
Finance Director
P. J. KISHINCHANDANI
Secretary
Bombay, 23rd August, 1980

As per our Report attached

For and on behalf of BATLIBOI & PUROHIT Chartered Accountants N. T. DALAL Partner	For and on behalf of K. S. AIYAR & CO. Chartered Accountants ARJUN K. S. AIYAR Partner
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BHARAT PETROLEUM CORPORATION LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1980

	Schedule	Rs.	Rs.	1979 Rs.
INCOME :				
Sale of Products		936,17,66,707		777,12,38,490
Miscellaneous Income	N	9,79,76,845		7,09,96,818
Increase in Inventory of Finished Products	O	<u>32,74,58,052</u>		<u>9,80,96,376</u>
			978,72,01,604	<u>794,03,31,684</u>
EXPENDITURE & CHARGES :				
Purchase of Products for Resale ...		97,57,27,477		36,99,41,139
Raw Materials Consumed		422,84,71,751		334,12,80,658
Packages Consumed		9,72,67,548		7,44,75,324
Duties etc. & Other charges applicable to Products		347,97,59,099		324,48,81,107
Transportation		28,56,71,779		24,73,29,016
Stores, Spares & Materials	P	10,90,50,008		9,93,61,402
Fuel & Power	Q	1,98,71,351		1,68,38,232
Employees' Remuneration & Other Benefits	R	12,40,67,964		12,02,67,075
Other Operating & Administration Expenses	S	15,41,42,588		13,47,36,459
Depreciation		<u>7,70,96,157</u>		<u>4,55,10,103</u>
			955,11,25,722	<u>769,46,20,515</u>
Profit			23,60,75,882	24,57,11,169
Prior Years' Income/(Expenses) Net ...	T		1,21,28,846	(2,07,201)
Profit before Tax			<u>24,82,04,728</u>	<u>24,55,03,968</u>
Provision for Taxation		15,05,00,000		15,89,00,000
Investment Allowance Reserve		<u>84,50,000</u>		<u>17,78,826</u>
			15,89,50,000	<u>16,06,78,826</u>
Profit after Tax			8,92,54,728	8,48,25,142

BHARAT PETROLEUM CORPORATION LIMITED

	Schedule	Rs.	Rs.	1979 Rs.
Profit after Tax brought down			8,92,54,728	8,48,25,142
Balance from Last Account			<u>64,320</u>	<u>35,180</u>
			8,93,19,048	8,48,60,322
Transfer from Development Rebate Reserve No. 1		20,80,000		46,50,000
Excess Provision for Taxation in earlier years written back		<u>1,11,46,345</u>	<u>1,32,26,345</u>	—
Disposable Profit			10,25,45,393	8,95,10,322
Appropriations : Proposed Dividends		1,74,46,002		1,74,46,002
Transferred to General Reserve		<u>8,50,00,000</u>		<u>7,20,00,000</u>
			10,24,46,002	8,94,46,002
Balance carried to Balance Sheet			<u>99,391</u>	<u>64,320</u>
Notes forming part of Accounts	U			

R. N. BHATNAGAR
Chairman & Managing Director
 U. M. KINI
Finance Director
 P. J. KISHINCHANDANI
Secretary
 Bombay, 23rd August, 1980

As per our Report attached

For and on behalf of BATLIBOI & PUROHIT <i>Chartered Accountants</i> N. T. DALAL <i>Partner</i>	For and on behalf of K. S. AIYAR & CO. <i>Chartered Accountants</i> ARJUN K. S. AIYAR <i>Partner</i>
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BHARAT PETROLEUM CORPORATION LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1980

	Rs.	Rs.	1979 Rs.
SCHEDULE A			
SHARE CAPITAL			
(i) Authorised :			
2,00,000 Preference Shares of Rs. 100 each		2,00,00,000	<u>2,00,00,000</u>
11,50,000 'A' Ordinary Shares of Rs. 100 each	11,50,00,000		<u>11,50,00,000</u>
11,50,000 'B' Ordinary Shares of Rs. 100 each	<u>11,50,00,000</u>		<u>11,50,00,000</u>
		<u>23,00,00,000</u>	<u>23,00,00,000</u>
		<u>25,00,00,000</u>	<u>25,00,00,000</u>
(ii) Issued and Subscribed :			
11,50,000 'A' Ordinary Shares of Rs. 100 each	11,50,00,000		<u>11,50,00,000</u>
11,50,000 'B' Ordinary Shares of Rs. 100 each	<u>11,50,00,000</u>		<u>11,50,00,000</u>
		<u>23,00,00,000</u>	<u>23,00,00,000</u>
(iii) Paid up :			
2,500 'A' Ordinary Shares of Rs. 100 each fully called up and paid in Cash	2,50,000		<u>2,50,000</u>
11,47,500 'A' Ordinary Shares of Rs. 100 each called up at Rs. 63.13 and paid in Cash	<u>7,24,41,675</u>		<u>7,24,41,675</u>
		<u>7,26,91,675</u>	<u>7,26,91,675</u>
2,500 'B' Ordinary Shares of Rs. 100 each fully called up and paid in Cash	2,50,000		<u>2,50,000</u>
11,47,500 'B' Ordinary Shares of Rs. 100 each called up at Rs. 63.13 and paid in Cash	<u>7,24,41,675</u>		<u>7,24,41,675</u>
		<u>7,26,91,675</u>	<u>7,26,91,675</u>
		<u>14,53,83,350</u>	<u>14,53,83,350</u>

BHARAT PETROLEUM CORPORATION LIMITED

1979

Rs. Rs. Rs.

SCHEDULE B

RESERVES AND SURPLUS

(i) Capital Reserve:				
As per last Balance Sheet	16,59,57,714			16,53,05,439
Transfer from Development Rebate Reserve No. 2	5,92,213			6,52,275
		16,65,49,927		16,59,57,714
(ii) Development Rebate Reserve No. 1:				
As per last Balance Sheet	43,62,210			90,12,210
Less: Transfer to Profit & Loss Account	20,80,000			46,50,000
		22,82,210		43,62,210
(iii) Development Rebate Reserve No. 2:				
As per last Balance Sheet	21,05,117			27,57,392
Transferred to Capital Reserve	5,92,213			6,52,275
		15,12,904		21,05,117
(iv) General Reserve:				
As per last Balance Sheet	14,03,56,161			6,83,56,161
Transfer from Profit and Loss Account	8,50,00,000			7,20,00,000
		22,53,56,161		14,03,56,161
(v) Investment Allowance Reserve:				
As per last Balance Sheet	62,78,826			45,00,000
Transfer from Profit and Loss Account	84,50,000			17,78,826
		1,47,28,826		62,78,826
(vi) Profit and Loss Account		99,391		64,320
		41,05,29,419		31,91,24,348

SCHEDULE C

LOANS

(i) Secured:				
From Scheduled Banks against Short Term Deposits		—		3,13,34,123
(ii) Unsecured:				
From Scheduled Banks		7,72,55,465		24,93,918
		7,72,55,465		3,38,28,041

BHARAT PETROLEUM CORPORATION LIMITED

**SCHEDULE D
FIXED ASSETS**

(1)	C O S T			
	Gross Block as at 31-3-1979	Additions	Deductions including Reclassification	Gross Block as at 31-3-1980
(2)	(3)	(4)	(5)	
Rs.	Rs.	Rs.	Rs.	
1. Land—including Advance Payments :				
(a) Freehold/Long Leasehold	186,41,637	—	9,529	186,32,108
(b) Leasehold on which premia are being written off over lease period	4,90,682	—	2,454	4,88,228
2. Buildings	798,13,675	58,94,038	1,35,768	855,71,945
3. Railway Sidings	20,32,156	—	—	20,32,156
4. Plant & Machinery	1477,29,912	264,30,179	1,292	1741,58,799
5. Tanks & Pipelines	989,09,027	92,62,378	67,210	1081,04,195
6. Furniture & Fittings	39,60,613	7,79,863	26,381	47,14,095
7. Vehicles	174,16,211	57,22,532	7,18,819	224,19,924
8. Other Assets :				
(a) Dispensing Pumps	150,16,823	62,33,588	51,627	211,98,784
(b) LPG Cylinders & Allied Equipment	757,61,316	483,79,943	28,00,639	1213,40,620
(c) Sundries	448,91,627	18,15,600	1,13,177	465,94,050
TOTAL	5046,63,679	1045,18,121	39,26,896	6052,54,904
<i>Previous Year</i>	<i>4683,91,012</i>	<i>382,09,679</i>	<i>19,37,012</i>	<i>5046,63,679</i>

Notes : (i) The Title Deeds in respect of a portion of Land (900 Sq. Yards) at Refinery Site for which transfer has been finalised by the State Government are yet to be received.

(ii) Freehold/Leasehold Land: Includes cost of Leasehold Land aggregating to Rs. 1,15,035/- acquired by the Bombay Municipality prior to 1964 for which no compensation has been fixed. Pending settlement of the compensation amount, no adjustments have been put through the Books of Account in respect of acquisition of the above Leasehold Land.

BHARAT PETROLEUM CORPORATION LIMITED

DEPRECIATION					
As At 31-3-1979	This Year	Deductions on account of Retirement/ Reclassification	As At 31-3-1980	Net Block As At 31-3-1980	Net Block As At 31-3-1979
(6) Rs.	(7) Rs.	(8) Rs.	(9) Rs.	(10) Rs.	(11) Rs.
—			—	186,32,108	186,41,637
1,12,508	33,951	2,454	1,44,005	3,44,223	3,78,174
227,08,562	28,25,089	23,120	255,10,531	600,61,414	571,05,113
12,24,335	67,149	—	12,91,484	7,40,672	8,07,821
1062,09,388	109,43,314	5,982	1171,46,720	570,12,079	415,20,524
525,08,982	71,94,115	19,149	596,83,948	484,20,247	464,00,045
12,21,354	4,17,583	12,992	16,25,945	30,88,150	27,39,259
73,61,935	33,08,689	4,82,255	101,88,369	122,31,555	100,54,276
53,44,744	23,81,540	20,474	77,05,810	134,92,974	96,72,079
757,61,316	483,79,943	28,00,639	1213,40,620	—	—
262,35,634	15,44,784	94,918	276,85,500	189,08,550	186,55,993
<u>2986,88,758</u>	<u>770,96,157</u>	<u>34,61,983</u>	<u>3723,22,932</u>	<u>2329,31,972</u>	<u>2059,74,921</u>
<u>2536,05,300</u>	<u>455,10,103</u>	<u>4,26,645</u>	<u>2986,88,758</u>	<u>2059,74,921</u>	

(iii) Buildings include unquoted fully paid shares at cost, Hill Top Co-operative Housing Society Limited — 10 Shares Rs. 500/-, Meherabad Co-operative Housing Society Limited — 7 Shares Rs. 700/-, Simla House Co-operative Housing Society Limited — 5 Shares Rs. 250/-, Twin Star Venus Co-Operative Housing Society Limited — 10 Shares Rs. 500/-, Ajanta Bandra Co-Operative Housing Society Limited — 5 Shares Rs. 250/-.

BHARAT PETROLEUM CORPORATION LIMITED

	No.	Face Value	Book Value		1979
		Rs.	Rs.	Rs.	Rs.
SCHEDULE E					
INVESTMENTS					
(i) Quoted :					
Government Securities At Cost — (Market Value Rs. 9,64,339 — 1979 Rs. 9,70,593)					
4% Loan 1970	...	1,000	985		985
3% Loan 1986	...	7,000	6,851		6,851
5½% Loan 1992	...	2,98,300	3,01,445		3,01,445
5½% Loan 1995	...	2,13,700	2,13,716		2,13,716
5½% Loan 1999	...	31,500	31,510		31,510
5½% Loan 2000	...	5,800	5,787		5,787
5½% Madras Loan 1980	...	3,000	2,943		2,943
5½% Maharashtra State Dev. Loan 1980	...	17,000	16,966		16,966
5½% Loan 2001	...	1,38,800	1,38,692		1,38,692
5½% M. D. Loan 2001	...	10,100	10,092		10,092
5½% Loan 2002	...	10,000	10,008		10,008
6% Loan 1998	...	2,90,000	2,82,872		2,82,872
		<u>10,26,200</u>		<u>10,21,867</u>	<u>10,21,867</u>
(Securities of the Face Value of Rs. 10,14,300 (1979 Rs. 9,64,300) deposited with Local Authorities etc.)					
(ii) Unquoted — At Cost :					
(a) National Savings Certificates (Certificates of the Face Value of Rs. 18,350 (1979 Rs. 20,345) deposited with Local Authorities etc.)					
		18,850	18,850		21,345
(b) Debentures (Fully Paid) —					
(i) 5½% Irredeemable Debentures of Bengal Chamber of Commerce & Industry					
	15	15,000	15,000		15,000
(ii) 2½% Debentures of Lady Ampthill Nurses Institute & S. I. N. Association					
	1	9,982	9,982		9,982

BHARAT PETROLEUM CORPORATION LIMITED

	No.	Face Value Rs.	Book Value Rs.	Rs.	1979 Rs.
(iii) Interest Free Debentures of Lady Amphill Nurses Institute & S.I.N. Association	1	7,000	7,000		7,000
(iv) 5% Non-redeemable Debentures of East India Clinic Limited	1	60,000	60,000		60,000
(c) Ordinary Shares (Fully Paid) — Sindhu Resettlement Corporation Limited	4	4,000	4,000		4,000
Ordinary Shares in wholly owned Subsidiary Companies Fully Paid—Burmah-Shell Properties (Private) Limited	2	200	200		200
		1,15,032	1,15,032		1,17,527
(iii) Unquoted — At Book Value : 6% Debentures of Sholapur Spinning & Weaving Mills Limited (in Liquidation)	578	57,800		1	1
			11,36,900		11,39,395
					1979
		Rs.	Rs.		Rs.

CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE F

INVENTORIES

(Certified as to quantity and value by a Director)

(i) Raw Materials (At Cost)*						
Value	...	...	...	...	59,15,24,096	10,88,98,979
Charges	...	...	...	...	1,44,14,347	1,15,46,305
(ii) Finished Products (At Cost or Net Realisable Value whichever is lower) **						
Value	...	...	...	...	73,59,24,504	40,84,66,452
Charges	...	...	...	...	8,34,22,329	7,99,91,582

BHARAT PETROLEUM CORPORATION LIMITED

	Rs.	Rs.	1979 Rs.
(iii) Packages (At Cost or Net Realisable value whichever is lower)	2,68,84,830		1,89,99,048
(iv) Stores and Spares (At Cost)	13,32,22,890		11,09,23,451
		<u>158,53,92,996</u>	<u>73,88,25,817</u>
* Includes materials given on loan Rs. 30,50,12,513 (Net) 1979 — Rs. 3,12,30,451 (Net)			
** Includes Rs. 53,07,88,399 (Net) for products given on loan : 1979 — Rs. 22,39,74,822 (Net)			

SCHEDULE G

SUNDRY DEBTORS (UNSECURED)

Over 6 months :			
Considered Good		3,10,33,823	
Considered Doubtful	30,45,266		95,99,567
Less : Provision for Doubtful Debts	<u>30,45,266</u>		<u>23,39,435</u>
		—	—
		3,10,33,823	<u>95,99,567</u>
Other Debts :			
Considered Good		19,71,54,917	6,08,15,414
Considered Doubtful	93,252		3,94,652
Less : Provision for Doubtful Debts	<u>93,252</u>		<u>3,94,652</u>
		—	—
		<u>19,71,54,917</u>	<u>6,08,15,414</u>
		<u>22,81,88,740</u>	<u>7,04,14,981</u>

SCHEDULE H

CASH AND BANK BALANCES

Cash in hand and in transit	11,28,60,684	5,80,69,278
With Scheduled Banks :		
On Current Accounts	5,13,44,181	5,17,09,079
On Deposit Accounts	<u>17,53,40,493</u>	<u>34,73,40,493</u>
	<u>33,95,45,358</u>	<u>45,71,18,850</u>

BHARAT PETROLEUM CORPORATION LIMITED

	Rs.	Rs.	1979
			Rs.
SCHEDULE I			
OTHER CURRENT ASSETS			
Interest accrued on Investments, Bank Deposits and Loans		40,59,580	50,75,338
SCHEDULE J			
LOANS AND ADVANCES (Unsecured)			
(i) Advances recoverable in cash or in kind or for value to be received (Considered Good) ... (including due by Officers Rs. 10,78,615 — 1979: Rs. 6,89,816 maximum during the year Rs. 10,78,615 — 1979: Rs. 7,06,783)	7,24,38,415		6,30,57,671
(ii) Considered doubtful	750		1,312
Less: Provision	750		1,312
	7,24,38,415		6,30,57,671
(iii) Loans to Companies (Considered Good)	3,80,00,000		6,90,00,000
	11,04,38,415		13,20,57,671
(iv) Deposit with Customs, Excise, Port Trust etc. (Considered Good)	2,95,98,924		3,45,08,502
(v) Other Deposits (Considered Good)	82,10,119		70,16,510
	3,78,09,043		4,15,25,012
(vi) Deposits considered doubtful	96,094		1,25,821
Less: Provision	96,094		1,25,821
	3,78,09,043		4,15,25,012
		14,82,47,458	17,35,82,683

BHARAT PETROLEUM CORPORATION LIMITED

			1979
	Rs.	Rs.	Rs.
CURRENT LIABILITIES AND PROVISIONS			
SCHEDULE K			
LIABILITIES			
Interest accrued but not due on Loans	23,69,313		5,56,074
Sundry Creditors	191,09,40,457		110,03,23,343
Unclaimed Debentures (Redeemed)	91,026		1,11,026
Unclaimed Interest on Debentures	17,392		17,392
Deposits by Agents, Dealers and Customers ...	9,14,74,338		8,39,52,693
		<u>200,48,92,526</u>	<u>118,49,60,528</u>

SCHEDULE L

PROVISIONS

Unfunded Retirement Benefits Net of Tax ...	1,05,76,027		1,09,34,337
(Gross Rs. 2,58,74,073 — 1979 : Rs. 2,58,80,088)			
Proposed Dividends	1,74,46,002		1,74,46,002
Taxation less Payments	62,11,636		1,69,99,623
		<u>3,42,33,665</u>	<u>4,53,79,962</u>

SCHEDULE M

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(i) Outstanding Commitments in respect of Capital Expenditure	6,66,70,000	8,40,23,000
(ii) Contingent Liabilities —		
(a) In respect of taxation matters of prior years	15,67,57,000*	8,70,36,000*
(b) Other matters :		
(i) Surety Bonds executed on behalf of Other Oil Companies for Excise Duties	21,52,64,228	25,55,79,728
(ii) Guarantees to Banks	3,99,36,264	74,18,375
(iii) Claims against the Corporation not acknowledged as debts (includes Rs. 55,04,000 against which the Corporation has a recourse for recovery 1979 Rs. 55,04,000)	2,01,17,260	6,33,14,000

* If these contingent liabilities materialise either in part or whole, they are recoverable from third parties.

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE N	1979			
MISCELLANEOUS INCOME	Rs.	Rs.	Rs.	Rs.
(i) Bank and other Interest (Gross) (Tax deducted at source Rs. NIL — 1979 Rs. NIL)		2,74,58,362		2,95,46,079
(ii) Income from Investments (Gross) (Tax deducted at source Rs. 11,877 — 1979 Rs. 17,944)		63,404		63,386
(iii) Profit on Sale of Assets (Net)		29,25,951		—
(iv) Other Income:				
Rental and Hire Charges ...	2,03,87,066		1,56,74,985	
Service Charges ...	65,78,210		46,09,621	
Sale of Scrap etc. ...	1,15,71,149		64,78,918	
Others ...	2,89,92,703		1,46,23,829	
		6,75,29,128		4,13,87,353
		9,79,76,845		7,09,96,818
SCHEDULE O				
INCREASE IN INVENTORY OF FINISHED PRODUCTS				
Value of Closing Stocks of Finished Products		73,59,24,504		40,84,66,452
Less: Value of Opening Stocks of Finished Products		40,84,66,452		31,03,70,076
		32,74,58,052		9,80,96,376
SCHEDULE P				
STORES, SPARES AND MATERIALS				
Stores, Spares & Materials ...		14,73,44,366		12,22,86,254
Less: Charged to other accounts ...		3,82,94,358		2,29,24,852
		10,90,50,008		9,93,61,402
SCHEDULE Q				
FUEL AND POWER				
Fuel and Power ...		15,54,59,103		12,39,81,363
Less: Fuel of Own Production Consumed (Estimated)		13,55,87,752		10,71,43,131
		1,98,71,351		1,68,38,232

BHARAT PETROLEUM CORPORATION LIMITED

**SCHEDULE R
EMPLOYEES' REMUNERATION & OTHER BENEFITS**

	Rs.	Rs.	Rs.	1979 Rs.
Salaries, Wages and Bonus				
(Less Amounts recovered Rs. 16,21,454 : 1979 Rs. 13,62,559)				
		10,09,69,544		9,62,89,086
Contributions to Provident & Other Funds		1,17,51,415		1,40,89,825
Welfare Expenses		1,13,47,005		98,88,164
		<u>12,40,67,964</u>		<u>12,02,67,075</u>

**SCHEDULE S
OTHER OPERATING AND ADMINISTRATION EXPENSES**

Remuneration to Directors (See Note 7)		95,228		87,874
Repairs to Machinery		5,25,89,857		3,36,40,481
Repairs to Buildings		32,18,643		61,71,539
Insurance		44,81,187		38,74,597
Rent		1,77,94,083		1,80,91,555
Rates & Taxes		68,95,072		68,34,467
Charities & Donations		1,93,826		4,80,900
Audit Fees :				
As Auditors	1,20,000		1,20,000	
For Other Services	—		39,579	
Out of Pocket Expenses	<u>22,556</u>		<u>8,819</u>	
		1,42,556		1,68,398
Interest :				
On Fixed Loans	—		—	
On Other Loans	<u>46,03,908</u>		<u>27,65,165</u>	
		46,03,908		27,65,165
Loss on Sale of Assets (Net)		—		4,82,146
Bad Debts		4,349		3,690
Excise Duty on Drums		70,75,372		85,00,287
Provision for Doubtful Debts		3,74,142		31,400
Charges paid to Other Oil Cos.		85,50,382		62,99,729
Travelling Expenses		67,87,162		62,47,423
Telephone, Telex, Cables, Postage etc.		46,92,646		40,54,466
BPT, Pumping/Pipeline Charges		9,79,002		60,53,581
Investments in Subsidiary companies written off		—		600
Other Expenses		<u>3,56,65,173</u>		<u>3,09,48,161</u>
		<u>15,41,42,588</u>		<u>13,47,36,459</u>

**SCHEDULE T
PRIOR YEARS' INCOME/(EXPENSES) NET**

Sales of Products	3,02,347	30,01,803	
Miscellaneous Income	(6,82,073)	10,57,535	
Purchase of Product for Resale	30,09,696	—	
Raw Materials Consumed	—	4,29,901	
Duties etc. and Other Charges applicable to Products	35,76,485	(35,90,664)	
Transportation	(6,55,479)	(8,97,471)	
Stores, Spares & Materials	33,28,210	41,05,795	
Employees Remuneration & Other Benefits	(24,905)	(15,72,046)	
Other Operating & Administration Expenses	<u>32,74,565</u>	<u>(27,42,054)</u>	
		<u>1,21,28,846</u>	<u>(2,07,201)</u>

SCHEDULE U

NOTES FORMING PART OF ACCOUNTS

1. (a) Accounts include balances aggregating to Rs 51,35,85,145 (Credit) in 2 Pool Accounts and to Rs. 4,54,46,905 (Debit) in 3 Pool Accounts for which statements are subject to audit by a firm of Chartered Accountants. Transactions relating to certain Pool Accounts are on provisional basis and are subject to adjustments on the basis of final approval of the Central Government.

 (b) Sale of products is after deduction of (a) Surrender (Net) to Industry Pool Accounts Rs. 126,19,72,650 and (b) for Temperature Variation Allowance Rs. 55,86,695—1979 Rs. 43,81,05,865 and Rs. 41,11,215 respectively and after inclusion of supplies of Bunkers to Chartered Vessels for Corporation's own use at the ceiling selling rates.

 (c) Raw materials consumed are net of Surrender to/Reliefs from Industry Pool Accounts.
2. In accordance with Notification No. GSR 309 dated 20th February, 1978 of Government of India, provisions of Section 370 of the Companies Act, 1956, do not apply to Government Companies and therefore information regarding debts due from and advances to Government Companies is not separately disclosed.
3. Confirmation for amounts due from/due to Other Oil Companies (including old items of past years) are not available with the Corporation.
4. Adjustments for certain Inter Company Oil transactions have been carried out on a provisional basis, pending finalisation of detailed terms and conditions.
5. Arising out of a change in rate of some additional items of Plant and Machinery coming in contact with corrosive chemicals, enhanced depreciation in respect of prior years of Rs. 76 lakhs has been charged in the above Accounts. The excess provision for taxation consequent thereto and under other heads has been written back.
6. Raw Material (Crude only) costs have been incorporated at provisional rates pending finalisation of costs, freight, other charges etc.
7. (a) Managerial Remuneration :

	For the year ended 31st March, 1980 Rs.	For the year ended 31st March, 1979 Rs.
Salary and Allowances	84,675	76,740
Contribution to Provident and other Funds	6,900	8,607
Other Benefits	3,653	2,527

- (b) Approval has not been accorded nor waiver of recovery permitted by the Central Government for an amount of Rs. 67,210 paid as Managerial Remuneration in 1976.

8. (1) Licensed Capacity, Installed Capacity (As certified by the Management) and Actual Production in respect of Goods Manufactured:

(a) (i) Fuel Refinery:

Our Refinery operates at the level prescribed by Government each month

(i) Crude processed during the year	...	...	...	M.T.	48,41,499	M.T.	47,06,351
(ii) Installed Capacity	...	...	...	M.M.T. p.a.	6.00	M.M.T. p.a.	6.00
(iii) Licensed Capacity	...	...	...	M.M.T. p.a.	2.09	M.M.T. p.a.	2.09

(ii) Actual Production*

(i) Light Distillates	...	...	...	KL	12,59,623	KL	12,05,943
(ii) Middle Distillates	...	...	...	KL	32,62,387	KL	32,18,273
(iii) Others	...	...	...	KL	12,27,733	KL	11,37,830

* Excludes production out of feedstocks purchased from HPC/NOCIL

(b) Lubricants:

(i) Licensed capacity on single shift basis for manufacturing at Bombay (3,57,600 Barrels of 44 Gallons each and 5,96,000 Tins of 1 I.G per annum) (For Budge Budge Installation, Calcutta no Licence is required)	...	...	...	66,384M.T.p.a.	66,384M.T.p.a.
(ii) Installed Capacity of Bombay and Calcutta	...	...	...	1,80,000M.T.p.a.	1,80,000M.T.p.a.
(iii) Production	...	...	...	56,831 M.T. (63,311 KL)	55,074 M.T. (61,353 KL)

N.B.: Applicable conversion factors have been used in converting licensed capacity and production in Metric Tons.

(c) Pesticides:

Licensed and installed capacity on Double Shifts basis in terms of Technical Material. The blending operation is carried out on behalf of an outside party for a fee included under Service Income

...	373M.T.p.a.	373M.T.p.a.
-----	-----	-----	-----	-------------	-------------

(d) Drum Plant: Number of Drums —

(i) Licensed Capacity per annum	...	...	...	17,70,000	17,70,000
(ii) Installed Capacity on triple shift basis per annum	...	...	...	27,00,000	27,00,000
(iii) Actual production	...	...	...	15,74,365	17,12,773

(2) Raw Materials Consumed (on derived basis)

	Unit	Quantity	Value Rs.	Quantity	Value Rs.
(i) Crude Oil (Net of surrenders to/reliefs from Industry Pool Accounts)	M.T.	48,41,499	408,28,66,389	47,06,351	322,23,16,539
(ii) Base Oils	KL	82,242	14,56,05,362	75,646	11,89,64,119
			<u>422,84,71,751</u>		<u>334,12,80,658</u>

BHARAT PETROLEUM CORPORATION LIMITED

9. Class of goods purchased, sold and stocked :

	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
(i) Petroleum Products :								
(a) Light Distillates :								
Current Year	KL 55,031	3,55,51,347	6,15,112	48,05,72,361	13,90,969	299,68,64,703	90,046	7,76,11,781
Previous Year	KL 46,457	2,89,64,735	3,45,985	21,43,77,839	15,30,255	269,63,47,792	55,031	3,55,51,347
(b) Middle Distillates :								
Current Year	KL 4,69,216	31,75,43,534	5,38,977	53,23,03,243	34,09,954	439,52,92,360	6,74,948	62,19,82,204
Previous Year	KL 3,24,545	22,10,84,679	3,14,103	23,46,92,070	31,60,951	364,97,19,466	4,69,216	31,75,43,534
(c) Others :								
Current Year	KL 72,041	5,53,71,571	4,04,879	44,01,24,836	13,35,085	196,96,09,644	17,701	3,63,30,519
Previous Year	KL 73,095	6,03,20,662	1,80,796	16,61,15,552	10,90,203	142,51,71,232	72,041	5,53,71,571
(ii) Crude Oil :								
Current Year	MT 1,34,785	9,19,40,167	50,92,999)	454,32,45,135**			3,86,285	55,23,18,913
Previous Year	MT 1,61,606	12,56,80,695	46,79,530	318,85,76,011**			1,34,785	9,19,40,167
(iii) Base Oils :								
Current Year	KL 10,957	1,69,58,812	91,351	16,42,81,433			20,066	3,92,05,183
Previous Year	KL 10,046	1,62,17,915	76,559	11,97,08,180			10,957	1,69,58,812
(iv) Packages & Containers :								
Current Year		1,89,99,048		10,54,26,122				2,68,84,830
Previous Year		1,03,99,569		8,33,56,714				1,89,99,048

NOTES : (i) Purchases exclude Inter Product Transfers.

(ii) Applicable conversion factors are used to convert quantities in M. Tons to Kilolitres for products purchased/sold by weight.

(iii) Stocks include products given on loan basis to other Oil Companies and exclude stocks received on loan basis from other Oil Companies.

(iv) Purchases of Petroleum Products :

(a) Exclude Processing Fees and Other Charges Rs. 1,08,83,688 (1979 Rs. 69,41,015).

(b) Include Refined Products transferred to other Oil Companies Rs. 48,81,54,496 (1979 Rs. 25,23,04,348).

(v) Crude Oil and Other Petroleum Feedstocks are refined to Petroleum Products and accordingly these Refined Products are excluded from Purchases of Petroleum Products.

* Other Feedstocks.

** Net of surrenders to/reliefs from Industry Pool Accounts.

BHARAT PETROLEUM CORPORATION LIMITED

1979

10. (a) Number of Employees who were in employment throughout the year and were in receipt of remuneration during the year which in the aggregate was not less than Rs. 36,000	561	575
Expenditure thereon under the following heads :		
Salaries, Wages and Bonus	Rs. 2,16,98,469	2,22,68,130
Contribution to Provident and Pension Funds	Rs. 42,20,392	45,30,455
(b) Number of Employees who were in employment for part of the year and were in receipt of remuneration amounting in the aggregate to Rs. 3,000 or more per mensem	17	28
Expenditure thereon under the following heads :		
Salaries, Wages and Bonus	Rs. 3,78,470	7,37,858
Contribution to Provident and Pension Funds	Rs. 67,603	1,29,762

11. VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS

(a) Crude Oil and Other Petroleum Products	Rs. 231,58,24,470	**144,47,12,589**
(b) Components and Spare Parts	Rs. 26,82,589	15,89,919
(c) Capital goods	Rs. 2,20,03,553	91,85,885

Notes : 1. Includes Local Insurance Rs. 19,85,003 (1979 Rs. 16,29,037).

2. ** Includes Crude Oil purchases from IOC/HPC (canalised agents) Rs. 213,57,06,107 * (1979 Rs. 143,55,56,450*).

3. Excludes Technical Materials imported for blending pesticides on behalf of an outside party.

4. The above figure of purchases is prior to adjustment of surrenders to/reliefs from Industry Pool Accounts.

5. In the case of purchases of products canalised through Government Undertakings, the Invoice amounts, and in the case of Base Oils from IOC, the ex-Refinery Prices as Invoiced, have been taken as CIF Value Rs. 11,55,18,043 (1979 Rs. 87,25,678).

* Includes Rs. 2,86,937 relating to previous year (1979 Rs. 26,53,519).

		1979
	Rs.	Rs.
12. EXPENDITURE IN FOREIGN CURRENCY :		
(i) Royalty — Net of Tax	—	—
(ii) Knowhow	—	—
(iii) Professional Consultation Fees	—	—
(iv) Interest	—	—
(v) Other Matters	54,655	25,073

13. VALUE OF RAW MATERIALS, SPARE PARTS & COMPONENTS CONSUMED (ON DERIVED BASIS) :

	Raw Materials		Spare parts and Components*		Raw Materials		Spare parts and Components*	
	Value Rs.	%	Value Rs.	%	Value Rs.	%	Value Rs.	%
Imported	170,09,92,782	47.36	26,08,351	4.37	149,79,51,511	49.91	16,58,322	3.54
Indigenous	189,04,55,717	52.64	5,70,37,299	95.63	150,23,52,871	50.09	4,52,22,149	96.46
	359,14,48,499	100.00	5,96,45,650	100.00	300,03,04,382	100.00	4,68,80,471	100.00

Notes :

1. Imported Crude and Base Oils are taken at C.I.F. Value.
2. Purchases from canalising agencies have been considered as imports.
3. The above figures of consumption are prior to adjustment of surrenders to/reliefs from Industry Pool Accounts.

* Exclude direct charge materials.

BHARAT PETROLEUM CORPORATION LIMITED

		1979
	Rs.	Rs.
14. EARNINGS IN FOREIGN EXCHANGE ON ACCOUNT OF —		
(a) Export of goods on F.O.B. basis :		
(i) On Own Account	—	3,30,11,947
(ii) As agents (hence not reflected in Profit & Loss Account)	—	8,19,491
(b) Other Matters (including tanker agency commission)	20,560	4,70,962
15. Other expenses under Other Operating and Administration Expenses include an amount of Rs. 1,62,040 (1979 Rs. 1,67,128) being entertainment expenses incurred by the Corporation.		
16. Expenditure incurred on Public Relations and Publicity during the year is Rs. 4,96,714 (1979 Rs. 10,42,064). Remuneration to Staff employed for Public Relations work during the year is Rs. 2,02,263 (1979 Rs. 1,47,259).		
17. There is no contribution to Gratuity Fund as the accumulated balance in the Fund exceeded the actuarially ascertained liability as on 31st March, 1980.		
18. During the year the Corporation has finalised with the bankers, Cash Credit arrangements against hypothecation of stocks of crude and petroleum products.		
19. Figures of the previous year have been regrouped wherever necessary.		

Signatures to Schedules A to U.

R. N. BHATNAGAR
Chairman & Managing Director
 U. M. KINI
Finance Director
 P. J. KISHINCHANDANI
Secretary
 Bombay, 23rd August, 1980

As per our Report attached	
For and on behalf of BATLIBOI & PUROHIT Chartered Accountants	For and on behalf of K. S. AIYAR & CO. Chartered Accountants
N. T. DALAL Partner	ARJUN K. S. AIYAR Partner

AUDITORS' REPORT

TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of BHARAT PETROLEUM CORPORATION LIMITED, as at 31st March, 1980, and also the annexed Profit & Loss Account of the Corporation for the year ended on that date, and report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
2. in our opinion, proper books of account as required by law have been kept by the Corporation, so far as appears from our examination of those books;
3. the Balance Sheet and Profit & Loss Account dealt with by the report are in agreement with the books of account;
4. in our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to and read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31st March, 1980,
 - and
 - (ii) in the case of the Profit & Loss Account of the Profit for the year ended on that date.
5. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1975, issued by the Central Government in terms of Section 227 (4-A) of the Companies Act, 1956 and on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us in the course of audit and to the best of our knowledge and belief, we further report that :—
 - (i) As regards the Marketing Division, the Corporation has prepared, at the end of the year, proper records showing full particulars, including quantitative details of assets except that details of assets below Rs. 750/- of

Plant & Machinery are listed in a separate memoranda. The Corporation follows a phased programme of two yearly cycle, as regards verification of the said assets. No serious discrepancies have been noticed on verification so done during the year.

As regards the Refining Division, this work is in progress. In view of this, the discrepancies, if any, between the physical verification and the book records could not be determined.

- (ii) None of the fixed assets of the Corporation have been revalued during the year.
- (iii) Physical verification has been conducted by the Management during the year in respect of finished goods, stores, spare parts and raw materials, other than those with third parties and in transit. In our opinion, the frequency of verification is reasonable. No significant discrepancies have been noticed on such verification as compared to book records. In our opinion, the valuation of these stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- (iv) The Corporation has not obtained any loans from Companies, firms or other parties listed in the registers maintained under Section 301 and Sec. 370(1-C) of the Companies Act, 1956.
- (v) The Corporation had given loans amounting to Rs. 690 lakhs to two Companies, both Government Undertakings. These loans are repayable on demand and the Corporation has recovered Rs. 310 lakhs during the year. The Corporation has also given loans and advances to employees who are by and large repaying the principal amounts with interest as stipulated.
- (vi) In our opinion, there is an adequate internal control procedure commensurate with the size of the Corporation and the nature of its business

BHARAT PETROLEUM CORPORATION LIMITED

for the purchase of stores, raw materials, plant & machinery and other assets.

- (vii) According to the information given to us, there are no purchases during the year of stores and raw materials exceeding Rs. 10,000 in value for each type thereof from the subsidiaries, firms, companies or other parties in which the directors are interested as listed in the register maintained under Section 301 of the Companies Act, 1956.
- (viii) The Corporation has a procedure for determining damaged and unserviceable stores and raw materials. Provision for loss in respect thereof has been made in the accounts.
- (ix) The Corporation has not accepted deposits from the public, within the meaning of the Companies (Acceptance of Deposit) Rules, 1975.

- (x) In our opinion, reasonable records, have been maintained by the Corporation for the sale and disposal of scrap.
- (xi) The Corporation during the year has extended the coverage of its internal audit system, which, in our opinion, is commensurate with the size and nature of its business.
- (xii) The maintenance of cost records has not been prescribed by the Central Government under Sec. 209(1)(d) of the Companies Act, 1956, for the year under review for any of the products of the Corporation.
- (xiii) Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
- (xiv) In respect of the trading activities carried on by the Corporation, it has determined the damaged goods. The value of such goods is not significant.

For and on behalf of the
BATLIBOI & PUROHIT
Chartered Accountants

N. T. DALAL
Partner

For and on behalf of the
K. S. AIYAR & CO.
Chartered Accountants

ARJUN K. S. AIYAR
Partner

Bombay, 23rd August, 1980.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF BHARAT PETROLEUM CORPORATION LIMITED, BOMBAY
FOR THE YEAR ENDED 31ST MARCH 1980**

Para 5 (v) of the Report of the Statutory Auditors

This does not mention the fact that a loan of Rs. 2.3 crores, repayable on demand, was not refunded by the loanee company although the repayment was demanded by the Company.

Madras
18.9.1980

K. N. Murthi
Member, Audit Board and Ex-Officio
Director of Commercial Audit
(Petroleum and Oil)

ADDENDUM TO THE DIRECTORS' REPORT DATED 23RD AUGUST, 1980

Comments of the Comptroller & Auditor General of India dated 18th September, 1980 were forwarded to the Statutory Auditors, M/s. Batliboi & Purohit and M/s. K. S. Aiyar & Co., who have made the following observation in reply :

"Having regard to acceptance by the loanee company, which is wholly owned by the Central Government, of enhanced rate of interest consequent upon non-payment of loan, the stipulation as per the agreement pertaining to the said loan is complied with. Hence, in our opinion no further comment was considered necessary."

New Delhi
23rd September, 1980

For and on behalf of
the Board of Directors

R. N. BHATNAGAR
Chairman

ANNEXURE TO THE DIRECTORS' REPORT DATED 23RD AUGUST, 1980
REVIEW OF THE ACCOUNTS OF BHARAT PETROLEUM CORPORATION LIMITED FOR THE
YEAR ENDED 31ST MARCH, 1980, BY INDIAN AUDIT AND ACCOUNTS DEPARTMENT

1. Financial Position :

The table below summarises the financial position of the Company under broad headings for the last three years :

	(Rupees in lakhs)		
	1977-78 (15 months)	1978-79	1979-80
Liabilities :			
a) Paid up capital	1453.83	1453.83	1453.83
b) Reserves and surplus	2499.66	3191.24	4105.29
c) Borrowings (from Bank)	2124.13	338.28	772.55
d) Trade dues and other liabilities (including provisions)	8672.97	12303.40	20391.26
Total	14750.59	17286.75	26722.93
Assets :			
e) Gross Block	4683.91	5046.64	6052.55
f) Less : Depreciation	2536.05	2986.89	3723.23
g) Net fixed assets	2147.86	2059.75	2329.32
h) Capital work-in-progress (including unallocated expenses)	311.14	765.44	1327.91
i) Investments	11.41	11.39	11.36
j) Current assets, loans & advances	12280.18	14450.17	23054.34
Total	14750.59	17286.75	26722.93
Capital employed	5868.60	4315.86	5098.16
Net worth	3953.49	4645.07	5559.12

Notes : 1. Capital employed represents net fixed assets plus working capital.

2. Net worth represents paid up capital plus reserves and surplus less intangible assets.

2. Reserves and Surplus :

The reserves and surplus amounted to :

- a) 15.4 per cent of the total liabilities in 1979-80 as against 18.5 per cent in 1978-79 and 16.9 per cent in 1977-78.
- b) 282.4 per cent of equity capital in 1979-80 as against 219.5 per cent in 1978-79 and 171.9 per cent in 1977-78.

3. Liquidity and Solvency :

- a) The proportion of current assets (including investments) to total net assets increased from 83.3 per cent in 1977-78 to 83.7 per cent in 1978-79 and to 86.3 per cent in 1979-80.
- b) The percentage of current assets (including investments) to current liabilities (including provisions) decreased from 141.7 per cent in 1977-78 to 117.5 per cent in 1978-79 and to 113.1 per cent in 1979-80.
- c) The percentage of quick assets (sundry debtors, advances, cash and bank balances) to current liabilities (excluding provisions) decreased from 68.7 per cent in 1977-78 to 55.7 per cent in 1978-79 and to 33.8 per cent in 1979-80.

4. Working Capital :

The working capital (current assets, loans and advances less trade dues and current liabilities excluding provision for unfunded retirement benefits) of the Company at the close of the three years ending 31st March, 1980 amounted to Rs. 3720.74 lakhs, Rs. 2256.11 lakhs and Rs. 2768.84 lakhs respectively and represented 0.7, 0.4 and 0.3 months value of business at cost (excluding depreciation) during these years. The working capital as on 31st March, 1980 was financed through loans from bank (Rs. 772.55 lakhs) and balance from internal sources (Rs. 1996.29 lakhs).

5. Sources and Uses of funds :

Funds amounting to Rs. 1538.93 lakhs from internal resources (Reserves and Surplus, Depreciation and Provisions) and Rs. 8633.59 lakhs from other sources were utilised in 1979-80 as under :

	(Rupees in lakhs)
Gross Block including Capital work-in progress	1568.38
Other Assets (net)	8604.14

BHARAT PETROLEUM CORPORATION LIMITED

6. Working Results :

The working results of the Company for the last three years are tabulated below :

	(Rupees in lakhs)		
	1977-78 (15 months)	1978-79	1979-80
i) Profit before tax	1927.08	2457.11	2360.76
ii) Tax provision	1265.00	1589.00	1505.00
iii) Profit after tax	662.08	868.11	855.76

Percentage of Profit before tax :

a) To sales	2.4	3.2	2.5
b) To Gross fixed assets	41.1	48.7	39.0
c) To Capital employed	32.8	56.9	46.3

Percentage of Profit after tax :

a) To net worth	16.7	18.7	15.4
b) To equity capital	45.5	59.7	58.9
c) To capital employed	11.3	20.1	16.8

7. Cost trends :

The table below indicates the percentage of cost of sales during the last three years :

	(Rupees in lakhs)		
	1977-78	1978-79	1979-80
Sales	79686.10	77712.38	93617.67
Less : Profit before tax	1927.08	2457.11	2360.76
Cost of Sale	77759.02	75255.27	91256.91
Percentage of Cost of Sales to Sales	97.6	96.8	97.5

8. Business Performance :

The value of business during the last three years is worked out below :

	(Rupees in lakhs)		
	1977-78	1978-79	1979-80
1. Sales	79686.10	77712.38	93617.67
2. Closing Stock of raw materials, finished goods and Stock-in-process	5481.51	6089.03	14252.85
3. Opening stock of raw materials, finished goods and Stock-in-process	4338.48	5481.51	6089.03
4. Value of Business (1 + 2) — (3)	80829.13	78319.90	101781.49

The percentage of value of business to net worth decreased from 2044.5 in 1977-78 to 1686.1 in 1978-79 and increased to 1830.89 in 1979-80. The percentage of value of business to total net assets decreased from 548.0 in 1977-78 to 453.1 in 1978-79 and to 380.9 in 1979-80.

BHARAT PETROLEUM CORPORATION LIMITED

9. Inventory and Production :

The following table indicates the comparative position of the inventory and its distribution at the close of the last three years :

	(Rupees in lakhs)		
	<u>1977-78</u>	<u>1978-79</u>	<u>1979-80</u>
i) Stores and spare parts (including in transit)	697.26	1109.23	1332.23
ii) Stock-in-trade (including raw materials and stock-in-process)	5481.51	6089.03	14252.85
iii) Stock of empty barrels and tins	104.00	189.99	268.85
	<u>6282.77</u>	<u>7388.25</u>	<u>15853.93</u>

Stock-in-trade represented 1.8 month's sale in 1979-80, 0.9 month's sale in 1978-79 and 1.0 month's sale in 1977-78.

10. Sundry debtors and turnover :

The following table indicates the volume of book debts and sales for the last three years :

(Rupees in lakhs)

As on	Total book debts		Sales	% of debtors to Sales
	Considered good	Considered doubtful		
31st March, 1978*	830.74	27.50	79686.10	1.1
31st March, 1979	704.15	27.34	77712.38	0.9
31st March, 1980	2281.89	31.38	93617.67	2.5

Sundry debtors represented about 0.2 month's turnover in 1977-78, 0.1 month's turnover in 1978-79 and 0.3 month's turnover in 1979-80.

*January 1977 to March 1978 (15 Months)

K. N. MURTHI
Member, Audit Board & Ex-Officio
Director of Commercial Audit
(Petroleum & Oil)
MADRAS

18.9.1980

BHARAT PETROLEUM CORPORATION LIMITED

STATEMENT PURSUANT TO SECTION 212(1) (e) OF THE COMPANIES ACT, 1956

	No. of shares	Paid up value	Book value		For the Financial year ended 31st March 1980	Previous Financial Year-cumulative Total
		(Rs.)	(Rs.)		Rs.	Rs.
1. Shares in the subsidiary company were registered in the names of the nominees of the Company as indicated:				2. Net aggregate amount of the Profit of the subsidiary company not dealt with in the Company's account so far as it concerns the members of the Company is		
As at 31st March 1980				Burmah-Shell Properties Private Limited	—	—
Burmah-Shell Properties Private Limited	2	200	200			

R. N. BHATNAGAR
Chairman & Managing Director

U. M. KINI
Finance Director

P. J. KISHINCHANDANI
Secretary

Bombay,
23rd August 1980

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Gentlemen,

The Report for the year ended 31st March, 1980 along with the Balance Sheet of the Company as at that date is submitted. No Profit and Loss Account has been prepared since the Company did not carry on any activity during the year.

The Company continued to act as the Trustees of certain properties of Bharat Petroleum Corporation Limited.

Messrs Batliboi & Purohit and K. S. Aiyar & Company were appointed auditors of the Company by the Central Government for the year 1979-80.

R. K. DAYAL }
P. K. VISWANATHAN } *Directors*

*Bombay,
11th August, 1980*

BALANCE SHEET AS

31-3-1979
Rs.

Rs. Rs.

LIABILITIES

Capital :

	(a) Authorised —		
20,000	200 Ordinary Shares of Rs. 100/- each	20,000	
	(b) Issued, Subscribed and fully paid in cash —		
200	* 2 Ordinary Shares of Rs. 100/- each		200
200			200

* All the above shares are held by the nominees of Bharat Petroleum Corporation Limited, the holding Company.

No profit and loss account prepared since there have been no income/expenditure during the year as well as the preceding year.

Auditors' Report to the Shareholders :

We report that we have audited the above Balance Sheet and in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet gives a true and fair view of the state of the Company's affairs as at 31st March, 1980.

We have obtained all the information and explanations which were necessary for the purposes of our audit and proper books of account have been kept so far as appears from our examination of these books. In our opinion the Balance Sheet is in agreement with the books, and gives in the manner prescribed, the information required by the Companies Act, 1956.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and as per the information and explanations given to us, we further state that since the Company did not carry on any activities during the year and since there were no assets, fixed or current, excepting the balance in Current Account with a Scheduled Bank and no outside liabilities, none of the matters specified in the abovementioned Order are applicable to this Company for the year under audit.

For and on behalf of
BATLIBOI & PUROHIT
Chartered Accountants

For and on behalf of
K. S. AIYAR & COMPANY
Chartered Accountants

N. T. DALAL
Partner

ARJUN K. S. AIYAR
Partner

Bombay, 11 August, 1980

BURMAH-SHELL PROPERTIES PRIVATE LIMITED

AT 31ST MARCH, 1980

31-3-1979 Rs.		Rs.	Rs.
	ASSETS		
	Current Assets, Loans and Advances :		
	Cash at Bank — in Current Account with a		
200	Scheduled Bank		200
<u>200</u>			<u>200</u>

Bombay, 11 August, 1980

R. K. DAYAL	}	<i>Directors</i>
P. K. VISWANATHAN		
P. R. GUPTA		<i>Secretary</i>

BURMAH SHELL PROPERTIES PRIVATE LIMITED

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF BURMAH-SHELL PROPERTIES PRIVATE LIMITED, BOMBAY
FOR THE YEAR ENDED 31ST MARCH, 1980**

I am to state that there are no comments upon the Auditor's Report under Section 619 (4) of the Companies Act, 1956 on the accounts of Burmah-Shell Properties Private Limited for the year ended 31st March, 1980.

**Madras
5.9.1980.**

**K. N. Murthi
Member, Audit Board and
Ex-Officio Director of
Commercial Audit (P & O)**