

33rd ANNUAL REPORT  1985-86

BHARAT PETROLEUM CORPORATION LIMITED

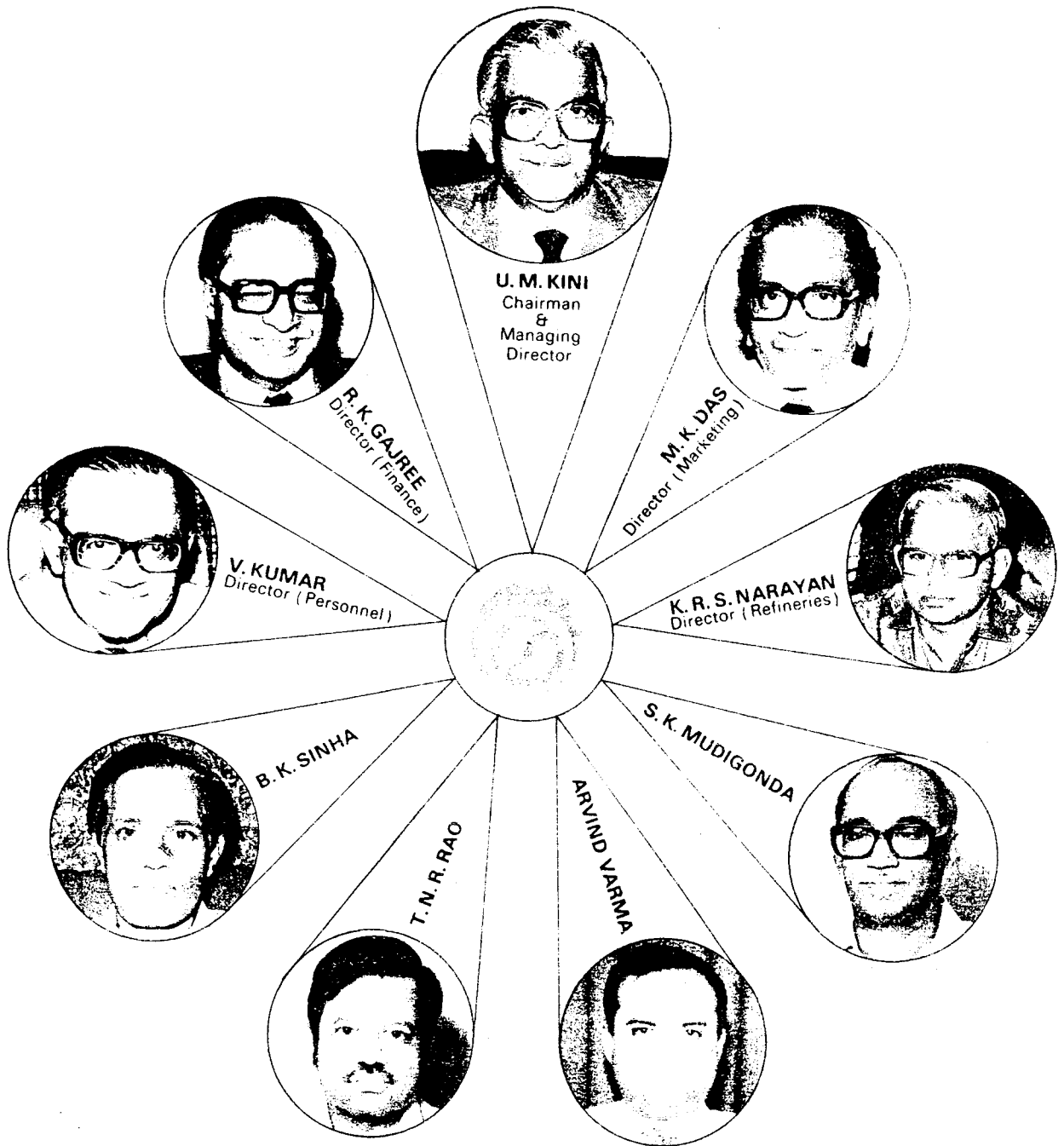




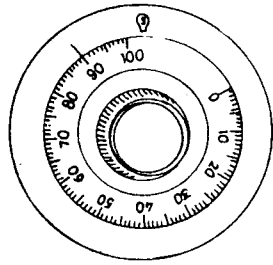
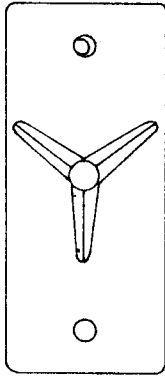
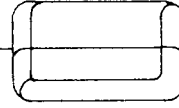
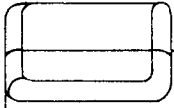
Bharat Petroleum were presented the 1985 ICMA Award for Forward Development of Technology, for incorporating indigenous technology for their Aromatics Plant (foreground). This technology has been used, for the manufacture of aromatics, for the first time in India. (Inset) Mr. U. M. Kini, C & MD BPC (left) receives the Award from Mr. Jaychandra Singh, Minister of State for Chemicals.

COVER : Bharat Petroleum's Aviation Fuelling facilities have kept pace with the development of air craft design — from the time of fuelling the first Indian flight in 1932 from 21G aviation gasoline tins to fuelling modern day jets through sophisticated hydrant systems.

BOARD OF DIRECTORS



SECRETARY
P. J. Kishinchandani



AUDITORS

G. P. KAPADIA & CO.

K. S. AIYAR & CO.

BANKERS

CENTRAL BANK OF INDIA

PUNJAB NATIONAL BANK

STATE BANK OF PATIALA

BANK OF INDIA

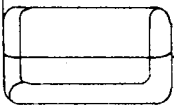
DENA BANK

ALLAHABAD BANK

CANARA BANK

THE STANDARD CHARTERED BANK

INDIAN BANK





NOTICE

NOTICE is hereby given that the Thirty-third Annual General Meeting of Bharat Petroleum Corporation Limited will be held at the Registered Office of the Corporation at Bharat Bhavan, 4 & 6, Currimbhoy Road, Ballard Estate, Bombay - 400 038, on Monday, 22nd September, 1986 at 12.00 Noon to transact the following business:

1. To receive and adopt the Directors' Report and audited Profit & Loss Account for the year ended 31st March 1986 and the Balance Sheet as at that date.
2. To declare dividend.

By Order of the Board
P. J. KISHINCHANDANI
Secretary

Bombay 29th August, 1986

Note: A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting their Thirty-third Annual Report on the working of the Corporation, together with the audited accounts for the year ended 31st March, 1986.

FINANCIAL RESULTS

	(Rupees in Lakhs)	
	1985-86	1984-85
Sales Turnover	233777.93	212765.01
Profit before interest and depreciation amounted to	13163.89	7895.66
Deducting therefrom —		
(a) Interest	3073.81	1885.12
(b) Depreciation	7756.36	5334.69
Profit before tax for the year is	2333.72	675.85
Adding thereto Prior Year's Income (Net)	4558.13	1404.46
Profit before tax amounted to	6891.85	2080.31
Deducting therefrom provision for taxation	760.00	700.00
Profit after tax is	6131.85	1380.31
Adding thereto —		
(a) Transfer from Development Rebate Reserve	—	0.15
(b) Transfer from Investment Allowance Reserve	2.62	0.43
(c) Excess/(Short) provision for taxation in earlier years written back	(1.25)	16.11
(d) Balance of Profit from previous year	0.80	2149.83
Amount available for disposal is	6134.02	3546.83
Which the Directors have appropriated as under —		
(a) Investment Allowance Reserve	2515.00	155.00
(b) General Reserve	3229.00	3159.00
(c) Proposed Dividend	389.95	232.03
Leaving a balance of	0.07	0.80
Carried to Balance Sheet		

DIVIDEND



The Directors recommend a dividend @ 14% on the enhanced paid-up capital of Rs. 2785.34 lakhs resulting from the issue of bonus shares amounting to Rs. 1127.94 lakhs on 1st October 1985. The dividend will absorb Rs. 389.95 lakhs.

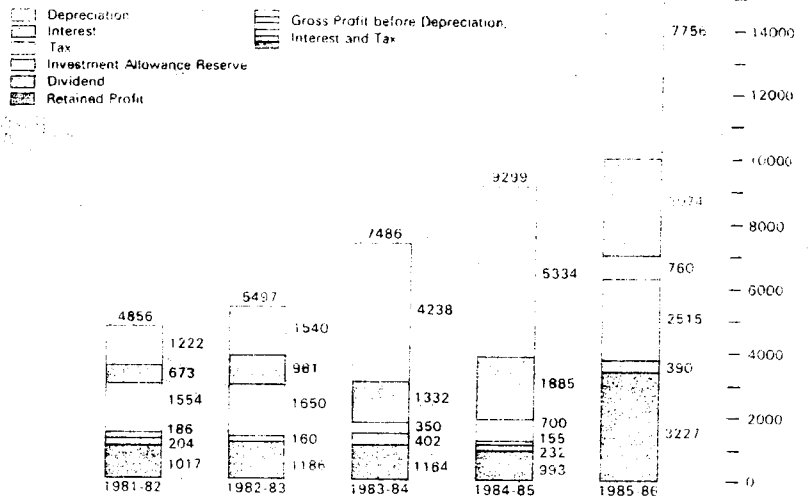
CONTRIBUTION TO EXCHEQUER



The Corporation contributed Rs. 461.71 crores to the Exchequer by way of duties and income-tax compared to Rs. 424.26 crores last year.



**Gross Profit Before Depreciation,
Interest and Tax and
Segments of that**

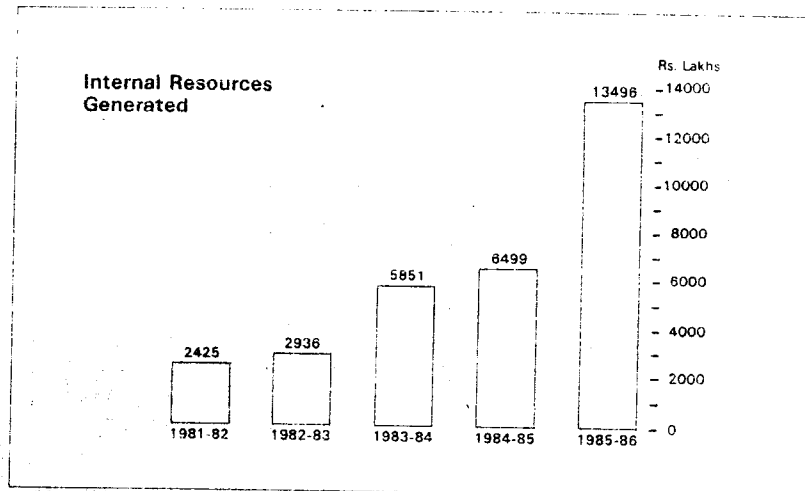


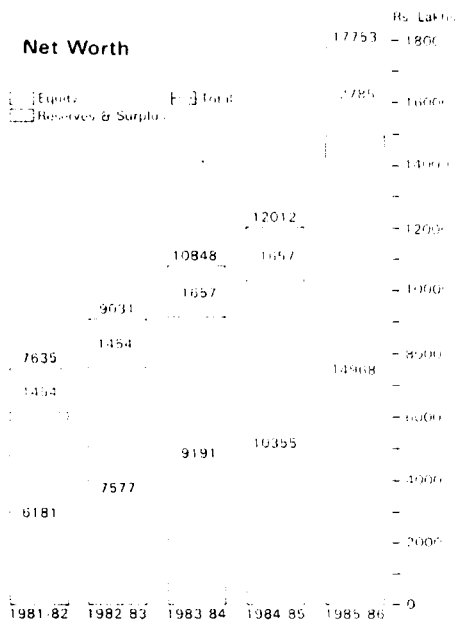
FINANCES



The outstanding amount of the term loans taken by the Corporation, including Rs. 30.82 crores from the World Bank through the Government of India, stood at Rs. 106.82 crores as at 31st March, 1986 as against Rs. 109.00 crores as at 31st March, 1985. The borrowings from banks and others amounted to Rs. 154.49 crores compared to Rs. 129.48 crores in the previous year. Internal cash generation was Rs. 134.96 crores as against Rs. 64.99 crores last year.

**Internal Resources
Generated**





PUBLIC DEPOSITS

The Public Deposit Scheme introduced in July 1981 continued to receive good response and the amount of deposits collected stood at Rs. 29.74 crores as against Rs. 28.57 crores as at 31st March, 1985. The amount of deposits matured but unclaimed as at 31st March, 1986 was Rs. 12.33 lakhs in respect of 191 depositors.

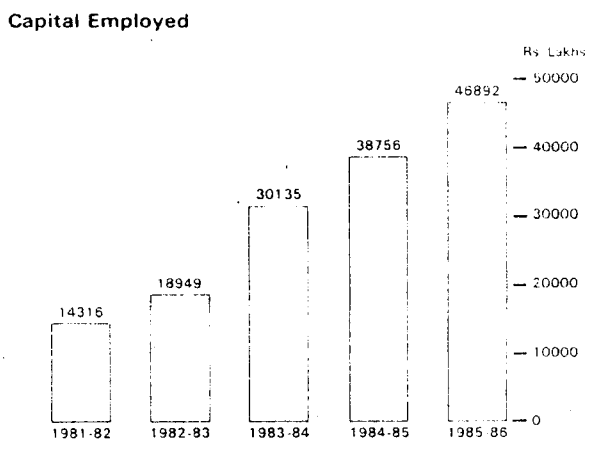
NET WORTH

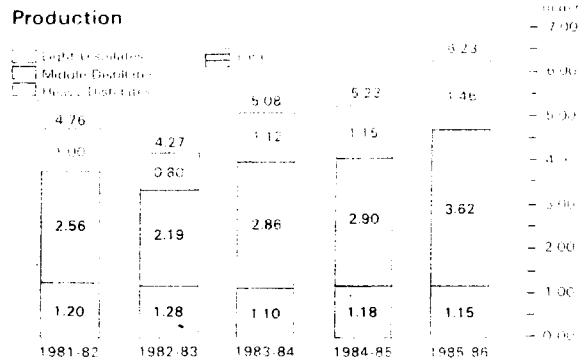
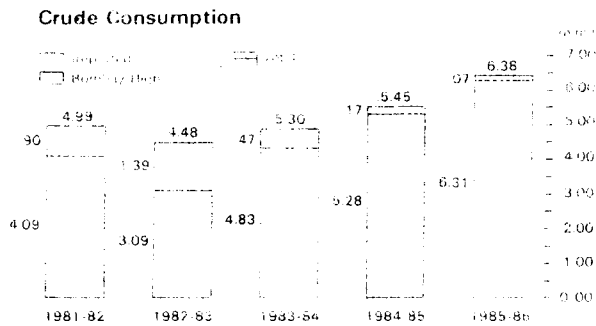
The net worth of the Corporation increased by Rs. 57.41 crores from Rs. 120.12 crores to Rs. 177.53 crores as at 31st March, 1986.

REFINING

Crude Consumption: During the year under review, crude consumption reached an all time high of 6.38 million tonnes as compared to 5.45 million tonnes in the previous year, an increase of 17.1%. This works out to a capacity utilisation of 106.3% of the installed capacity of 6 million tonnes per annum. Also, the highest monthly throughput of 6.11 lakh tonnes was achieved in March 1986. The quantity of Bombay High crude processed rose from 5.28 million tonnes last year to 6.31 million tonnes. Indigenous crude processed (Bombay High and Ratna Heera crudes) accounted for 99% of the total crude processed.

The Aromatics Plant and Sulphur Recovery Unit were successfully commissioned in July 1985 and October 1985 respectively. The Aromatics Plant, the largest in the country, has the distinction of being the only such plant based on indigenous technology. In recognition of this, the Indian Chemical





Manufacturers' Association (ICMA) Award for 'Forward Development of Technology' was presented to your Corporation.

Production: Total production of refined products during the year was 6.23 million tonnes as against 5.23 million tonnes in the previous year. The actual yields achieved were as under:

	1985/86	1984/85
Light Distillates	22.3 %	21.1 %
Middle Distillates	56.7 %	53.1 %
Heavy Ends	14.8 %	21.7 %
Fuel & Loss *	6.2 %	4.1 %
	100.0 %	100.0 %

* Excludes BH

Associated Gas used as Fuel 0.01 % 0.4 %

The Refinery achieved the highest total distillate yield in its history due to the operation of the new HVU/FCCU. The fuel and loss was higher in 1985-86, compared to 1984-85, due to operation of the new HVU/FCCU, pre-commissioning activities of Aromatics Plant and Sulphur Recovery Unit and their subsequent operation.

Safety: During the year, the Refinery achieved one million manhours without lost time accident on three occasions. To augment the existing fire-fighting capabilities, independent fire fighting facilities for the LPG storage/filling area are being provided at an estimated cost of Rs. 3.15 crores.

Energy and Environmental Conservation: The Corporation has always been conscious of the importance of energy and environmental conservation. Significant improvement in energy conservation was achieved by implementation of various projects. The Aromatics Plant has been provided with higher efficiency furnaces to conserve energy and reduce air pollution. Energy conservation projects, such as replacement of FPU heater by a new high efficiency furnace and provision of air preheaters in CDU furnaces, were progressed during the year as per schedule. The following statistics show the pattern of energy utilisation over the past 3 years:

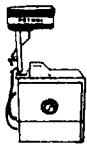
Year	No. of crudes processed	Total crude intake '000 Mt.	Bombay High intake % weight	Fuel & Hydro-carbon loss % weight	CEL Index
1983/84	8	5257.7	91.4	4.4	96.2
1984/85	8	5481.3	96.7	4.5	101.1
1985/86	7	6389.0	98.9	6.2	110.2

* includes 1.4% wt. in 1983/84, 6.8% wt. in 1984/85 and 0.9% wt. in 1985/86 of Ratna/Hira crude processed.

Higher CEL Index in the year 1985-86 was due to precommissioning/commissioning activities of the new plants.

On the environmental conservation front, the Refinery entered a new era with the commissioning of Sulphur Recovery Unit leading to reduction in Sulphur Dioxide emissions into the atmosphere. The Aromatics Plant has been provided with tall stacks to ensure better dispersal

of flue gas and an oil catcher to reduce water pollution. Further, the old plant oil catchers of SBP and FPU Units were replaced by modern corrugated plant interceptors. Monitoring of ambient air quality within the Refinery was commenced during the year. A proposal to instal continuous ambient air/stack gas quality monitors at an overall estimated cost of Rs. 2 crores is under implementation. In addition, a project at an estimated cost of Rs. 7.7 crores to instal a Waste Water Treatment Plant to treat liquid effluents to meet the Minimal National Standards (MINAS) is being progressed.



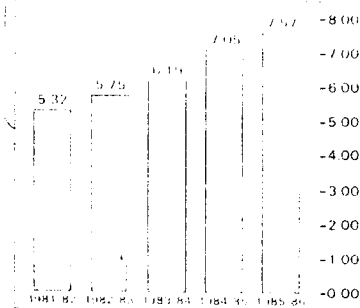
MARKETING

Total sales volume rose by 7.4% from 7.05 million tonnes in the previous year to 7.57 million tonnes during the year under report and the Corporation's market participation increased from 18.4% to 18.7%.

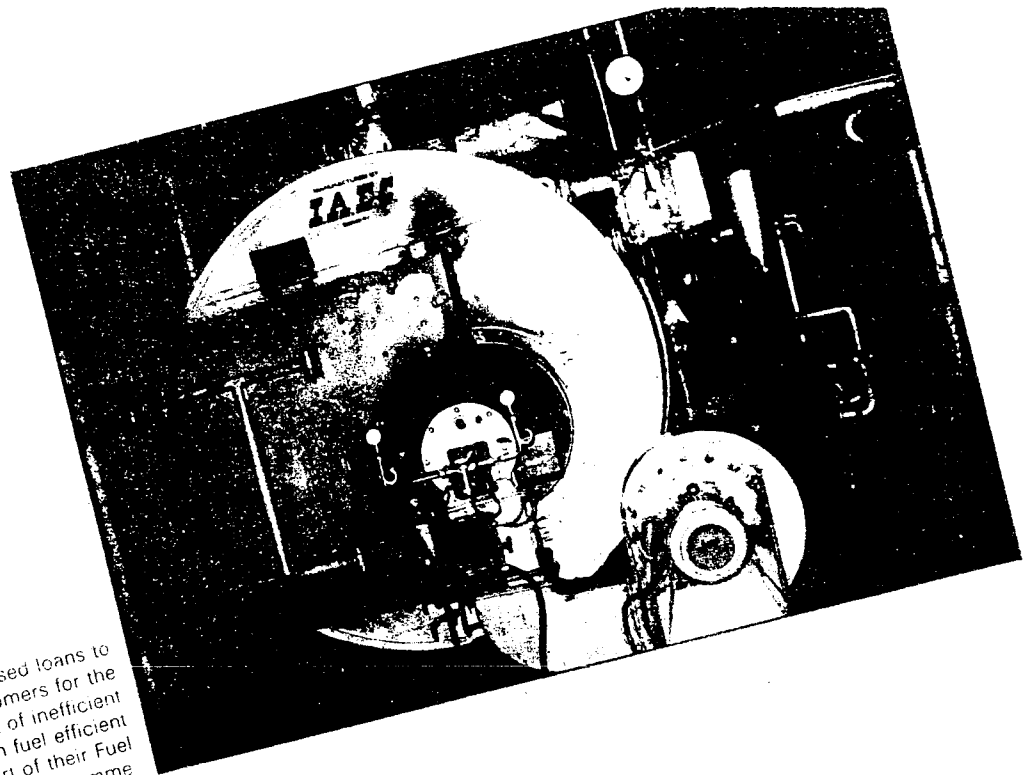
In respect of bulk products, the Corporation's endeavours have taken two main directions. Firstly, to make petroleum products available more extensively, the sales network has been expanded. Secondly, and more importantly, consolidated efforts have been made towards improving the services offered to customers.

By way of expansion of the sales network, 81 Retail Outlets (including 29 in rural areas), 9 Kerosine/LDO Dealerships and 27 HSD Consumer Pumps were commissioned during the year. The cumulative total of these at the close of the year stood at 3567, 817 and 148 respectively.

SALES VOLUMES



Progress is being made in the modernisation of BPC's retail network that includes installation of digital dispensing pumps, as seen above



BPC has disbursed loans to customers for the replacement of inefficient Boilers with fuel efficient Boilers, as part of their Fuel Conservation programme

With the long-term objective of providing improved service at Retail Outlets of the Corporation, specialist training is being provided to our staff and also the dealers. Since the quality of product available through our sales network is also of great importance to the customer, a Quality Control Cell has been established under our Product & Application Development Department to monitor and control the quality of the products distributed through our Installations/Depots.

The Corporation also participated in other activities of national priority. With the commissioning of our Aromatics Plant, Benzene and Toluene are now being marketed, replacing hitherto imported Benzene. Towards fuel conservation, we have been disbursing loans to customers to replace their fuel inefficient boilers, converting furnace oil customers to LSHS and packed bitumen demand to bulk. Trials are under way to establish the suitability of Methanol as an alternative fuel to HSD. These steps will contribute towards saving imported fuel and valuable foreign exchange.

As in the past, the marketing of LPG has been the special concern of the Corporation. Its LPG network was considerably increased. We commissioned 111 distributorships (48 in virgin markets) as against 98 last year, bringing the total number of distributorships at the close of the year to 518.

As against the target of 3.5 lakhs, the number of new customers enrolled during 1985/86 totalled to 3.56 lakhs. To provide service to consumers after working hours and on holidays, the Corporation participates in the Industry Emergency Cells established at Bombay, Delhi, Madras, Hyderabad, Ahmedabad, Jaipur, Lucknow, Calcutta, Patna, Bhopal and Pune. It is proposed to establish such cells in other major markets also.

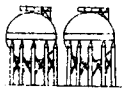
As in the previous years, great emphasis continued to be laid on the education of the fast growing LPG Consumer population to inculcate safety consciousness in the use of LPG through comprehensive nationwide multi-media campaigns supplemented by Safety Clinics/Seminars for training and education of consumers, distributors and their staff.

The Corporation continued to be the canalising agency for imports of LPG to supplement indigenous availability and during the year under review 32,052 tonnes of LPG were imported.



This new BPC installation at Bijwasan is representative of the expansion of the Corporation's distribution network

At the close of the year, the Corporation had 5 Port Installations, 2 Lubricating Oil Blending Plants, 3 Inland Installations and 50 Bulk Depots with an aggregate tankage of 6.68 lakh kl besides 12 Packed Lubricant Storage Depots. The Corporation owned and operated a tanklorry fleet of 171 vehicles and handled 265.21 lakh kl products during the year.



MAJOR PROJECTS

The Corporation continued to accord top priority to completion of projects without any time or cost overrun. Major projects already completed and under implementation are briefly outlined below :-

A. PROJECTS COMPLETED

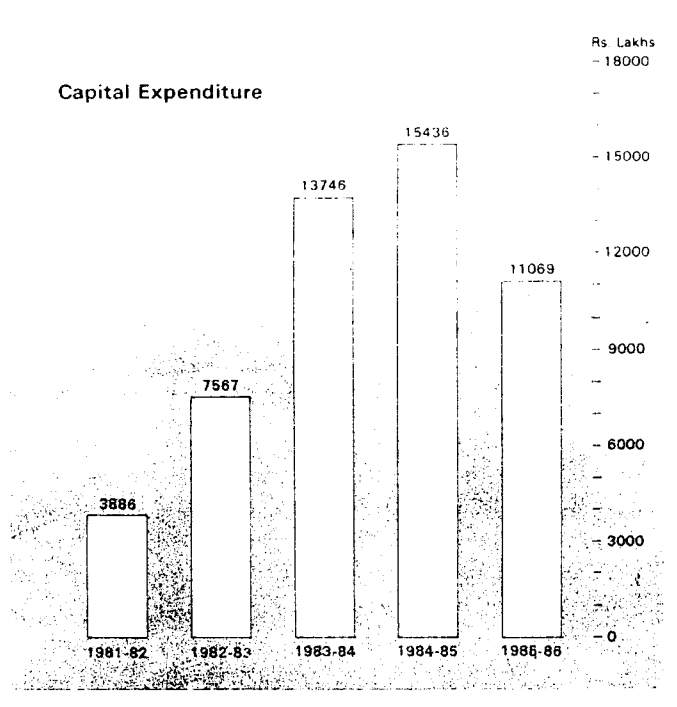
Production of Aromatics (Benzene and Toluene)

The project for the manufacture of 98,300 T/A of Benzene and 17,600 T/A of Toluene from the High Aromatic Naphtha Cut was commissioned in July 1985 well within the approved cost of Rs. 56.50 crores.

Sulphur Recovery Unit

This project meant for reducing the emission of Sulphur Dioxide into the atmosphere, and thus helping environmental improvement, was commissioned in October 1985 within the approved cost of Rs. 9.37 crores.

Capital Expenditure





Aviation Fuel Hydrant System at Indira Gandhi International Airport, Palam

The Corporation completed construction of a modern Aviation Fuel Hydrant System (cost Rs. 14.73 crores) to be operated by it on behalf of the Industry as an integral part of the New International Terminal Complex at Palam. The NITC was inaugurated by Shri Nawal Kishore Sharma, then Union Minister of State for Petroleum, on 28th October, 1985

B. ONGOING PROJECTS

Energy Conservation :

Phase I : As reported last year, the scheme for providing additional heat exchangers in Crude Distillation Unit (CDU) was completed 1½ years ahead of schedule and hooked up in October 1984 at the time of the CDU shut down. Air preheaters for the CDU Furnaces were also hooked up during April/May 1986 shut down. The overall cost of these two schemes was Rs. 4.29 crores and the resultant annual saving in fuel would be about 26,660 tonnes.

Phase II : The existing furnace for High Vacuum Unit (HVU) was replaced by a more efficient and modern furnace during April/ May 1986 shut down at an estimated cost of Rs. 5.08 crores. This would save about 6,690 tonnes of fuel per annum.

Phase III : The scheme essentially covers installation of CO Boiler for existing Catalytic Cracking Unit (CCU) at an estimated cost of Rs. 8.25 crores, and on completion during the planned shut down in 1988, will result in saving of about 5,910 tonnes of fuel per annum.

Captive Power Plant : With a view to insulating operations from any fluctuation or disruption in supply of power, and thereby guaranteeing uninterrupted power supply to Critical Units at all times, the Corporation proposes to instal a Captive Power Plant in the Refinery at an estimated cost of Rs. 43.61 crores. It is scheduled for completion in June 1988.

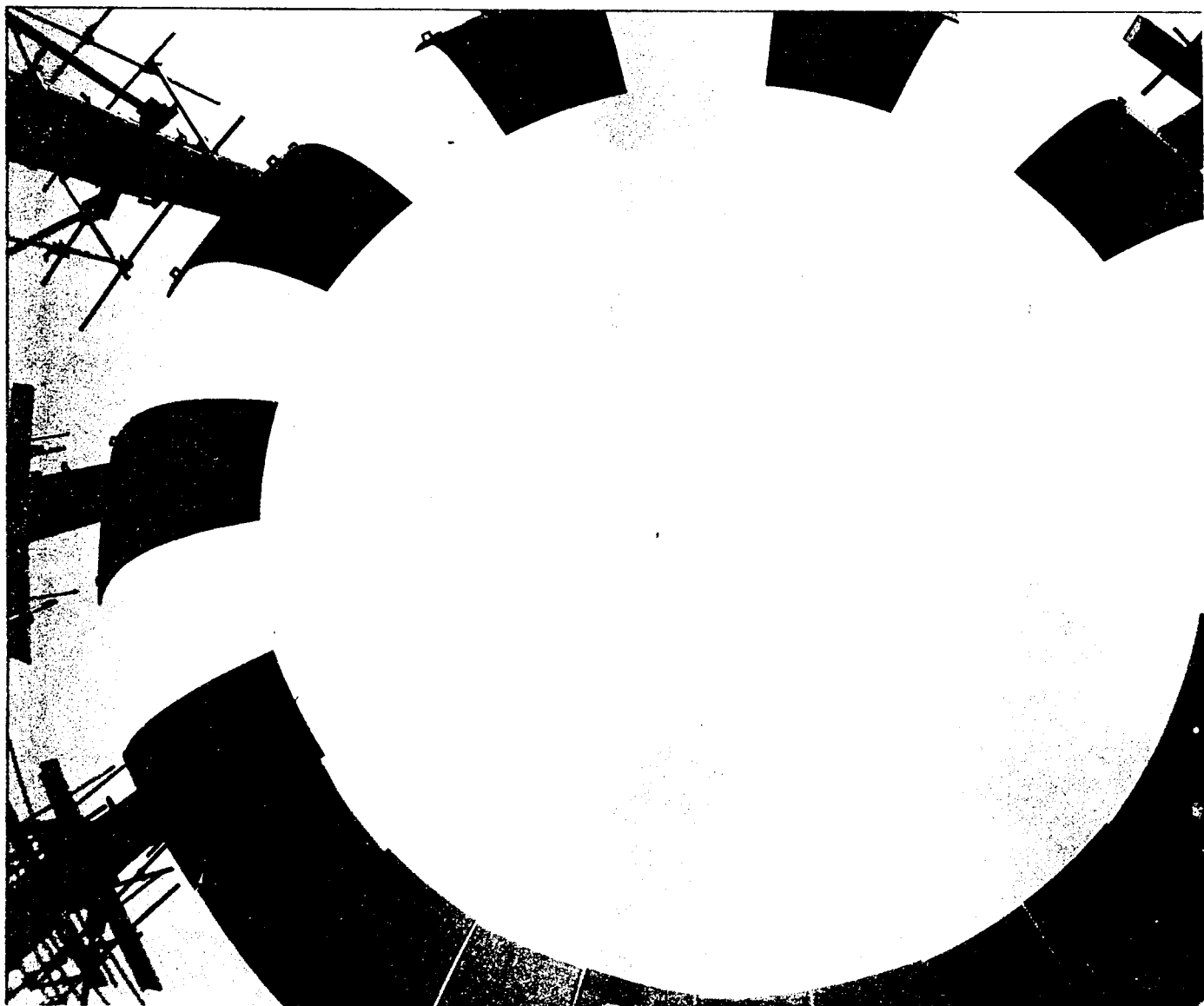
C3/C4 Separation Facilities : This project involves separation of C3/C4 streams from the Cat Cracked LPG at the Refinery and transportation of the C3 stream (about 51,362 TPA) by pipeline to Maharashtra Gas Cracker Complex, Nagothane for their proposed Polypropylene Plant. The project is estimated to cost Rs. 28.5 crores and is due for completion in December 1988.

Additional Product Tankage : Under Phase I of the project, the Corporation is providing tankage of 162,000 Kls at Butcher Island (Bombay) and 129,814 Kls at 10 other locations in the country, involving a capital outlay of Rs. 25.50 crores. Work on the tankage at 10 locations has already been completed and at Butcher Island is due for completion by March 1987.

Under Phase II A, 81,900 Kls tankage will be constructed at the Refinery/Sewree Installation in Bombay and 33,898 Kl tankage at 10 Depots and 1 Airfield Service Station at a total estimated cost of Rs. 9.13 crores. While work at Gwalior Airfield Station has already been completed, it is at various stages of progress at other locations. The project is due for completion in stages by March 1987.

Marketing of LPG - Phase III : Under this project, it is planned to market an additional quantity of 226,800 tonnes of LPG. For this purpose, the Corporation is setting up 12 new Botling Plants with a total capacity of 277,500 TPA as under :

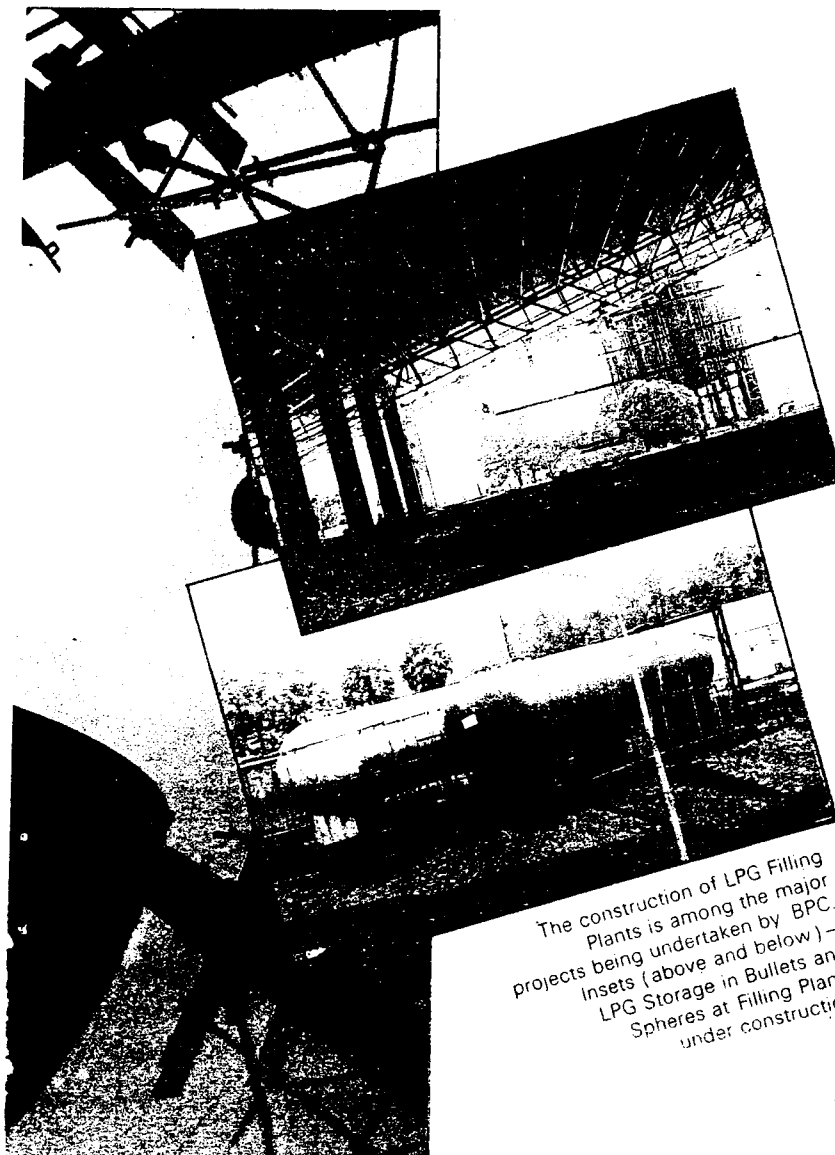
Capacity TPA		
2 × 75,000	1,50,000	Uran, Asaoti (near Delhi)
2 × 25,000	50,000	Jabalpur and Ambala
5 × 12,500	62,500	Mangalore, Sholapur, Jalgaon, Trivandrum and Tuticorin
3 × 5,000	15,000	Hissar, Lucknow and Khurda
2,77,500		





Land has been acquired at all locations (except Tuticorin/Hissar) and construction work is at various stages of progress. This project estimated to cost Rs. 231.85 crores envisages enrolment of 15.5 lakh new domestic customers and is scheduled for completion in stages by March 1988 beginning with Mangalore Plant in September 1986.

In addition, the Corporation is putting up two 6,500 TPA capacity bottling plants — one at Jaipur and the other at Bareilly at a total estimated cost of Rs. 4.42 crores. Work is in progress and these plants are scheduled for completion in stages by December 1986.



The construction of LPG Filling Plants is among the major projects being undertaken by BPC. Insets (above and below) — LPG Storage in Bullets and Spheres at Filling Plants under construction.

C. NEW PROJECTS

Apart from the projects mentioned earlier, the following major projects have been submitted to Government for approval:

Optimisation of Production of Aromatics (Xylenes)

Proposed Manufacture .. 100,800 TPA of Para-Xylene and 20,400 TPA of Ortho-Xylene, based on Naphtha from Bombay High Crude.

Estimated Cost .. Rs. 269 crores

Completion Schedule .. 36 months from the date of Government approval.

Extraction of N-Paraffins

Proposed Manufacture .. 70,000 TPA of N-Paraffins based on Kerosine Cut from Bombay High Crude.

Estimated Cost .. Rs. 84 crores

Completion Schedule .. 30 months from the date of Government approval.

Bombay-Manmad Pipeline

Proposed Facilities .. A 230 km pipeline to transport MS/SK/HSD/LDO with an initial throughput of 3 MMTPA, to supply to the area broadly covering Manmad/Aurangabad/Akola/Amravati/Nagpur/Jabalpur.

Estimated Cost .. Rs. 123.58 crores

Completion Schedule .. 36 months from the date of Government approval.

New Terminal at Cochin

Proposed Facilities .. Tankage for HAN/SK/HSD, pipelines and pumping facilities to enable faster loading/unloading of tanker parcels and to avoid crude throughput loss at Cochin Refinery due to ullage problems.

Estimated Cost .. Rs. 46.9 crores

Completion Schedule .. Within 32 months from date of Government approval.

PERSONNEL



The overall Industrial Relations were generally cordial during the year under review and the employees extended their full cooperation in meeting corporate objective. Towards end 1985, the Corporation made an offer for a Long Term Settlement with the unions of the Refinery covering the new workmen. The unions, after deliberations amongst themselves, decided not to accept the Corporation's offer hoping to get better terms out of their pending court cases. Thereafter, the Corporation on its own, decided to unilaterally implement most of the terms of the offer made by it to the workmen, prospectively from January 1986. The unions initially lodged a token protest against introduction of these terms but the workmen in general have welcomed the new terms which have benefited all of them. On the Marketing side, all the regional settlements expired on 31.5.1985 and negotiations with the Unions for an All India Settlement are under way.

The Corporation recognises that human resources are its most valuable asset. Consequently, there is an ever increasing stress on training and development of personnel at all levels. Formal in-house training is being organised at the Corporation's own Training Centres (including the residential Training Centre at Juhu, Bombay). Additionally, selected personnel are also being nominated to external courses conducted by various well known training institutes. Apart from formal training, increasing stress is being laid on "on the job" training.

With a view to meeting to some extent the need for housing at locations where rented accommodation is either not available or is very costly, the Corporation is progressively acquiring residential premises for its employees. This should also enable the Corporation to transfer persons from one location to another ensuring wider work exposure, thus enhancing their contribution to overall performance of the Corporation.

REPRESENTATION OF SC/ST

At the time of the takeover in January 1976, out of a total of 4,806 employees (excluding sweepers), there were only 94 Scheduled Caste and 15 Scheduled Tribe employees, i.e. just about 2.3% in all. As a result of intensified efforts put in since then, we have been able to increase the representation of SC/ST in the total intake. Out of a total increase of 3,171 in the staff strength between 24th January, 1976 and 31st March, 1986, those belonging to SCs/STs were 1,113, or 35%, out of whom 844 (26.6%) belonged to SCs and 269 (8.5%) to STs. The representation of SC/ST in the total employee population of 7977 is of the order of 1222, i.e. 15.3% as at 31st March, 1986.

With a view to encouraging higher education amongst Scheduled Castes/Scheduled Tribes, the following 3 Scholarship Schemes exclusively for SCs/STs are in operation :-

Engineering Degree Courses: 15 Scholarships for Under Graduate Engineering students belonging to SC/ST of the value upto Rs. 500/- each per month for the entire duration of the Engineering Degree Courses from 2nd year onwards. Upon successful completion of their studies, the scholars will be eligible for employment in the Corporation, subject to suitability.

ITI Training: 18 Scholarships for ITI trainees belonging to SC/ST of the value of Rs. 150/- each per month for the entire duration of training. On completion of training, they are eligible for appointment as Apprentices and later also for employment in the Corporation subject to their being found suitable.

Post-SSC Studies: 25 Merit Scholarships of Rs. 150/- per month tenable for a period upto 5 years of post-SSC studies in any discipline (upto graduation level) exclusively for the children of SC/ST employees of the Corporation.

The Study Group I of the Parliamentary Committee on the Welfare of Scheduled Castes and Scheduled Tribes visited the Corporation's Refinery at Bombay on 23rd June, 1986, and had a



meeting with the representatives of Scheduled Caste/ Scheduled Tribe employees and later had useful discussion with the Chairman & Managing Director and other officers of the Corporation. The Study Group appreciated the free and frank manner in which various problems concerning Scheduled Castes/Scheduled Tribes were discussed.

COMMUNITY WELFARE

The Corporation has extended assistance for improving the facilities in Mahul Village (near its Refinery at Bombay), such as drinking water supply, school building renovation, grant of stipends to youth to acquire vocational skill for self employment and scholarships for



Community development receives priority by BPC. The scenes (alongside and top two overleaf) show the renovation of the School Building that has been done and various other facilities like Pump House, Water Pumps provided at Mahul Village



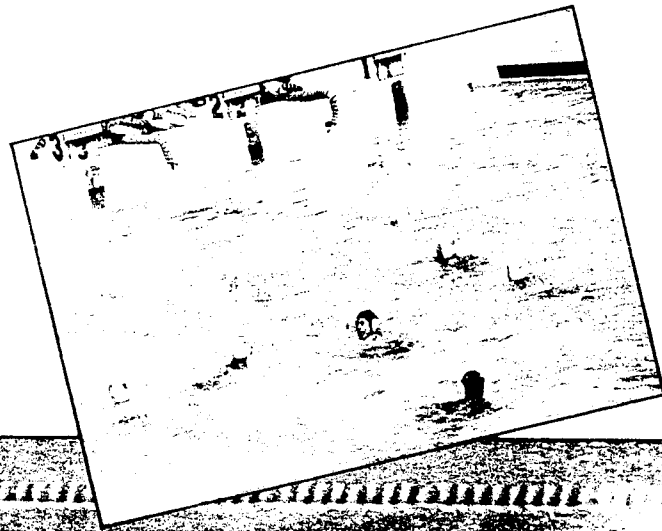


A Health Care Camp
was organised by
BPC Refinery
in January 1986.

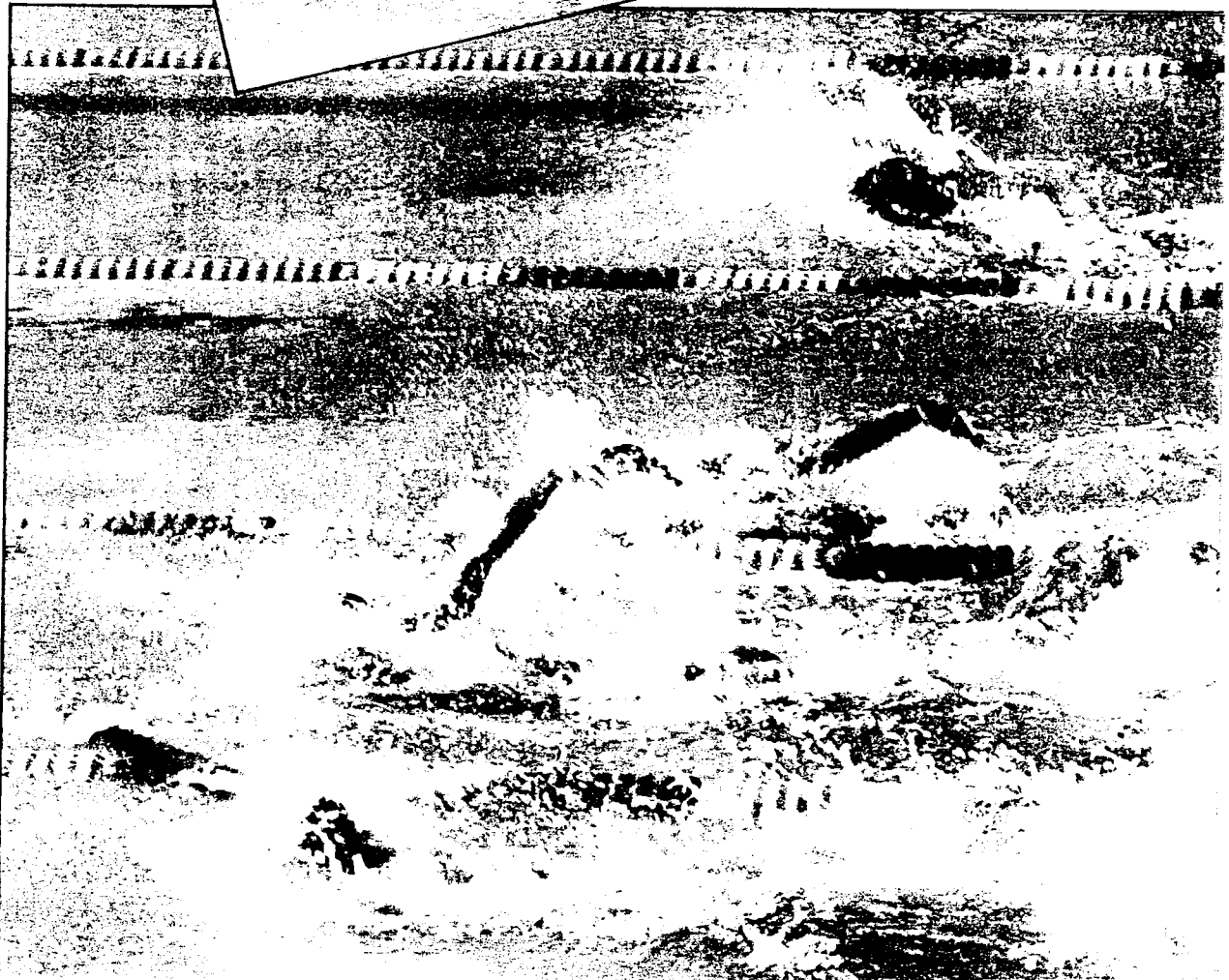




backward class students, holding of medical camps, etc. The Corporation also provided monetary/promotional assistance to various reputed academic, research, medical and cultural institutions and also sponsored various sport meets including the Second Asian Age Group Aquatic Championship, 1985, organised by the Swimming Federation of India. The Corporation's innovative public sector campaign on Noise and Garbage Pollution won the Ad-Club's first prize for best public service campaign in 1985.



The sponsorship of sports, particularly swimming and tennis received major impetus in 1985.

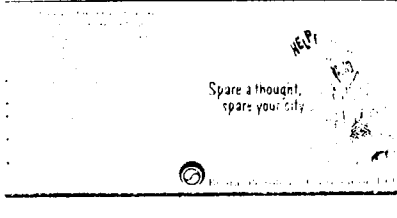


**Bombayites—
don't turn a blind eye
to your city**



POLLUTION

A multi-media anti-pollution campaign against "Noise" and "Garbage" pollution was launched by BPC in Bombay. The campaign which received positive response from the residents of the city won the Advertising Club's 1st Prize for the Best Public Service Campaign for 1985.





IMPLEMENTATION OF OFFICIAL LANGUAGE

Apart from the Chairman's Office and Area Offices in the four metropolitan cities, Official Language Implementation Committees have now been set up to cover all the Divisions and Installations in various parts of the country. 23 Hindi classes were conducted at different locations. The Corporation continues to lay emphasis on training in Hindi and organised 7 Hindi Workshops during the year to enable employees to do their day-to-day work in Hindi. The Committee of Parliament on Official Language visited our offices at Delhi, Jammu, Madurai and Tirupati.

PARTICULARS OF EMPLOYEES

Information as per section 217(2-A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is set out in Annexure I to this Report.

DIRECTORS

Shri T. N. R. Rao, Shri B. K. Sinha and Shri Arvind Varma, who retired on the conclusion of the last Annual General Meeting of the Corporation held on 27th September, 1985, were re-appointed as Directors with effect from 1st October, 1985. Shri S. K. Mudigonda was appointed as Director effective 11th June, 1986.

AUDITORS

The present Auditors of the Corporation, M/s. G. P. Kapadia & Co. and M/s. K. S. Aiyar & Co. will retire at the conclusion of the Annual General Meeting. Auditors for the year 1986-87 will be appointed by the Central Government under section 619(2) of the Companies Act, 1956.

ACKNOWLEDGEMENT

The Directors wish to acknowledge gratefully the support and guidance 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

U. M. KINI
Chairman & Mg. Director

*New Delhi,
11th August, 1986*

BHARAT PETROLEUM CORPORATION LIMITED





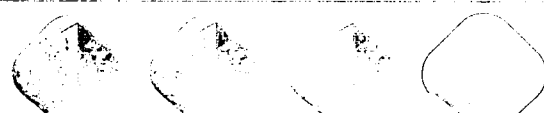




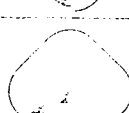
PERFORMANCE PROFILE

Crude Oil Processed (000 Tonnes)	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78	1976
	(15 Months)									
Imported	67	175	468	1384	904	1268	1301	1840	3826	3596
Indigenous	6311	5279	4829	3093	4090	3603	3540	2866	1803	159
	6378	5454	5297	4477	4994	4871	4841	4706	5629	3755
Fuel and Loss as % of Crude Processed	6.2	4.5	4.4	4.7	4.8	4.9	4.7	5.0	5.2	5.7
Sales Volume (000 KL)	9410	8789	7711	7124	6541	6473	6136	5781	6483	4519
Market Participation %	18.7	18.3	17.5	16.8	16.4	17.2	16.7	16.3	16.4	15.3
Sales and Earnings	Rs. Lakhs.									
Sales and Other Income	235147	213936	187936	173300	152504	122364	94598	78422	80027	57851
Gross Profit before Depreciation, Interest and Tax	17722	9299	7486	5497	4856	3940	3299	2938	2401	1026
Depreciation	7756	5334	4238	1540	1222	1251	771	455	190	239
Interest	3074	1885	1332	961	673	378	46	28	160	193
Profit before Tax	6892	2080	1916	2996	2961	2311	2482	2455	2051	594
Tax	760	700	350	1650	1554	1267	1505	1589	1265	428
Profit after Tax	6132	1380	1566	1346	1407	1044	977	866	786	166
What the Company Owned										
Gross Fixed Assets	60048	49569	34516	20921	13459	9625	7380	5812	4995	4607
Net Fixed Assets	35960	32920	22852	13367	7360	4708	3657	2825	2459	2258
Net Current Assets	10932	5836	7283	5582	6956	8691	2675	2158	3619	2592
Total Assets Net	46892	38756	30135	18949	14316	13399	6332	4983	6078	4850
What the Company Owed										
Share Capital	2785	1657	1657	1454	1454	1454	1454	1454	1454	1454
Reserves and Surplus	14968	10355	9191	7577	6181	4978	4105	3191	2500	1896
Net Worth	17753	12012	10848	9031	7635	6432	5559	4645	3954	3350
Borrowings	29139	26744	19287	9918	6681	6967	773	338	2124	1500
Total Funds Employed	46892	38756	30135	18949	14316	13399	6332	4983	6078	4850
Internal Generations										
	13496	6499	5851	2936	2425	2123	1684	1146	794	260
Value Added										
	29218	22350	18646	12974	11230	10076	8383	7625	7136	2813
Ratios										
Gross Profit before Depreciation, Interest and Tax as % of Sales and Other Income	7.5	4.3	4.0	3.2	3.2	3.2	3.5	3.8	3.0	1.8
Profit after Tax as % of Average Net Worth	41.2	12.1	15.7	16.2	20.0	17.4	19.1	20.1	21.5	6.7
Profit after Tax as % of Share Capital	220.2	83.3	94.5	92.6	96.8	71.8	67.2	59.6	54.1	11.5
Average Net Worth as % of Share Capital	534.3	689.8	599.9	573.1	483.7	412.4	350.9	295.7	251.2	170.9

HOW EACH



EARNED HAS BEEN SPENT DURING 1985-86

			1985/86 Paise	1984/85 Paise
1. Raw Materials, Purchase of Products for Resale (Net) & Packages			65.03	66.99
2. Duties, Taxes etc.			19.92	20.98
3. Transportation			3.23	3.44
4. Stores & Other Operating Expenses			3.29	2.94
5. Depreciation			3.20	2.50
6. Employee's Remuneration & Other Benefits			1.22	1.29
7. Interest on Borrowings			1.27	0.88
8. Retained Profits.			2.37	0.54
9. Income Tax			0.31	0.33
10. Dividend			0.16	0.11
			100.00	100.00

SOURCES AND UTILISATION OF FUNDS

SOURCES OF FUNDS

1985-86 1984-85 1983-84 1982-83 1981-82 1980-81 1979-80 1978-79 1977-78 1976
(15 Months)

OWN

Rs. Lakhs

Profit after Tax	6132	1380	1566	1346	1407	1044	977	866	786	166
Excess provision for Taxation in earlier year written back (Net)	(1)	16	48	50	--	32	111	--	--	--
Depreciation	7756	5334	4238	1540	1222	1251	771	455	190	239
Shareholders' Investment	1128	--	203	--	--	--	--	--	--	1708

BORROWINGS

Loans	2396	7457	9369	3237	(286)	6194	435	(1786)	624	1153
LPG Deposits	3280	2599	2056	1162	666	124	78	140	59	109
Decrease in Working Capital	--	--	--	214	1072	--	--	1320	--	--
Adjustment on account of Deletion/Re-classification, etc.	272	32	24	19	11	6	4	15	37	(748)
	20963	16818	17504	7568	4092	8651	2376	1010	1696	2627

APPLICATION OF FUNDS

Capital Expenditure	11069	15436	13746	7567	3886	2307	1607	835	429	263
Dividend	390	232	--	--	204	204	175	175	182	146
Investments	--	64	23	1	2	--	--	--	--	11
Increase in Working Capital	8376	1086	3735	--	--	6140	594	--	1085	2207
Utilisation of Reserves for Issue of Bonus Shares	1128	--	--	--	--	--	--	--	--	--
	20963	16818	17504	7568	4092	8651	2376	1010	1696	2627

VALUE ADDED STATEMENT

	<u>1985-86</u>	<u>Rs. Lakhs</u> <u>Previous Year</u>	
HOW VALUE IS GENERATED			
Value of Production (Refinery)	121342	100746	
Less: Direct Materials Consumed	<u>113678</u>	<u>96617</u>	
Added Value	7664	4129	
Marketing Operations	<u>21554</u>	<u>18221</u>	
Value Added by Manufacturing & Trading Operations	<u>29218</u>	22350	
Add: Other Income	<u>5927</u>	<u>2576</u>	
Total Value Generated	<u>35145</u>	<u>24926</u>	
 HOW VALUE IS DISTRIBUTED			
I. OPERATIONS			
Operating & Servicing Costs	14474	12877	
II. EMPLOYEES' BENEFITS			
Salaries, Wages & Bonus	2294	2008	
Other Benefits	655	742	2750
III. PROVIDERS OF CAPITAL			
Interest on Borrowings	3074	1885	
Dividend	390	232	2117
IV. INCOME TAX			
	760	700	
V. RE-INVESTMENT IN BUSINESS			
Depreciation	7756	5334	
Retained Profit	<u>5742</u>	<u>1148</u>	<u>6482</u>

SIGNIFICANT ACCOUNTING POLICIES & PRACTICES

1. LAND

Land acquired on lease for over 99 years is treated as freehold land.

2. FIXED ASSETS OTHER THAN LAND

Expenditure on minor items other than Plant & Machinery and Land not exceeding Rs. 500/- per item is charged to Revenue.

3. CAPITAL EXPENDITURE DURING CONSTRUCTION

Direct expenses as well as direct financing costs, relating to major projects, incurred during construction period are capitalised.

4. DEPRECIATION

4.1 No depreciation is charged on freehold land. Premium on leasehold land is amortised over the term of the lease.

4.2 Depreciation on LPG cylinders and pressure regulators as well as items of plant and machinery costing not more than Rs. 5,000/- each, is charged on 100% basis in the year of capitalisation.

4.3 Depreciation on refinery assets is charged on straight-line method so as to depreciate and amortise these assets generally upto 5% of their original cost over their estimated useful life, based on rates as prescribed under Section 205 (2)(b) of the Companies Act, 1956 for various assets. Depreciation on marketing assets is charged on the basis of amounts claimable for tax purposes as prescribed under the Income Tax Act, 1961 and Rules made thereunder.

4.4 Depreciation is charged for full year irrespective of date of installation/commissioning. No depreciation is charged on assets sold/disposed off.

5. INVENTORY VALUATION

5.1 Crude and Intermediate stocks are valued at cost on First In and First Out basis.

5.2 Lubricating Base Oils are valued at Cost i.e. ex-refinery price as fixed under the Oil Prices Committee Report or changes in respect thereof, as advised by Government from time to time.

5.3 All petroleum products produced at the Refinery are valued at cost or Net realisable value, whichever is lower. Products purchased from other Oil Companies are valued at Cost i.e. Ex-Refinery price as per the Oil Prices Committee Report or changes in respect thereof made by Government from time to time.

5.4 Imported Liquefied Petroleum Gas is valued at Cost i.e. ex-refinery price as per the Oil Prices Committee Report or changes in respect thereof as advised by Government, from time to time.

5.5 Lubricating Oils, Greases and certain other sundry products are valued at cost.

5.6 Packages are valued at cost or net realisable value, whichever is lower.

5.7 Stores and Spares are valued at cost.



6. CLAIMS & PROVISIONS

Claims on Oil Coordination Committee/Government are booked on acceptance in principle thereof. Claims and provisions on Pool Account are generally booked on the basis of available instructions/clarifications subject to final adjustment after audit, as stipulated. All other claims and provisions are booked on merits of each case.

7. BAD & DOUBTFUL DEBTS

Provisions against items identified bad and doubtful debts are made on the basis of year end reviews having regard to the likely risks assessed primarily in the light of past experience.

Provisions are applied to writeoff when recoveries are considered unlikely or the probability of loss has been identified.

8. SALES

Sales include, inter alia, Excise/Custom Duties, Pool Adjustments and other elements allowed by Government, from time to time.

9. GRATUITY

Arrangements for payment of gratuity on retirement are made through a Trust Fund. The amount required to be paid by the Corporation by way of contributions, based on actuarial advice, is charged to Profit & Loss Account.

10. CLASSIFICATION OF EXPENDITURE & INCOME

Income and expenditure upto Rs. 50,000 in each case pertaining to prior years, is charged to the current year.

Pre-paid expenses upto Rs. 1,000/- in each case are charged to Revenue.

11. RESEARCH & DEVELOPMENT EXPENDITURE

Research and Development expenditure is charged to the Profit & Loss Account in the year the expenditure is incurred.

12. EXCHANGE RATES

Liabilities in foreign currencies are translated into rupees at rates ruling at the time of capitalisation of Fixed Assets or rates of exchange prevailing at the end of the year in case of current assets. Subsequent exchange fluctuations are charged to Revenue in the year of payment.

BHARAT PETROLEUM CORPORATION LIMITED

BALANCE SHEET AS AT 31ST MARCH, 1986

	Schedule	Rupees	1985 Rupees
I. SOURCES OF FUNDS			
(1) Shareholders' Funds			
(a) Share Capital	A	27,85,34,000	16,57,40,000
(b) Reserves & Surplus	B	149,67,62,738	103,54,91,797
		177,52,96,738	120,12,31,797
(2) Loan Funds			
(a) Secured Loans	C	45,21,98,931	33,29,79,763
(b) Unsecured Loans	C	246,17,41,529	234,13,74,605
		291,39,40,460	267,43,54,368
TOTAL		468,92,37,198	387,55,86,165
II. APPLICATION OF FUNDS			
(1) Fixed Assets			
(a) Gross Block	D	493,36,72,413	356,17,85,752
(b) Less: Depreciation	D	240,88,10,336	166,48,33,093
(c) Net Block	D	252,48,62,077	189,69,52,659
(d) Capital Work-in-Progress (At Cost) (includes Advance Payments, Materials at Site, In-Transit and with Contractors)	E	107,11,58,596	139,50,51,527
		359,60,20,673	329,20,04,186
(2) Investments	F	1,01,39,109	1,01,40,029
(3) Current Assets, Loans & Advances			
(a) Inventories	G	195,64,94,799	166,28,14,920
(b) Sundry Debtors	H	97,01,67,211	61,09,99,238
(c) Cash & Bank Balances	I	59,24,64,689	45,42,60,769
(d) Other Current Assets	J	21,65,146	7,34,401
(e) Loans & Advances	K	103,27,36,898	84,48,38,931
		455,40,28,743	357,36,48,259
Less: Current Liabilities & Provisions			
(a) Liabilities	L	329,17,84,443	291,38,19,596
(b) Provisions	M	17,91,66,884	8,63,86,713
		347,09,51,327	300,02,06,309
Net Current Assets		108,30,77,416	57,34,41,950
TOTAL		468,92,37,198	387,55,86,165
Notes forming part of Accounts	U		

As per our Report attached

U. M. KINI
Chairman and
Managing Director

R. K. GAJREE
Director (Finance)

New Delhi, 11th August, 1986

P. J. KISHINCHANDANI
Secretary

For and on behalf of
G. P. KAPADIA & CO.
Chartered Accountants

S. G. BHATIA
Partner

Bombay, 12th August, 1986

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

MANI A. AIYAR
Partner



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1986

INCOME	Schedule	Rupees	Rupees	1985 Rupees
Sale of Products		2357,77,93,478		2127,65,01,333
Miscellaneous Income	N	13,68,90,274		11,71,28,858
Increase/(Decrease) in Inventory of Finished Products	O	26,80,45,333		(20,56,80,147)
			2378,27,29,085	2118,79,50,044
EXPENDITURE & CHARGES				
Purchase of Products for Resale (Net) [See Note No. 1 (d)]		399,31,78,792		421,34,52,987
Raw Materials Consumed		1155,88,85,233		990,25,74,042
Packages Consumed		20,95,99,257		17,06,93,389
Duties, Taxes, etc. & Other Charges applicable to Products		482,91,27,755		447,54,26,212
Transportation		78,39,14,507		73,44,85,490
Consumption of Stores, Spares & Materials	P	27,82,30,401		23,74,65,527
Fuel & Power	Q	10,24,82,606		5,45,81,624
Employees' Remuneration & Other Benefits	R	29,49,42,459		27,49,56,904
Other Operating & Administration Expenses	S	72,33,60,055		52,32,59,065
Depreciation [See Note (v) Schedule D]		77,56,36,127		53,34,69,230
			2354,93,57,222	2112,03,64,470
Profit			23,33,71,863	6,75,85,574
Prior Years' Income/(Expenses) Net	T		45,58,12,715	14,04,45,923
Profit before Tax			68,91,84,582	20,80,31,497
Investment Allowance Reserve		25,15,00,000		1,55,00,000
Provision for Taxation		1,50,00,000		7,00,00,000
			32,76,00,000	8,55,00,000
Profit after Tax			36,16,84,582	12,25,31,497
Transfer from Development Rebate Reserve No. 1				15,210
Excess/(Short) Provision for taxation in earlier years written back/provided for (Net)		11,24,881		16,11,013
Transfer from Investment Allowance Reserve		2,62,264		43,211
			1,37,493	16,69,434
Balance brought forward from previous year			36,18,21,985	12,42,00,931
			80,521	21,49,83,190
Disposable Profit			36,19,02,506	33,91,84,121
Appropriations : Proposed Dividend			3,89,94,760	2,32,03,600
Transfer to General Reserve			32,29,00,000	31,59,00,000
Balance carried to Balance Sheet			7,746	80,521
Notes forming part of Accounts	U			

As per our Report attached

U. M. KINI
Chairman and
Managing Director

R. K. GAJREE
Director (Finance)

New Delhi, 11th August, 1986

P. J. KISHINCHANDANI
Secretary

For and on behalf of
G. P. KAPADIA & CO.
Chartered Accountants

S. G. BHATIA
Partner

Bombay, 12th August, 1986

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

MANI A. AIYAR
Partner

BHARAT PETROLEUM CORPORATION LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 1986

SCHEDULE A--SHARE CAPITAL

	Rupees	1985 Rupees
(i) Authorised		
5,00,000 Equity Shares of Rs. 1,000 each	50,00,00,000	25,00,00,000
	50,00,00,000	25,00,00,000
(ii) Issued and Subscribed		
2,78,534 Equity Shares of Rs. 1,000 each	27,85,34,000	23,00,00,000
	27,85,34,000	23,00,00,000
(iii) Paid Up		
2,78,534 Shares of Rs. 1,000 each	27,85,34,000	16,57,40,000
	27,85,34,000	16,57,40,000

Of the above :

- (a) 500 equity shares of Rs. 1,000 each were originally issued and paid in cash.
- (b) 2,29,500 shares of Rs. 1,000 each on which Rs. 720 per share were paid in cash, were made fully paid during the year by capitalisation of Capital Reserve.
- (c) 48,534 shares of Rs. 1,000 each were issued during the year as fully paid bonus shares by capitalisation of Capital Reserve.

SCHEDULE B--RESERVES AND SURPLUS

	Rupees	Rupees	1985 Rupees
(i) Capital Reserve			
As per last Balance Sheet	16,80,62,831		16,80,48,742
Add: Transfer from Development Rebate Reserve No. 2	—		14,089
	16,80,62,831		16,80,62,831
Less: Amount Capitalised during the year	11,27,94,000		—
		5,52,68,831	16,80,62,831
(ii) Development Rebate Reserve No. 1			
As per last Balance Sheet	—		15,210
Less: Transfer to Profit & Loss Account	—		15,210
			—



SCHEDULE B - RESERVES AND SURPLUS (Contd.)

	Rupees	Rupees	1985 Rupees
(iii) Development Rebate Reserve No. 2			
As per last Balance Sheet	—	—	14,089
Less: Transfer to Capital Reserve	—	—	14,089
			—
(iv) General Reserve			
As per last Balance Sheet	43,47,00,000	—	43,47,00,000
Add: Transfer from Profit & Loss Account	12,65,00,000	—	31,67,00,000
		167,35,00,000	75,06,00,000
(v) Investment Allowance Reserve			
As per last Balance Sheet	11,67,48,445	—	10,12,91,656
Add: Transfer from Profit & Loss Account	25,15,00,000	—	1,55,00,000
	36,82,48,445	—	11,67,91,656
Less: Transfer to Profit & Loss Account	—	36,75,76,161	43,211
		7,746	11,67,48,445
(vi) Profit & Loss Account			
		149,67,62,738	80,521
		—	103,54,91,797

SCHEDULE C - DEBTS

	Rupees	1985 Rupees
(i) Secured		
From Scheduled Banks secured by hypothecation of Stock in Trade at certain locations and Stores Stock at Refinery	45,09,00,000	33,26,34,558
Interest Accrued and due	21,98,931	3,45,205
	45,21,98,931	33,29,79,763
(ii) Unsecured		
From Scheduled Banks	24,26,55,804	—
Public Deposits (includes Rs. 5,55,99,000 maturing before 31st March, 1987)	29,73,68,000	28,57,45,000
Others (includes Rs. 8,14,37,332 due for Repayment before 31st March, 1987)	192,05,48,171	205,18,03,365
Interest Accrued and due on Public Deposits	11,69,554	36,26,240
	246,17,41,529	234,13,74,605
	291,39,40,460	267,43,54,368

BHARAT PETROLEUM CORPORATION LIMITED

SCHEDULE D—FIXED ASSETS

Particulars (1)	COST			
	Gross Block As at 1-4-1985 (2)	Additions (3)	Deductions Including Reclassi- fications (4)	Gross Block As at 31-3-1988 (5)
	Rupees	Rupees	Rupees	Rupees
1. LAND — Including Advance Payments				
(a) Freehold/Long Leasehold	2,47,68,083	1,77,10,090	(2,90,514)	4,27,68,687
(b) Leasehold on which premia are being written off over lease period.	69,16,213	66,24,000	1,25,304	1,34,14,909
(c) Advance Payments	7,35,59,834	19,43,114	73,18,000	6,81,84,948
2. BUILDINGS	26,82,00,468	8,31,07,237	19,90,656	34,93,17,049
3. RAILWAY SIDINGS	1,59,47,489	74,34,778	—	2,33,82,267
4. PLANT & MACHINERY	132,82,06,577	65,45,58,659	2,54,00,655	195,73,64,581
5. TANKS & PIPELINES	52,82,72,505	20,52,12,006	66,18,073	72,48,66,438
6. FURNITURE & FITTINGS	3,09,69,985	65,55,226	91,744	3,74,33,467
7. VEHICLES	7,41,92,728	4,81,20,745	13,77,728	12,09,35,745
8. OTHER ASSETS				
(a) Dispensing Pumps	8,13,52,483	1,85,83,901	1,21,131	9,98,16,253
(b) LPG Cylinders & Allied Equipment	99,80,27,806	38,18,46,796	1,84,53,496	136,14,21,106
(c) Sundries	13,33,71,581	2,75,10,462	2,61,14,080	13,47,67,963
TOTAL	356,17,85,752	145,92,07,014	8,73,20,353	493,36,72,413
<i>Previous Year</i>	<i>183,27,49,812</i>	<i>176,75,56,074</i>	<i>3,85,20,134</i>	<i>356,17,85,752</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 —
 - (a) Rs. 12,23,759 being excess deposit towards cost of land paid to local authorities. The work of verification of claims is in progress by the local authorities,
 - (b) 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.



DEPRECIATION				NET BLOCK	
As at 1-4-1985 (6)	This year (7)	Deductions on account of Retirement/ Reclassi- fications (8)	As at 31-3-1986 (9)	As at 31-3-1986 (10)	As at 31-3-1985 (11)
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
—	—	—	—	4,27,68,687	2,47,68,083
10,64,357	5,51,279	46	16,15,590	1,17,99,319	58,51,856
—	—	—	—	6,81,84,948	7,35,59,834
5,32,17,832	1,41,56,859	1,19,335	6,72,55,356	28,20,61,693	21,49,82,636
50,04,987	23,82,204	—	73,87,191	1,59,95,076	1,09,42,502
28,34,81,484	26,56,17,370	72,63,432	54,18,35,422	141,55,29,159	104,47,25,093
17,49,99,883	7,41,48,740	9,90,053	24,81,58,570	47,67,07,868	35,12,72,622
80,72,162	26,72,357	30,392	1,07,14,127	2,67,19,340	2,28,97,823
4,17,56,273	1,34,06,567	9,70,032	5,41,92,808	6,67,42,937	3,24,36,455
3,88,13,424	91,82,209	65,737	4,79,29,896	5,18,85,357	4,25,39,059
99,80,27,806	38,18,35,120	1,84,41,820	136,14,21,106	—	—
6,03,94,885	1,21,43,933	42,38,548	6,83,00,270	6,64,67,693	7,29,76,696
166,48,33,093	77,60,96,638	3,21,19,395	240,88,10,336	252,48,62,077	189,69,52,659
116,64,03,967	53,52,14,920	3,67,85,794	166,48,33,093	189,69,52,659	

(iii) Buildings —

- (a) do not include 664 tenements owned by Maharashtra State Housing Board for which Rs. 40 lakhs subsidy was paid to Maharashtra State Housing Board during the period from 1953 to 1959 and was written off by the Company,
 (b) include cost of ownership flats Rs. 66,60,175 held in formed/proposed Co-operative Housing Societies which includes value of Shares of Rs. 13,700 issued by Societies under their byelaws out of which Share Certificates of the value of Rs. 11,250 are to be received.

(iv) Deductions (Col. 4) include excess capitalisation of prior years Rs. 2,40,69,170 (Previous Year Rs. 1,83,941).

(v) Depreciation for the year (Col. 7) includes—

- (a) Reversal of depreciation on excess capitalisation referred in (iv) above Rs. 14,95,765 (Previous Year Rs. 16,655),
 (b) Relating to prior year Rs. 2,89,979 (Previous Year Rs. 3,28,795),
 (c) Charged to Capital Work-in-Progress Rs. 4,60,512 prior years nil (Previous Year Rs. 17,45,690 including prior years Rs. 4,385).

SHARAT PETROLEUM CORPORATION LIMITED

SCHEDULE E—CAPITAL WORK—IN—PROGRESS (AT COST), INCLUDING ADVANCE PAYMENTS MATERIAL—AT—COST (IN TRANSIT, WITH CONTRACTORS)

	Rupees	1985 Rupees
(1) Work—In—Progress (At Cost) and Advance Payments	87,700,127	—
(2) Capital Stores (At Cost) including lying with contractors	8,74,80,422	—
(3) Capital Goods—In—Transit (At Cost)	2,33,778	—
(4) Construction Period Expenses pending allocation	—	—
Balance as at 1st April 1985	4,47,13,865	—
Less: Adjustment pertaining to Previous Years	—	—
Add: Expenditure during the year	—	—
Establishment Charges	66,07,549	—
Interest	1,80,30,364	—
Depreciation	4,60,512	—
Others	31,67,067	—
Less: Recoveries	—	—
Allocated to Assets/Construction Work—In—Progress during the year	7,38,40,469	—
	61,53,888	—
TOTAL	1,57,11,78,550	—

SCHEDULE F—INVESTMENTS

	No.	Face Value Rupees	Book Value Rupees	Rupees	1985 Rupees
(i) Quoted—					
Government Securities at Cost—(Market Value Rs. 11,68,422—1985 Rs. 12,37,050)					
3% Loan 1986		32,000	25,239		25,239
5 1/2% Loan 1992		2,98,300	3,01,545		3,01,445
5 1/2% Loan 1995		2,13,700	2,13,716		2,13,716
5 1/2% Loan 1999		31,500	31,510		31,510
5 1/2% Loan 2000		5,800	5,787		5,787
5 3/4% Loan 2001		1,38,800	1,38,692		1,38,692
5 3/4% N. D. Loan 2001		10,100	10,092		10,092
5 3/4% Loan 2002		35,000	31,932		31,932
6% Loan 1993		5,500	4,745		4,745
6% Loan 1998		2,90,000	2,82,872		2,82,872
6 1/2% Loan 2000		1,03,000	99,634		99,634
7% Loan 2009		2,05,000	1,86,033		1,86,033
7 1/2% Loan 2010 II		1,94,000	1,96,279		1,96,279
		15,62,700		14,98,976	14,98,976
(Securities of the face value of Rs. 15,62,300 (1985 — Rs. 15,62,300) deposited with Local Authorities, etc.)					
(ii) Unquoted—At Cost					
(a) Capital Units of the Unit Trust of India	8,18,440	31,64,400		30,30,547	30,30,547
(b) National Savings Certificates (Certificates of the Face Value of Rs. 15,580 (1985 Rs. 16,500) deposited with Local Authorities, etc.)		15,590	15,590		15,510
(c) Debentures (Fully Paid)					
(i) 6 1/2% Irredeemable Debentures of the Bengal Chamber of Commerce and Industry	15	15,000	15,000		15,000
(ii) 5% Non-Redeemable Debentures of East India Clinic Ltd.	1	60,000	60,000		60,000
(d) Ordinary Shares (Fully Paid) Sindhu Resettlement Corporation Limited	6	6,000	15,000		19,000
		36,590		1,05,547	1,10,510



SCHEDULE F INVESTMENTS (Contd.)

	No.	Face Value Rupees	Book Value Rupees	Rupees	1985 Rupees
(iii) Unquoted—At Book Value					
6% Debentures of Sholapur Spinning and Weaving Mills Ltd. (In liquidation)	578	57,800		1	1
				1,01,39,109	1,01,40,029

CURRENT ASSETS, LOANS AND ADVANCES

SCHEDULE G—INVENTORIES (Certified as to quantity and value by a Director)

		Rupees	Rupees	1985 Rupees
(i) Raw Materials (At Cost) *				
Value		13,26,12,854		31,54,10,419
Charges		3,30,96,076		1,45,98,434
(ii) Finished Products (At Cost or Net Realisable Value whichever is lower) **				
Value		112,99,47,679		86,19,02,346
Charges		17,21,40,234		13,73,45,484
(iii) Packages (At Cost or Net Realisable Value, whichever is lower)		4,92,14,720		3,57,82,175
(iv) Stores and Spares (At Cost) †		43,92,83,236		29,77,76,062
			196,84,94,799	166,28,14,920

* Excludes materials received on loan Rs. 32,12,00,116 (Net)
1985—Rs. 5,72,90,331 (Net)

** Excludes Products received on loan Rs. 18,64,37,936 (Net)
1985—Rs. 18,85,24,183 (Net)

† Includes Stock given on loan Rs. 3,91,312
1985—Rs. 5,37,872

SCHEDULE H—GENEROUS DEBTORS (UNSECURED)

	Rupees	Rupees	Rupees	1985 Rupees
Over 6 months				
Considered Good		5,25,88,539		44,27,166
Considered Doubtful	3,18,25,841			2,88,46,002
Less: Provision for Doubtful Debts	3,18,25,841			2,88,46,002
			5,25,88,539	44,27,166
Other Debts				
Considered Good		91,75,78,672		60,65,72,072
Considered Doubtful	37,87,159			69,722
Less: Provision for Doubtful Debts	37,87,159			69,722
			91,75,78,672	60,65,72,072
			97,01,67,211	61,09,99,238

BHARAT PETROLEUM CORPORATION LIMITED

SCHEDULE I—CASH AND BANK BALANCES

	Rupees	Rupees	1985 Rupees
Cash in hand and in transit	37,53,96,149		37,01,44,338
With Scheduled Banks			
On Current Accounts (Net of. Book Overdrafts Rs. 4,28,64,156—1985 Rs. 3,54,09,094)	20,68,91,114		8,12,29,127
On Deposit Accounts	1,02,67,426		28,87,304
		59,24,64,689	45,42,60,769

SCHEDULE J—OTHER CURRENT ASSETS

	Rupees	1985 Rupees
Interest accrued on Investments, Bank Deposits, Loans and Advances	21,65,146	7,34,401

SCHEDULE K—LOANS AND ADVANCES

	Rupees	Rupees	Rupees	1985 Rupees
Secured				
Loans to Companies (Considered Good) (Secured against hypothecation of Boilers)		32,11,169		41,48,285
Unsecured				
(i) Advances Recoverable in Cash or in kind or for Value to be received (Net)				
(a) Considered Good		98,20,90,522		80,39,52,785
(Includes Due by Officers Rs. 4,18,82,616 and by Directors Rs. 4,23,691—1985 by Officers Rs. 3,03,49,811 and by a Director Rs. 2,88,536. Maximum during the year by Officers Rs. 4,18,82,616 and by Directors Rs. 4,24,314—1985 by Officers Rs. 3,03,49,811 and by Directors Rs. 2,88,536)				
(b) Considered Doubtful	—			15,536
Less: Provision	—			15,536
			98,53,01,691	80,81,01,070
(ii) Deposits—				
(a) With Customs, Excise, Port Trust etc. (Considered Good)		2,31,31,933		1,63,92,275
(b) Deposits with I.D.B.I. (Considered Good)		12,88,000		12,88,000
(c) Other Deposits—				
Considered Good		2,30,16,274		1,90,57,586
Considered Doubtful	1,85,287			1,83,140
Less: Provision	1,85,287			1,83,140
			4,74,35,207	3,67,37,861
			103,27,36,898	84,48,38,931



CURRENT LIABILITIES AND PROVISIONS

SCHEDULE L—LIABILITIES

	Rupees	Rupees	1985 Rupees
Interest accrued but not due	11,97,70,821		13,03,88,422
Sundry Creditors	209,25,14,886		203,24,94,217
Unclaimed Debentures (Redeemed)	55,000		55,000
Unclaimed Interest on Debentures	17,392		17,392
Deposits for Containers	106,63,88,010		74,10,32,712
Deposits by Agents, Dealers and Customers	1,03,92,136		97,93,635
Unclaimed Interest on Dealers' Deposits	31,190		38,218
		325,19,84,455	<u>291,38,19,596</u>

SCHEDULE M—PROVISIONS

	Rupees	Rupees	1985 Rupees
Unfunded Retirement Benefits — Net of Tax (Gross Rs. 1,99,54,280 1985 — Rs. 1,96,83,273)	94,78,283		83,16,184
Proposed Dividend	3,89,94,760		2,32,03,600
Taxation less Payments	13,06,93,841		5,48,66,929
		17,91,66,884	<u>8,63,86,713</u>

BHARAT PETROLEUM CORPORATION LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1986

SCHEDULE N—MISCELLANEOUS INCOME

	Rupees	Rupees	Rupees	1985 Rupees
(i) Bank and Other Interest (Gross) (Tax deducted at source Rs. 1,336—1985 Rs. 20,099)		1,54,92,541		40,42,658
(ii) Income from Investments				
(a) Interest (Gross) (Tax deducted at source Rs. 1,71,711 — 1985 Rs. 1,07,598)	7,64,656		4,90,545	
(b) Dividend (Tax deducted at source Rs. 41 — 1985 Rs. 41)	180		180	
		7,64,836		4,90,725
(iii) Profit on Sale of Assets (Net)		21,84,431		48,65,545
(iv) Other Income				
Rental and Hire Charges	3,81,53,480		3,75,60,765	
Service Charges	45,60,012		36,73,664	
Sale of Scrap, etc	2,18,91,912		2,14,13,325	
Others (Net)	5,38,43,062		4,50,82,176	
		11,84,48,466		10,77,29,930
		13,68,90,274		11,71,28,858

SCHEDULE O—INCREASE/(DECREASE) IN INVENTORY OF FINISHED PRODUCTS

	Rupees	1985 Rupees
Value of Closing Stocks of Finished Products	112,99,47,679	86,19,02,346
Less: Value of Opening Stocks of Finished Products	86,19,02,346	106,75,82,493
	26,80,45,333	(20,56,80,147)

SCHEDULE P—CONSUMPTION OF STORES, SPARES & MATERIALS

	Rupees	1985 Rupees
Stores, Spares & Materials	36,28,67,918	29,75,83,903
Less: Charged to Other Accounts	8,46,37,517	6,01,18,376
	27,82,30,401	23,74,65,527

SCHEDULE Q—FUEL & POWER

	Rupees	1985 Rupees
Fuel & Power	68,01,05,598	38,50,73,261
Less: Fuel of Own Production Consumed (Estimated)	55,76,22,992	33,04,91,637
	10,24,82,606	5,45,81,624

SCHEDULE R—EMPLOYEES' REMUNERATION & OTHER BENEFITS

	Rupees	1985 Rupees
Salaries, Wages and Other Benefits	22,93,65,892	20,08,07,512
(Less: Amounts recovered Rs. 26,13,237 — 1985 Rs. 25,06,402)	2,08,44,195	4,19,16,565
Contributions to Provident & Other Funds	4,47,32,458	3,22,32,827
Welfare Expenses	29,49,42,459	27,49,56,904



SCHEDULE S- OTHER OPERATING AND ADMINISTRATION EXPENSES

	Rupees	Rupees	1985 Rupees
Remuneration to Directors (See Note No. 10)		3,92,267	3,72,458
Repairs & Maintenance			
Machinery	7,47,89,088		7,11,12,103
Buildings	2,12,71,021		1,24,41,706
Others	2,75,58,031		94,08,392
		12,36,18,187	9,29,62,201
Insurance		1,82,97,008	1,09,85,795
Rent		3,75,37,733	3,29,16,015
Rates & Taxes		1,77,84,697	1,26,85,274
Charities & Donations		24,10,133	20,91,395
Audit Fees			
As Auditors	1,50,000		1,50,000
For Other Services	2,000		2,500
Out of Pocket Expenses	1,03,964		65,667
		2,55,964	2,18,167
Interest			
On Fixed Loans	3,26,14,786		3,84,82,632
On Other Loans	27,47,66,964		15,00,29,712
		30,73,80,750	18,85,12,344
Bad Debts & Claims Written Off		4,88,790	2,22,745
Materials Written Off		76,87,181	9,66,022
Investments in Subsidiary Company Written Off			200
Excise Duty on Drums		50,14,893	30,31,554
Provision for Doubtful Debts (Net)		67,33,550	2,04,12,149
Charges Paid to Other Oil Companies		2,40,27,022	2,37,11,424
Travelling Expenses		2,42,52,081	2,06,35,089
Telephone, Telex, Cables, Postage etc.		1,19,57,458	98,06,328
BPT Pumping/Pipeline Charges		1,60,84,243	75,13,865
Brokerage on Public Deposits		18,38,225	10,28,829
Loss on Sale of Investments			75,274
Other Expenses		12,35,19,675	9,51,11,937
		72,33,60,055	52,32,59,065

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

	Rupees	1985 Rupees
Sale of Products	41,55,25,981	5,07,37,026
Miscellaneous Income	29,94,320	(2,57,253)
Purchase of Products for Resale	56,173	1,88,000
Raw Materials Consumed	2,54,57,511	1,46,08,931
Duties, Taxes etc. and Other Charges applicable to Products	(9,30,275)	51,61,469
Transportation	68,01,557	2,00,37,671
Consumption of Stores, Spares & Materials	14,11,356	57,17,918
Fuel & Power	6,17,119	1,20,39,750
Employees' Remuneration & Other Benefits	(1,42,61,400)	1,72,86,762
Other Operating & Administration Expenses	70,95,610	1,24,02,477
Interest	1,10,44,767	25,23,172
	45,58,12,719	14,04,45,923

BHARAT PETROLEUM CORPORATION LIMITED

SCHEDULE U—NOTES FORMING PART OF ACCOUNTS

1. (a) Accounts include balances aggregating to Rs. 4,87,81,308 (Credit) in 2 Pool Accounts and Rs. 65,53,45,142 (Debit) in 2 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) Surrenders (Net) to Industry Pool Accounts Rs. 812,97,83,908 and (b) Temperature Variation Allowance Rs. 54,05,066 (1985 Rs. 524,28,59,242 and Rs. 53,87,052 respectively).
- (c) Raw Materials consumed are net of Surrenders to/Reliefs from Industry Pool Accounts.
- (d) Purchase of Products for Resale includes Payments to Third Parties for processing Fees Rs. 2,72,85,007 (1985 Rs. 3,40,14,399).
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 Oil Company transactions have been carried out on a provisional basis, pending finalisation of detailed terms and conditions.
5. Raw Materials (Crude only) costs have been incorporated at provisional rates pending finalisation of costs, freight, other charges etc.
6. Capital Commitments & Contingent Liabilities

	Rupees	1985 Rupees
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	61,77,53,426	133,63,56,841
(ii) Contingent Liabilities		
(a) In respect of Taxation matters of prior years	2,31,65,793 *	2,32,14,963 *
(b) Other matters		
(i) Surety Bonds executed on behalf of Other Oil Companies for Excise/Customs Duties	25,69,46,000	25,85,00,200
(ii) Counter Guarantees to Banks	21,30,597	1,87,49,438
(iii) Letters of Credit for Capital Items	7,59,78,699	46,51,416
(iv) Claims against the Corporation not acknowledged as debts (includes Rs. 9,32,82,045 against which the Corporation has a recourse for recovery—1985 Rs. 9,29,31,430)	13,74,62,832	15,40,77,907
(v) Claims by and revision in Wages of Bargainable Employees at Refinery arising out of Long Term Settlements and/or Court Awards not accepted by the Corporation and pending in Courts of Law	3,47,00,000	3,37,00,216

* If these Contingent Liabilities materialise either in part or whole, they are recoverable from Third Parties to the extent of Rs. 1,05,74,000 (1985—Rs. 1,05,74,000)

7. Depreciation on Refinery Assets is charged on Straight Line Method under Sec. 205(2) (b) of the Companies Act, 1956, at the enhanced rates under Income Tax Rules, 1962, as amended from time to time. For the current year the Corporation has provided Depreciation based on the same basis as against the recommendation in the Circular No. 1/86 dated 21st May, 1986 of the Department of Company Law Board. Amount unascertained.
8. The Investment Allowance claimable during the year including the previous years unabsorbed allowance is Rs. 52,56,99,594. However, in view of inadequate assessable income, the Company has created Investment Allowance Reserve Rs. 25,15,00,000 from the profits of the year. The unabsorbed Investment Allowance carried forward to subsequent years for set off is Rs. 19,09,92,292.
9. Claims on Oil Coordination Committee/Government are booked on acceptance in principle thereof. Claims and Provisions on Pool Account are generally booked on the basis of available instructions/clarifications subject to final adjustment after audit, as stipulated. All other claims and provisions are booked on merits of each case.



SCHEDULE U—NOTES FORMING PART OF ACCOUNTS (Contd.)

10 Managerial Remuneration

	For the year ended 31st March, 1986 Rupees	For the year ended 31st March, 1985 Rupees
Salary and Allowances	2,94,459	2,64,067
Contribution to Provident Fund and Other Funds	29,573	33,744
Other Benefits	68,235	74,647
	3,92,267	3,72,458

Payments amounting to Rs. 2,588 for the current year, Rs. 2,588 for 1984-85 and Rs. 2,588 for 1983-84 and Rs. 2,112 for 1982-83 are subject to the approval of the Central Government.

			1985
11. (1)	Licensed Capacity, Installed Capacity (As certified by the Management), 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.	
	(ii) Licensed Capacity	M.M.T.p.a.	54,54,357
	(iii) Installed Capacity	M.M.T.p.a.	6.00
	(ii) Actual Production*		6.00
	(i) Light Distillates	K.L.	17,04,566
	(ii) Middle Distillates	K.L.	35,97,696
	(iii) Others	K.L.	13,16,510
	* Excludes production out of Feedstocks purchased from HPCL.		
(b)	Aromatics		
	(i) Benzene		
	(i) Licensed Capacity	M.T.p.a.	—
	(ii) Installed Capacity	M.T.p.a.	—
	(iii) Actual Production	M.T.	—
	(ii) Toluene		
	(i) Licensed Capacity	M.T.p.a.	—
	(ii) Installed Capacity	MT.p.a.	—
	(iii) Actual Production	M.T.	—
(c)	Lubricants		
	(i) (a) 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).	M.T.p.a.	66,384
	(b) Licensed Capacity on double shift basis for manufacturing at Calcutta	M.T.p.a.	30,000
	(ii) Installed Capacity of Bombay and Calcutta (both on single shift basis)	M.T.p.a.	90,000
	(iii) Production	M.T.	72,414
		K.L.	80,670
			69,425
			77,340

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

BHARAT PETROLEUM CORPORATION LIMITED

SCHEDULE U - NOTES FORMING PART OF ACCOUNTS (Contd.)

(d) Pesticides									
Licensed and Installed Capacity on double shift 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	M.T p.a.		373						1985
									373
(e) 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					10,22,105				6,40,469
(2) Raw Materials Consumed (on derived basis)				1986					1985
		Unit	Quantity		Value		Quantity	Value	
					Rupees			Rupees	
(i) Crude Oil (Net of Surrenders to/Reliefs from Industry Pool Accounts)	M.T.		63,78,245		11,23,45,74,063		54,54,357	958,79,93,942	
(ii) Base Oils	K.L.		95,464		32,43,11,170		92,746	31,45,80,100	
					11,55,88,85,233			990,25,74,042	

12. Class of Goods purchased, sold and stocked

	Opening Stocks		Purchases		Sales		Closing Stocks		
	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	Quantity	Value Rupees	
(i) Petroleum Products									
(a) Light Distillates									
Current Year	KL	1,09,425	12,51,79,022	2,18,830	61,20,84,351	22,82,588	681,49,74,972	1,50,894	18,44,59,839
Previous Year	KL	1,13,105	12,68,37,598	3,72,120	71,07,78,568	20,62,720	594,20,63,162	1,09,425	12,51,79,022
(b) Middle Distillates									
Current Year	KL	3,58,528	61,59,76,361	11,53,007	214,68,15,189	54,51,965	1,245,85,21,929	4,87,458	83,69,80,742
Previous Year	KL	4,78,104	81,99,11,503	13,19,781	241,97,73,649	49,77,027	1,122,07,45,795	3,58,528	61,59,76,361
(c) Others									
Current Year	KL	55,344	12,07,46,963	6,33,459	123,87,53,126	16,75,648	410,42,96,577	55,273	10,85,07,298
Previous Year	KL	66,074	12,06,33,392	3,36,042	108,28,23,908	17,49,115	411,36,92,376	55,344	12,07,46,963
(ii) Crude Oil									
Current Year	MT	1,75,235	24,88,77,599	63,18,079	1105,89,90,787*			1,13,069	7,32,94,323
Previous Year	MT	84,658	12,01,45,575	55,44,934	971,67,25,965*			1,75,235	24,88,77,599
(iii) Base Oils									
Current Year	KL	19,573	6,65,32,820	93,336	31,73,06,814*			17,442	5,95,18,531
Previous Year	KL	16,033	5,46,13,082	96,287	32,65,02,693*			19,573	6,65,32,820
(iv) Packages & Containers									
Current Year			3,57,82,175		22,39,73,472				4,92,14,720
Previous Year			3,40,35,693		17,40,19,521				3,57,82,175

* Net of Surrenders to/Reliefs from Industry Pool Accounts.

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 products received on loan basis from other Oil Companies.
- (iv) Purchases of Petroleum Products
 - (a) Excludes payment to third parties for Processing Fees Rs. 2,72,85,007 (1985 Rs. 3,40,14,399) but includes Own Consumption & Samples Rs. 3,17,58,881 (1985 Rs. 3,39,37,535).
 - (b) Net of Refined Products Transferred to other Oil Companies Rs. 233,71,82,743 (1985 Rs. 176,53,32,877).
- (v) Crude Oil and other Petroleum Feedstocks are refined to Petroleum Products and accordingly these Refined Products are excluded from Purchases of Petroleum Products.
- (vi) Purchases of Base Oils include Own Consumption & Samples Rs. 8,933 (1985 Rs. 2,855).
- (vii) Purchases of Packages include Own Consumption & Samples Rs. 2,51,069 (1985 Rs. 3,12,509) and Recoveries from Third Parties Rs. 6,90,601 (1985 Rs. 12,67,141).

13. (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									1985
Expenditure thereon under the following heads									Rupees
Salaries, Wages and Other Benefits							10,35,46,375		7,61,51,235
Contribution to Provident and Pension Funds							67,12,170		42,93,423
(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									
Expenditure thereon under the following heads									
Salaries, Wages and Other Benefits							40,79,012		34,83,827
Contribution to Provident and Pension Funds							2,12,066		1,79,773



SCHEDULE U--NOTES FORMING PART OF ACCOUNTS (Contd.)

	Rupees	1985 Rupees
14. Value of Imports Calculated on C.I.F. basis		
(a) Crude Oil and Other Petroleum Products**	45,89,65,168	88,89,59,400
(b) Components and Spare Parts	1,90,05,037	1,10,65,999
(c) Capital Goods	15,28,14,084	13,36,57,014

NOTES

1. ** Includes Local Insurance Rs. 21,06,445 (1985 Rs. 57,35,419).
2. ** Includes Crude Oil/Base Oil Purchases from IOC (Canalised Agents) Rs. 34,81,72,323 (1985 Rs. 57,64,41,676).
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.

	Rupees	1985 Rupees
15. Expenditure in Foreign Currency (on cash basis)		
Other Matters	72,69,646	14,53,991

	1985							
	Raw Materials				Spare Parts and Components*			
	Value Rupees	%	Value Rupees	%	Value Rupees	%	Value Rupees	%
Imported	32,43,08,805	3.42	1,23,22,239	4.84	54,13,22,396	6.57	90,47,295	4.76
Indigenous	916,82,91,516	96.58	24,21,74,685	95.16	769,20,89,221	93.43	18,10,09,730	95.24
	949,26,00,321	100.00	25,44,96,924	100.00	823,34,11,617	100.00	19,00,57,025	100.00

* Exclude Direct Charged Materials.

NOTES

- (1) Imported Crude and Base Oils are taken at C.I.F. Value and Ex-Refinery Price respectively.
- (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.

	Rupees	1985 Rupees
17. Earnings in Foreign Exchange (on accrual basis)		
(a) Export of goods on F.O.B. basis		
(i) On Own Account	---	---
(ii) As Agents (hence not reflected in Profit & Loss Account)	---	---
(b) Other Matters	102,97,65,000*	87,66,62,500*
* Received in Indian Currency out of the repatriable funds of Foreign Airline Customers.		
18. Other Expenses under Other Operating and Administration Expenses include an amount of Rs. 2,54,124 (1985 Rs. 2,48,614) being entertainment expenses incurred by the Corporation.		
19. Expenditure incurred on Public Relations and Publicity during the year is Rs. 63,86,716 (1985 Rs. 26,28,125). Remuneration to Staff employed for Public Relations work during the year is Rs. 2,60,621 (1985 Rs. 2,46,004).		
20. Value Added		
(i) Refinery	76,64,19,088	41,29,46,620
(ii) Corporation	292,18,44,494	223,49,53,158

21. Figures of the previous year have been regrouped wherever necessary.

Signatures to Schedules A to U.

As per our Report attached

U. M. KINI
Chairman and
Managing Director

For and on behalf of
G. P. KAPADIA & CO.
Chartered Accountants

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

R. K. GAJREE
Director (Finance)

P. J. KISHINCHANDANI
Secretary

S. G. BHATIA
Partner

MANI A. AIYAR
Partner

New Delhi, 11th August, 1986

Bombay, 12th August, 1986

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of BHARAT PETROLEUM CORPORATION LIMITED, as at 31st March, 1986, and also the annexed Profit and 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 accounts as required by Law have been kept by the Corporation, so far as appears from our examinations of those books;
3. The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the books of account;
4.
 - (i) 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 as detailed in Note No. 1 (a) ;
 - (ii) Confirmation for amounts due from/due to other Oil Companies are not available with the Corporation ;
 - (iii) Adjustments for certain Inter-Oil Company transactions have been carried out on a provisional basis, pending finalisation of detailed terms and conditions ;
 - (iv) Crude Oil costs have been incorporated at provisional rates pending finalisation of Costs, Freight, Other Charges, etc. ;
 - (v) Depreciation on Refinery Assets is not calculated as recommended by the Department of Company Affairs in its Circular No. 1/86 dated 21-5-1986. Amount unascertained ;
 - (vi) Payments to Managing Director amounting to Rs. 9,876/- (inclusive of previous years Rs. 7,288/-) is subject to approval of Central Government ;

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said Accounts 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, 1986

and

- (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1975 issued by the Central Government in terms of Section 227 (4A) of the Companies' Act, 1956 and on the basis of such checks of the Books and Records as we considered appropriate and as per 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 maintained proper records showing full particulars, including quantitative details and situations of its Fixed Assets. 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. To the extent that physical verification of some of the Fixed Assets was carried out by the Management, we are informed that no significant discrepancies were noticed.

- (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. We are informed that no significant discrepancies have been noticed on such verification as compared to book records.

In our opinion, the valuation of these Stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.

- (iv) The Corporation has not obtained any loans from Companies, Firms or other Parties listed in the Registers maintained under Section 301 and Section 370 (1-C) of the Companies' Act, 1956.
- (v) The Corporation has given loans and advances to its employees who are by and large repaying the Principal with interest as stipulated. The Corporation has also given secured loans to certain Companies under the Boiler Replacement Scheme. Principal amount and interest are being recovered as stipulated.
- (vi) In our opinion, and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Corporation and the nature of its business for the purchase of Stores, Raw Materials, Plant and Machinery, Equipment 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) According to the information and explanations given to us, 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 complied with the provisions of Section 58-A of the Companies' Act, 1956 and the Rules framed thereunder for deposits accepted from the Public.
- (x) In our opinion and as per the information and explanations given to us, reasonable records have been maintained by the Corporation for the sale and disposal of scrap. We are informed that the Corporation has no realisable By-Products.
- (xi) The Corporation has an adequate internal audit system which, in our opinion, is commensurate with the size and nature of its business.
- (xii) As per information given to us, the maintenance of Cost Records has not been prescribed by the Central Government under Section 209 (1)(d) of the Companies' Act, 1956 for the year under review for any of the products of the Corporation.
- (xiii) According to the records of the Corporation, Provident Fund dues have been regularly deposited during the year with appropriate authorities.
- (xiv) In respect of the Trading activities carried on by the Corporation, it has determined the damaged goods. As per the information given to us, the value of such goods is not significant.

For and on behalf of
G. P. KAPADIA & CO.
Chartered Accountants

S. G. BHATIA
Partner

Bombay, 12th August, 1986.

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

MANI A. AIYAR
Partner

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, 1986

SL. NO.	COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	REPLIES OF THE BOARD OF DIRECTORS
---------	--	-----------------------------------

1. **BALANCE SHEET**
Application of Funds

1. **Fixed Assets**

(a) **Gross Block — Schedule D — Rs. 493,36,72,413/-**

This is overstated by Rs. 98.62 lakhs due to:

- (a) incorrect provision of disputed customs duty demand of Rs. 76 lakhs on refuellers/dispensers, correctly disclosed as contingent liabilities under Schedule — U also resulting in overstatement of 'Sundry Creditors'.
- (b) incorrect inclusion of materials lying in stores valuing Rs. 22.62 lakhs as at 31st March, 1986, correctly classifiable under the head 'Capital Work-in-Progress'. As a result of above, depreciation is overstated by Rs. 18.83 lakhs.

Noted. Necessary adjustments will be made in 1986/87 Accounts

Noted. Necessary adjustments will be made in 1986/87 Accounts

2. (b) **Less Depreciation — Rs. 240,88,10,336/-**

This is understated by Rs. 599.95 lakhs due to:

- (i) omission to provide full Extra Shift Allowance amounting to Rs. 599.55 lakhs for the year 1984-85, consistent with practice followed by the Corporation in respect of Refinery Assets. Consequently profit for the year is overstated by like amount.

Computation of Extra Shift Allowance for 1984-85 in respect of new plants at Refinery, involving very large investments, both for increasing Primary Distillation capacity and also Secondary Processing Capabilities, was done in accordance with the Income Tax Act/Case Laws and was generally consistent with the practice followed by the Corporation, as up to 1983-84 there were no major identifiable additions to Plant & Machinery. Thus the question of understating the Extra Shift Allowance and consequent overstating of Profits does not arise.

3. (b) **Capital Work-in-Progress (At cost)**

(Includes advance payments, material-at site in-transit and with contractors) — Schedule — E — Rs. 107,11,58,596. Includes Rs. 147.70 lakhs being deposits receivable from Railways in respect of Tuticorin L.P.G. Bottling Plant, correctly classifiable under Schedule-K — Loans and Advances.

Noted. Necessary adjustments will be made in 1986-87 accounts.

4. **Less: Current liabilities and provisions:**

(a) **Liabilities — Schedule-L**

Sundry Creditors Rs. 209,25,14,886/-

Excludes Liability of Rs. 398.84 lakhs towards FOB cost and customs duty thereon, relating to drum steel despatched by a foreign supplier on 13th February, 1986. Consequently stores and spares under Schedule-G — Inventories have also been understated by an equivalent amount.

Noted

5. **Schedule-U — Notes forming part of Accounts.**

(6) **Capital Commitments and Contingent Liabilities**

- (i) Estimated amount of contracts remaining to be executed on capitl account and not provided for Rs. 61,77,53,420/- This is erroneously understated by Rs. 100.00 lakhs.

Noted

Bombay
19th September, 1986

B. M. OZA
Member, Audit Board & Ex-*Officio*
Director of Commercial Audit-II,
Bombay

Bombay
22nd September, 1986

For and on behalf of the Board of Directors

U. M. KINI
Chairman & Mg. Director



ANNEXURE TO THE DIRECTORS' REPORT DATED 11TH AUGUST, 1986
REVIEW OF THE ACCOUNTS OF BHARAT PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 1986 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.

I. FINANCIAL POSITION

(i) The Financial Position of the Company as at 31st March, for the last three years is given below:—

Assets	(Rupees in Lakhs)		
	31-3-1984	31-3-1985	31-3-1986
1. Net Fixed Assets	6,663.46	18,969.53	25,248.62
2. Capital Work-in-Progress	16,188.26	13,950.51	10,711.59
3. Investments (other than committed investments)	37.20	101.40	101.39
	<u>22,888.92</u>	<u>33,021.44</u>	<u>36,061.60</u>
4. Working Capital:			
(a) Current Assets	28,433.43	35,736.48	45,540.29
(b) Less: Current Liabilities (including Provisions)	21,187.66	30,002.06	34,709.52
	<u>7,245.77</u>	<u>5,734.42</u>	<u>10,830.77</u>
Total (A)	<u>30,134.69</u>	<u>38,755.86</u>	<u>46,892.37</u>
5. Less:			
Long term loans	6,626.32	10,938.37	10,682.04
Short term loans	10,238.37	12,909.46	15,471.99
Public Deposits (including interest accrued and due)	2,422.07	2,895.71	2,985.37
Total (B)	<u>19,286.76</u>	<u>26,743.54</u>	<u>29,139.40</u>
6. Net worth (A) — (B)	<u>10,847.93</u>	<u>12,012.32</u>	<u>17,752.97</u>
Net worth as shown above, represented by:			
7. Paid up Capital	1,657.40	1,657.40	2,785.34
8. Reserves & Surplus	9,190.53	10,354.92	14,967.63
	<u>10,847.93</u>	<u>12,012.32</u>	<u>17,752.97</u>

(ii) The paid up capital of the Company was increased to Rs. 2,785.34 Lakhs during 1985-86 from Rs. 1,657.40 Lakhs due to issue of Bonus Shares amounting to Rs. 1,127.94 Lakhs on 1-10-1985.

(iii) The Company's long term loans were repaid to the extent of Rs. 838.81 Lakhs and increased by Rs. 582.48 Lakhs during 1985-86 as indicated below:

	Rs. in lakhs
(a) Repayment	
(i) O.N.G.C.	800.00
(ii) Salem Steel	38.32
(iii) O.I.D.B. (Boiler Loan)	49
	<u>838.81</u>
(b) Receipt	
World Bank	582.48

Public Deposits also increased by Rs. 116.23 Lakhs during the year.

(iv) The free Reserves and Surplus as on 31-3-1986 amounted to Rs. 10,735.08 Lakhs as against Rs. 7506.81 Lakhs as on 31-3-1985, the transfer to General Reserve from Profit and Loss Account during 1985-86 being Rs. 3229.00 Lakhs.

(v) Dividends:

The Company had declared no dividend on the equity capital for the year 1983-84 but paid a dividend of Rs. 232 Lakhs (at 14%) during 1984-85. The Company has proposed a dividend of Rs. 389.95 lakhs @ 14% on the enhanced paid up capital of Rs. 2,785.34 Lakhs resulting from the issue of bonus shares.

BHARAT PETROLEUM CORPORATION LIMITED

II. CAPITAL WORK-IN-PROGRESS

The Company has a number of Capital works in hand. The expenditure on these as on 31st March 1986 amounted to Rs. 10,711.59 lakhs. It includes major capital expenditure on the following projects:

Name of Project	Estimated Cost Rs. in Lakhs	Scheduled Completion Date	Expenditure incurred upto 31-3-86 Rs. in Lakhs	Remarks
1. LPG Phase III	23,185.00	March 1988 (except Tankwagons)	11,360	Rs. 5,336 lakhs has been capitalised upto March, 1986.
2. Additional Product Tankage Phase I	2,550.00	March 1986 to April 1987 in stages	1,762	Rs. 672 lakhs has been capitalised upto March, 1986.

III. WORKING RESULTS

The working results for the past three years ended 31st March 1986 are indicated below:-

	(Rs. in Lakhs)		
Income:	1983-84	1984-85	1985-86
Sale of Products	1,87,105.72	2,12,765.01	2,33,777.94
Miscellaneous Income	830.44	1,171.29	1,368.90
Increase/(Decrease) in Inventory of Finished Products	2,012.74	(2,056.80)	2,680.45
	<u>1,89,948.90</u>	<u>2,11,879.50</u>	<u>2,37,827.29</u>
Expenditure:	<u>1983-84</u>	<u>1984-85</u>	<u>1985-86</u>
1. Raw Materials consumed	96,114.42	99,025.74	1,15,588.85
2. Stores, Spares & Packages consumed	3,441.74	4,081.59	4,878.30
3. Salaries & Wages	2,162.53	2,749.57	2,949.42
4. Operating Administration Expenses (excluding interest)	2,796.82	3,347.47	4,159.79
5. Depreciation	4,237.91	5,334.69	7,756.36
6. Interest on Loans	1,331.81	1,885.12	3,073.81
7. Miscellaneous expenses (purchase of products for resale and charges thereon etc.)	78,826.61	94,779.47	97,087.04
	<u>1,88,911.84</u>	<u>2,11,203.65</u>	<u>2,35,493.57</u>
Profit for the year	1,037.06	675.85	2,333.72
Prior period adjustments	878.45	1,404.46	4,558.13
Profit before Tax	1,915.51	2,080.31	6,891.85

Profit for the year 1985-86 has increased by Rs. 1,657.87 lakhs as compared to a decrease of Rs. 361.21 lakhs in the previous year, mainly on account of additional margin allowed by the Government towards Cost and Return on Investments etc. (Rs. 3,516 lakhs), partly off set on account of higher expenses under interest & depreciation.

IV. CAPACITY UTILISATION OF FUEL REFINERY, LUBE PLANT, DRUM PLANT AND SALES PERFORMANCE OF MARKETING DIVISION

1. Capacity Utilisation of Fuel Refinery, Lube Plant, Drum Plant

The throughput capacity utilisation of the Fuel Refinery, Lube Plant, Drum Plant of the Company during the three years ended 31-3-1986 is indicated below:

Fuel Refinery:	1983-84	1984-85	1985-86
Installed Capacity (in m.m.t.p.a.)	5.25	6.00*	6.00
Crude Consumption (in m.m.t.p.a.)	5.30	5.45	6.38
Production of Refined Products (in m.m.t.p.a.)	5.08	5.23	6.23

*Increased to 6.00 m.m.t.p.a. from 30-3-85 on commissioning of Secondary Processing Facilities.



	1983-84	1984-85	1985-86
Aromatics:			
i) Benzene			
Installed Capacity (In '000 MT p.a.)	---	---	98.30
Actual Production (In '000 MT)	---	---	20.11
ii) Toluene			
Installed Capacity (In '000 MT p.a.)	---	---	17.60
Actual Production (In '000 MT)	---	---	4.46
Lubricants:			
Installed Capacity of Bombay and Calcutta (both on single shift basis) ('000 MT p.a.)	90.00	90.00	90.00
Production (In '000 MT)	63.87	69.43	72.41
Drum Plant:			
Installed Capacity (No. of Drums in '000 p.a.) (on 3 shift basis)	2,700.00	2,700.00	2,700.00
Actual Production (No. of Drums in '000)	856.00	640.00	1,022.00

2. Sales Performance of Marketing Division

Sales volume, Company's share in the overall market, growth rates of sales of the Company and industry during the three years ended 31st March 1986 are given below:-

Year ended 31st March	Sales Volume (in m.m.t.)	Sales Value (Rs. in lakhs)	BPCL's share in market %	BPCL's growth rate of sales %	Industry growth rate of sales %
1984	6.19	1,87,105.72	17.50	7.65	3.10
1985	7.05	2,12,765.01	18.40	13.89	8.40
1986	7.57	2,33,777.93	18.70	7.37	5.02

The increase in turnover is both due to increase in quantities and in prices.

V. WORKING CAPITAL

- (i) The Working Capital of the Company for the past three years ending 31st March, 1986 was Rs. 7,245.77 Lakhs, Rs. 5,734.42 Lakhs and Rs. 10,830.77 Lakhs respectively. The Working Capital was financed by borrowed funds.
- (ii) Details of current assets, loans and advances which form part of the Working Capital for the last three years are given below:

	As at 31st March		
	1984	1985	1986
	(Rs. in Lakhs)		
(a) Inventories	16,202	16,628	19,565
(b) Sundry Debtors	2,895	6,399	10,058
(c) Cash and Bank Balances	2,799	4,543	5,925
(d) Loans & Advances	6,619	8,450	10,329

(a) Inventories

The inventory position at the close of the last three years is as follows:-

	1984	1985	1986
(a) Raw materials (name of raw material such as Crude, Lube Base Stock)	1,856.50	3,300.09	1,659.09
(b) Stores and Spares, Catalysts and Chemicals	2,135.48	2,977.76	4,392.83
(c) Finished Goods	11,869.39	9,992.48	13,020.88
(d) Other Stores (Packages)	340.36	357.82	492.15

The stock of raw material was equivalent to about 0.17 month's consumption in 1985-86 as compared to 0.40 month's in 1984-85 and 0.23 month's in 1983-84.

The Stores and Spares (including Other Stores), Catalysts and Chemicals at the end of 1985-86 represented 12.02 month's consumption as against 9.81 month's in 1984-85 and 8.63 month's in 1983-84.

Finished goods at the end of March 1986 amounted to about 0.67 month's sales during 1985-86 as compared to 0.56 in 1984-85 and 0.76 in 1983-84.

BHARAT PETROLEUM CORPORATION LIMITED

(b) **Sundry Debtors**

The Sundry Debtors as on 31-3-1984, 31-3-1985 and 31-3-1986 amounted to Rs. 2,895.44 lakhs, Rs. 6,399.15 lakhs and Rs. 10,057.80 lakhs respectively, of which Rs. 84.83 lakhs, Rs. 289.15 lakhs and Rs. 356.13 lakhs as on 31-3-1984, 31-3-1985 and 31-3-1986 were considered doubtful and provided for. The percentage of Debtors to Sales was 1.6%, 3.0% and 4.3% as on 31-3-1984, 31-3-1985 and 31-3-1986 respectively.

(c) **Cash and Bank Balances**

The Balance under this head has increased from Rs. 2,798.74 lakhs as on 31-3-1984, to Rs. 4,542.61 lakhs as on 31-3-1985 and further to Rs. 5,924.65 lakhs as on 31-3-1986.

VI. LIABILITIES AND PROVISIONS

Current Liabilities and Provisions have increased to Rs. 34,710 lakhs as on 31st March 1986 from Rs. 30,002 lakhs as on 31st March 1985 mainly on account of increase in deposits from LPG Customers and provision for Income Tax and Bonus.

VII. CONTRIBUTION TO THE EXCHEQUER

Besides the profits shown in the accounts, and the free reserves and surplus built up by the Company, the Company has been generating revenues of sizeable volume in the shape of duties/taxes etc., for the Exchequer. Such revenues generated during the last three years ending 1985-86 are indicated below:

	<i>(Rs. in Lakhs)</i>		
	<u>1984</u>	<u>1985</u>	<u>1986</u>
Excise Duty	35,270	37,638	41,796
Customs Duty	2,769	4,088	3,615
Income Tax	350	700	760
	<u>38,389</u>	<u>42,426</u>	<u>46,171</u>

VIII. GENERATION OF EMPLOYMENT

The number of employees on the roll of the Company as on 31st March during the last three years was as under:

1983-84	—	7,433
1984-85	—	7,894
1985-86	—	8,321

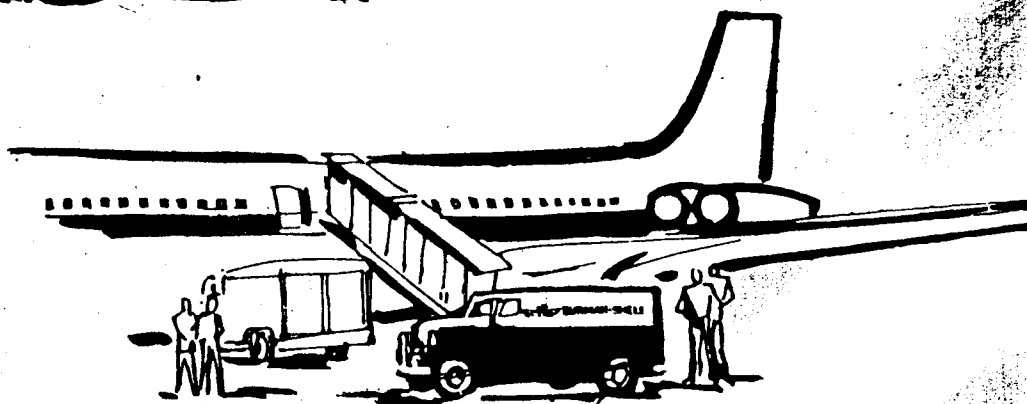
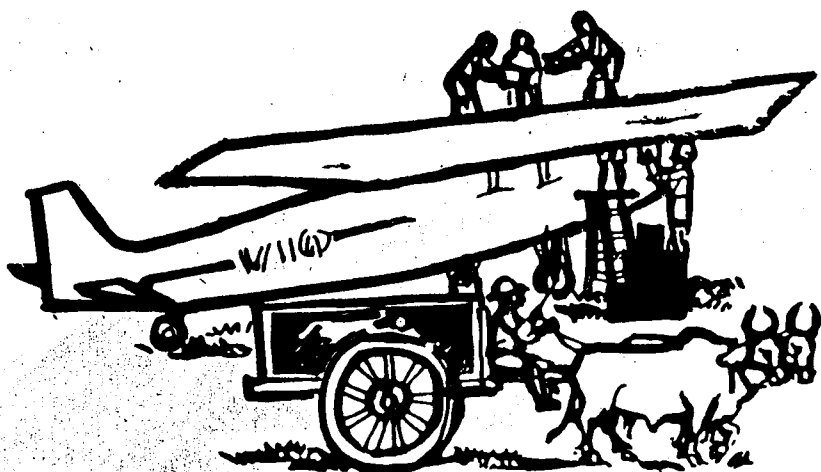
The work force increased by 888 persons during these three years.

Bombay
19th September, 1986

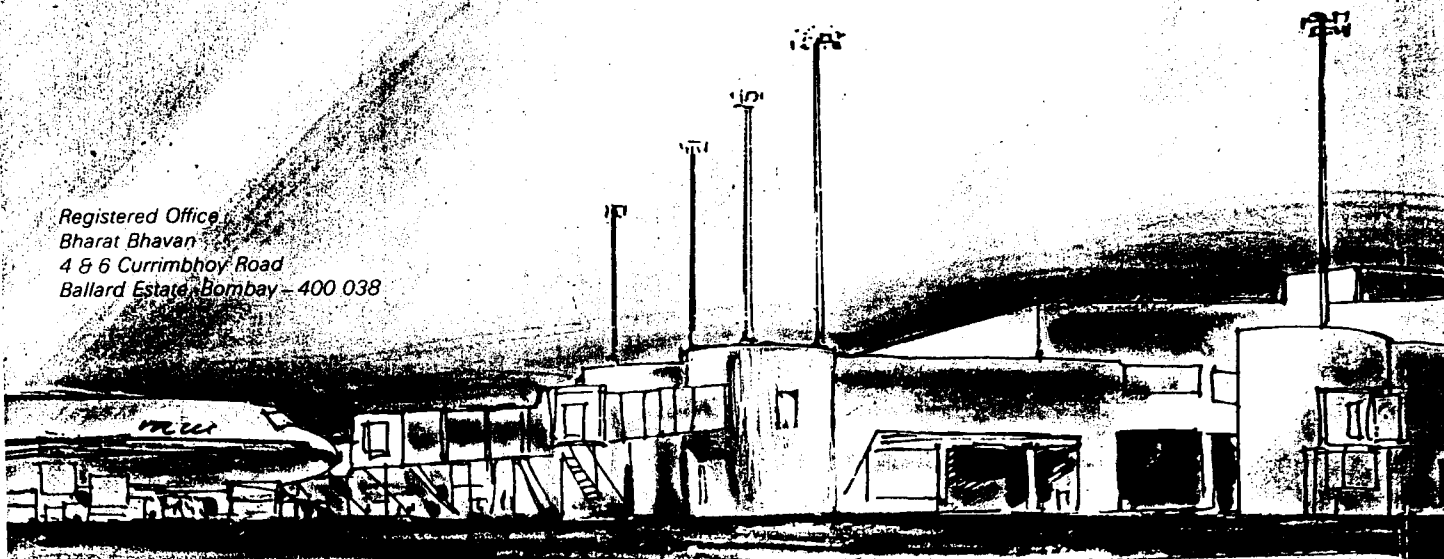
B. M. OZA
Member, Audit Board & Ex-Officio
Director of Commercial Audit-II

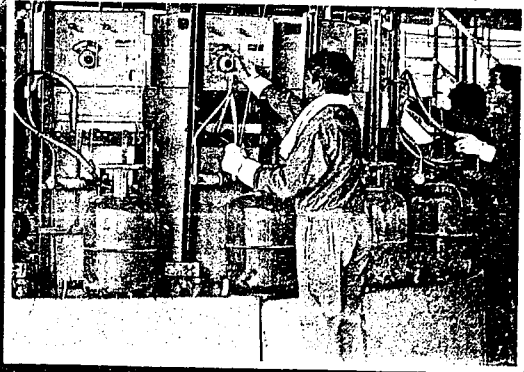
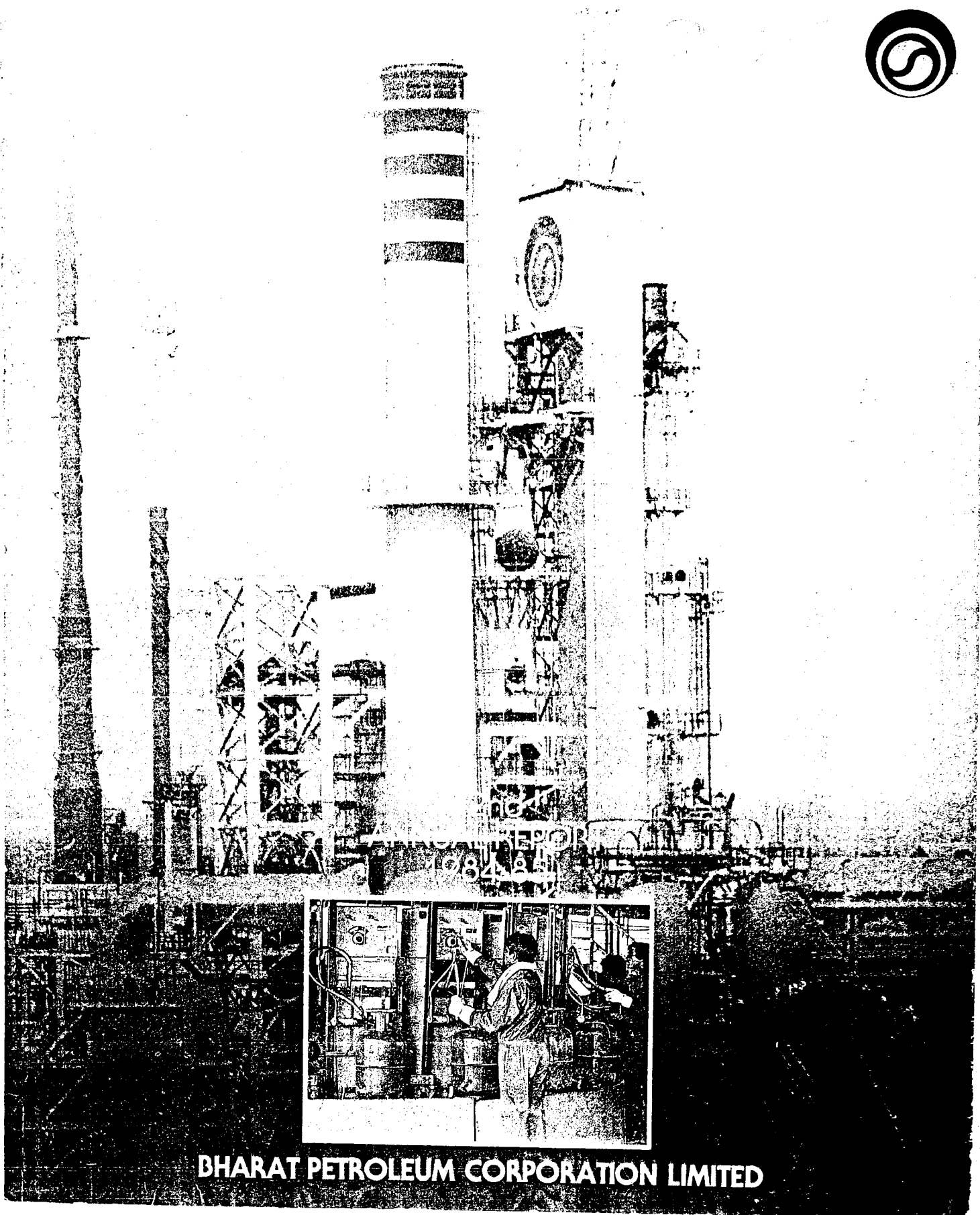


Lighting up their tomorrows – BPC fuels the lanterns that shed light allowing these young children to prepare for a better future.



Registered Office
Bharat Bhavan
4 & 6 Currimbhoy Road
Ballard Estate, Bombay - 400 038





BHARAT PETROLEUM CORPORATION LIMITED

