

40th Annual Report 1992-93



Bharat Petroleum Corporation Limited





THE BPCL PEOPLE

Petroleum fuels the world today. And Bharat Petroleum is fuelled by its people. Their dedication, commitment and constant striving for excellence has made Bharat Petroleum one of India's most profitable and trusted companies. It is to these people of Bharat Petroleum that we dedicate this year's Annual Report.

CHAIRMAN'S MESSAGE

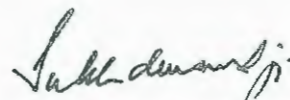
Recent changes in the Indian economy have ushered in an era of industrial liberalisation and decontrol. It is a matter of pride that the Petroleum Sector has taken a clear lead in this respect and, for BPCL, it has meant re-orientation of Corporate growth strategies and priorities. The rapidly changing environment has posed a challenge and simultaneously provided an excellent opportunity to demonstrate our ability to respond to change. The exemplary commitment and professional competence of BPCL employees has ensured that the competitive challenge has and will continue to be met successfully.

We, at BPCL, are committed to consistent and profitable growth and this philosophy is reflected in the several strategic Joint Ventures we have been able to negotiate in the recent past. Early in the year, a Memorandum of Understanding was signed between the Oman Oil Company and BPCL for the setting up of a 6 million mtpa grass-roots Refinery in Central India. In addition, a Memorandum of Understanding was also signed with Reliance Industries Ltd. for the marketing rights of the petroleum products to be produced from their proposed new Refinery in Gujarat. Furthermore a Joint Venture Company in collaboration with Shell International Petroleum Company to market Shell branded lubricating oils through our network in the country and to explore export possibilities has also been formed. These three strategic ventures will greatly enhance the Corporation's product availability and competitive advantage.

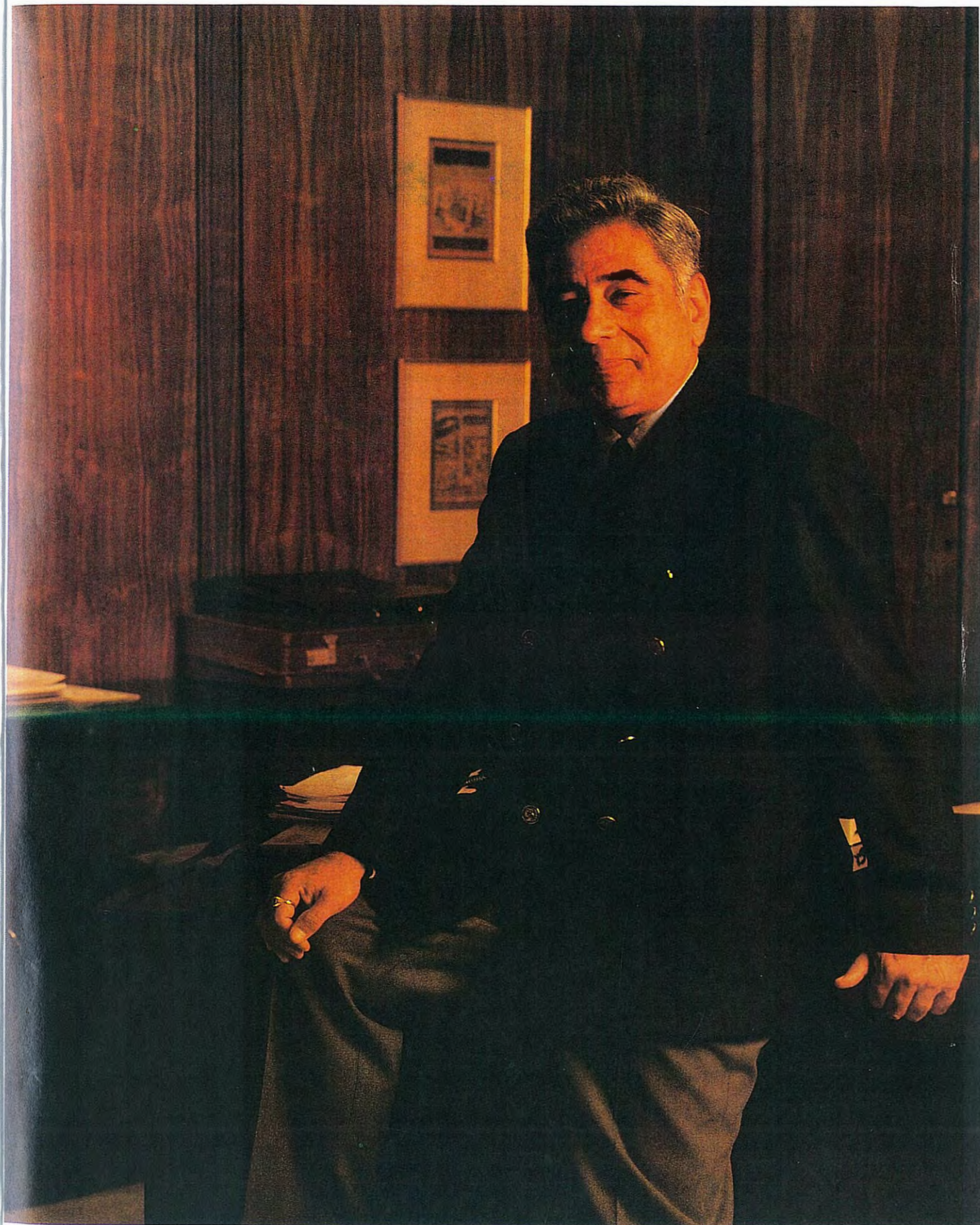
1992 saw a major growth in the sales turnover and profitability of the Corporation. Noteworthy was the performance of our Refinery at Bombay which processed 7.24 mtpa of crude - the highest ever crude processed during a year. Effective measures were taken, both at the Refinery and in the Marketing units to ensure energy conservation. A large number of energy conservation activities were carried out throughout the country. On the Marketing front the Corporation crossed the Rs. 10,000 Crore mark in sales turnover - a milestone in the Company's marketing effort. Modernisation of the existing facilities, strengthening of the Retail Network, and commissioning of new storage facilities currently in hand will enable BPCL to take on the challenges of competition.

All this has been made possible due to the commitment and excellent performance by employees of the BPCL family, our loyal network of Dealers and Distributors and, with the valued support of our customers and the Govt. of India.

We can look forward to the future with buoyant optimism as we move towards the 21st Century with well defined expansion plans and a young motivated work-force fully capable of taking on the challenges of the future.



R.K. SUKHDEV SINHJI
(Chairman & Managing Director)



Chairman and Managing Director - Mr. R. K. Sukhdevsinhji.

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BOARD OF DIRECTORS



R.K. Sukhdevsinhji

Chairman &
Managing Director



U. Sundararajan

Director (Finance)



A. Charanjiva

Director (Personnel)



R. P. Garg

Director (Refineries)



R.K. Varma

Director (Marketing)
w.e.f. 2-6-93



Falguni Rajkumar

Joint Secretary (Refineries)



Devi Dayal

Joint Secretary (Marketing)
w.e.f. 12-11-92



H.C. Gupta

Joint Secretary (Refineries)
upto 7-9-92



B.B. Srivastava

Advisor (Traffic Transportation)
upto 30-06-93

Company Secretary
K.S. Manikashetti

BANKERS

CENTRAL BANK OF INDIA

PUNJAB NATIONAL BANK

STATE BANK OF PATIALA

BANK OF INDIA

ALLAHABAD BANK

CANARA BANK

THE STANDARD CHARTERED BANK

INDIAN BANK

STATE BANK OF INDIA

ANZ GRINDLAYS BANK

ORIENTAL BANK OF COMMERCE

1

AUDITORS

RATAN S. MAMA & CO.

G.P. KAPADIA & CO.

REGISTERED OFFICE

Bharat Bhavan,
4&6 Currimbhoy Road
Ballard Estate
Bombay 400 038.



Chairman's Office at Ballard Estate, Bombay.

DIRECTORS' REPORT TO THE SHAREHOLDERS

1.0 The Directors have pleasure in presenting their 40th Annual Report on the working of the Corporation, together with the audited accounts for the year ended 31st March, 1993.

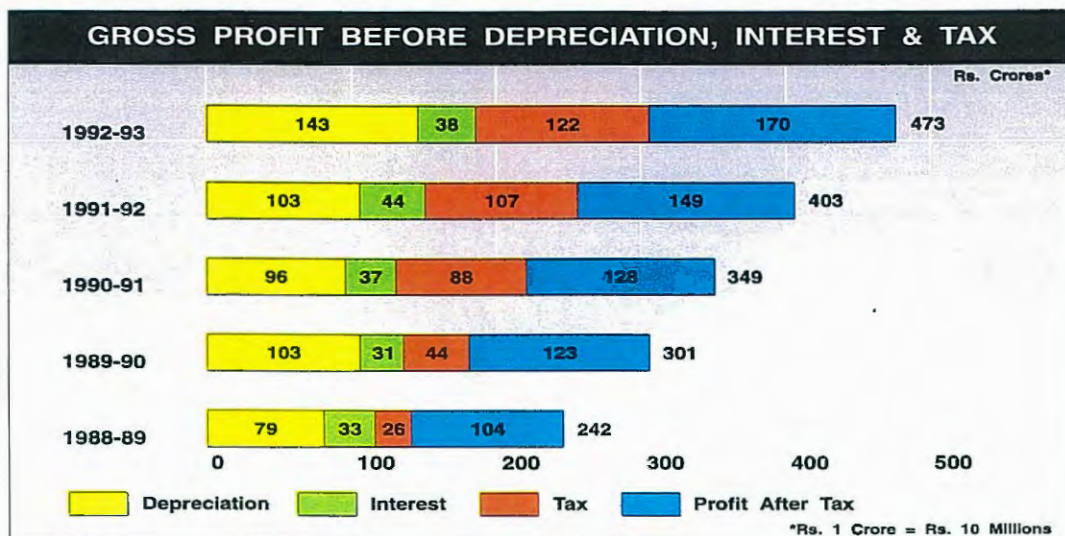
2.0 SUMMARY OF FINANCIAL POSITION

2.1 FINANCIAL RESULTS

	Rs. Crores	
	1992-93	1991-92
Sales Turnover	10,177.29	8,841.66
Profit before depreciation amounted to	432.11	369.10
Deducting therefrom depreciation	143.14	103.12
Profit before tax for the year is	288.97	265.98
Adding thereto Prior Years' Income/(Expenses) - net	3.10	(10.52)
Profit before tax amounted to	292.07	255.46
Deducting therefrom provision for taxation	122.00	107.00
Profit after Tax is	170.07	148.46
Adding thereto transfer from Investment Allowance Reserve	1.82	1.40
Amount available for disposal	171.89	149.86
Which the Directors have appropriated as under		
(a) Dividend	16.50	15.00
(b) General Reserve	155.39	134.86
Leaving a balance carried to Balance Sheet	- *	- *
* Rs.1,000/-		



A historic tie-up between the Governments of India and Oman, Bharat Petroleum and Oman Oil Company for the setting up of the Central India Refinery. Photograph shows the Government of India represented by Hon. Minister of State for Petroleum and Natural Gas - Capt. Satish Sharma and the Government of the Sultanate of Oman represented by H.E. Qais Bin Abdul Munim Al Zawawi, Deputy Prime Minister for Financial and Economic Affairs and H.E. Said Bin Ahmed Al Shanfari, Minister for Petroleum and Minerals.



2.2 DIVIDEND

The Directors have pleasure in recommending dividend at an enhanced rate of 33% on the fully paid-up Capital (subject to deduction of Income Tax as applicable). This will absorb Rs.16.50 Crores.

2.3 EARNINGS PER SHARE

The earnings per share has increased to Rs.34.01 from Rs.29.69 in the previous year.

2.4 CONTRIBUTION TO EXCHEQUER

The Corporation contributed Rs.2,229 crores to the Exchequer by way of taxes and duties as compared to Rs.1,876 crores last year.

2.5 LOANS

On fulfilling the repayment obligation amounting to Rs.13.39 crores, the term loans, including Rs.51.23 crores from the World Bank through the Government of India, stood at Rs.83.57 crores as at the year-end. The borrowings from banks and others decreased to Rs.149.52 crores as compared to Rs.154.33 crores in the previous year.



Members of the Finance Group discuss funding strategies for tomorrow.

2.6 PUBLIC DEPOSITS

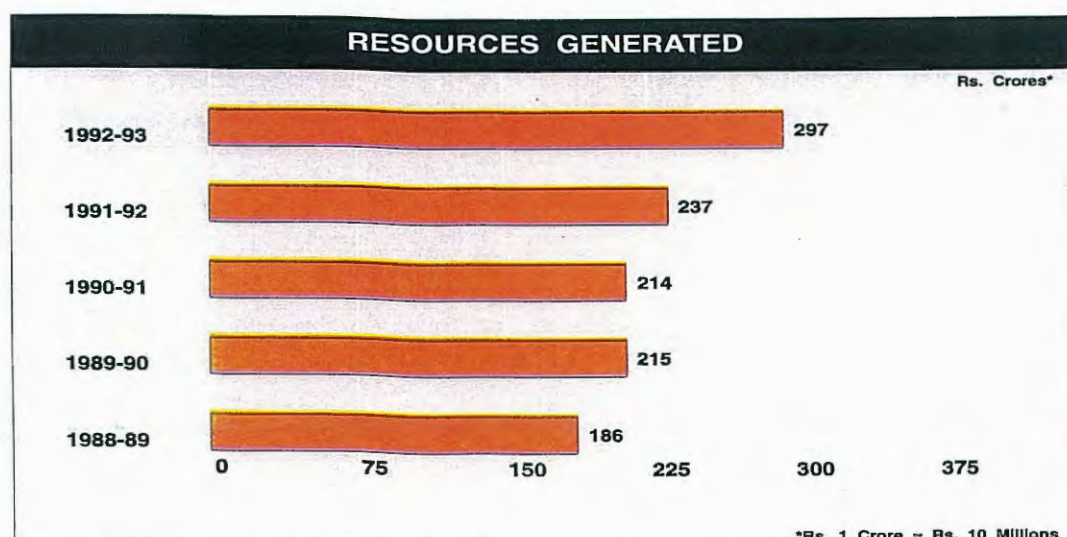
As at 31st March, 1993, the level of Public Deposits stood at Rs. 92.49 crores as against Rs. 98.85 crores at the end of the previous year. The amount of deposits matured but unclaimed at the end of the year, was Rs. 149.37 lakhs pertaining to 350 depositors.

2.7 GENERATION OF INTERNAL RESOURCES

Internal cash generation during the year increased to Rs. 296.78 crores as compared to Rs. 237.17 crores in 1991-92.

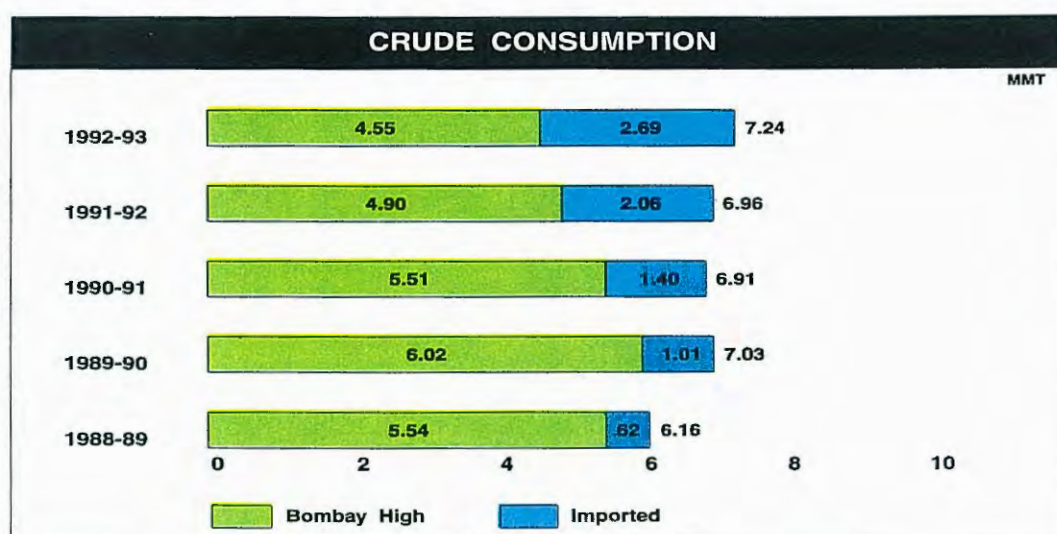
2.8 NET WORTH

As at 31st March, 1993, the net worth of the Corporation rose to Rs. 951.04 crores from Rs. 797.47 crores as at the end of the previous year.



3.0 DISINVESTMENT OF SHARES BY GOVERNMENT OF INDIA

After giving effect, during the year under report, by your Corporation to the transfer of shares sold by the Govt. of India in the first disinvestment of 20% of the paid-up capital, your Corporation no longer remained a wholly-owned Govt. Company. The Govt. of India has further disinvested 10% reducing its holding to 70% of the paid-up capital. The shares of your Corporation have been listed, on the major Stock Exchanges of Bombay, Calcutta, Delhi & Madras during September 1992.



4.0 REFINING

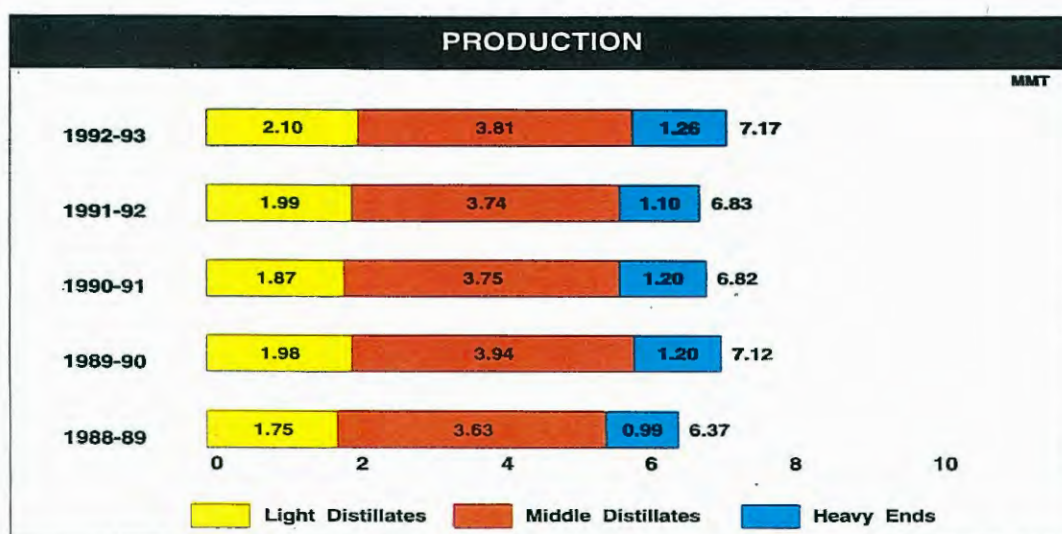
4.1 CRUDE OIL THROUGHPUT

During the year under review, 7.24 MMT (Million Metric Tonnes) crude was processed as against 6.96 MMT in the previous year. This represents 120.5% capacity utilisation, and is the highest ever crude processed during a year.

Three new crudes viz. Qatar Marine, Quaiboe (Nigeria) and Harriet (Australia) were processed for the first time, out of a total of thirteen different types of crude processed during the year. In addition, processing in the Refinery included other inputs of the intermediate streams such as Natural Gasolines (NGL) ex Uran/Hazira, Vacuum Tower Bottoms (VTB) and Naphtha ex. Hindustan Petroleum Corp. Ltd. (HPC) etc.

4.2 PRODUCTION

The total production of refined products during the year was 7.167 MMT as against 6.828 MMT in the previous year.



4.3 ENVIRONMENTAL CONSERVATION

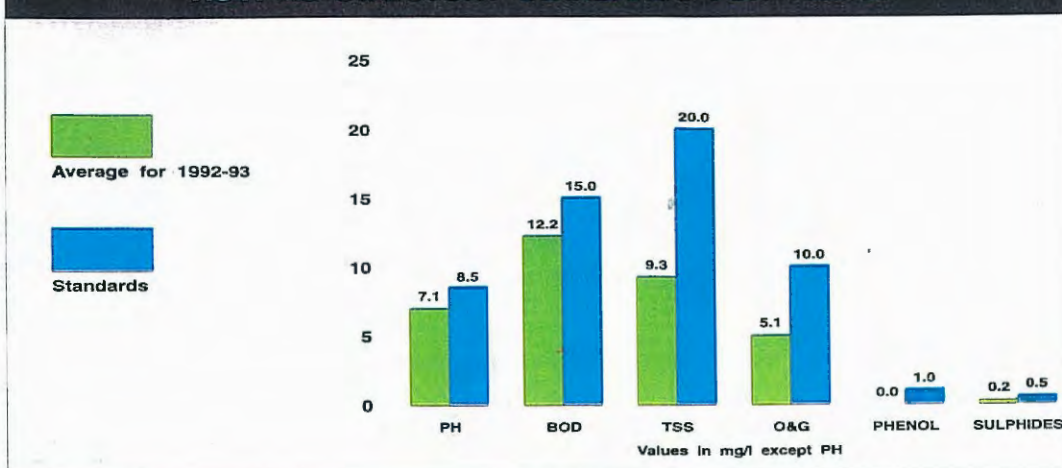
Environmental conservation & improvement is one of the important corporate goals. The Corporation has taken many effective measures to control both gaseous and liquid emissions by utilising latest available technologies. In our constant endeavour for a greener environment, we have planted various species of trees both in the Refinery and Housing Complex.

Eight nos. of floating roof/fixed roof storage tanks with Nitrogen blanketing are at different stages of commissioning which will minimise fugitive emissions.



A refinery that never sleeps.

TYPICAL EFFLUENT WATER QUALITY VIS-A-VIS STATUTORY STANDARDS FOR 1992-93

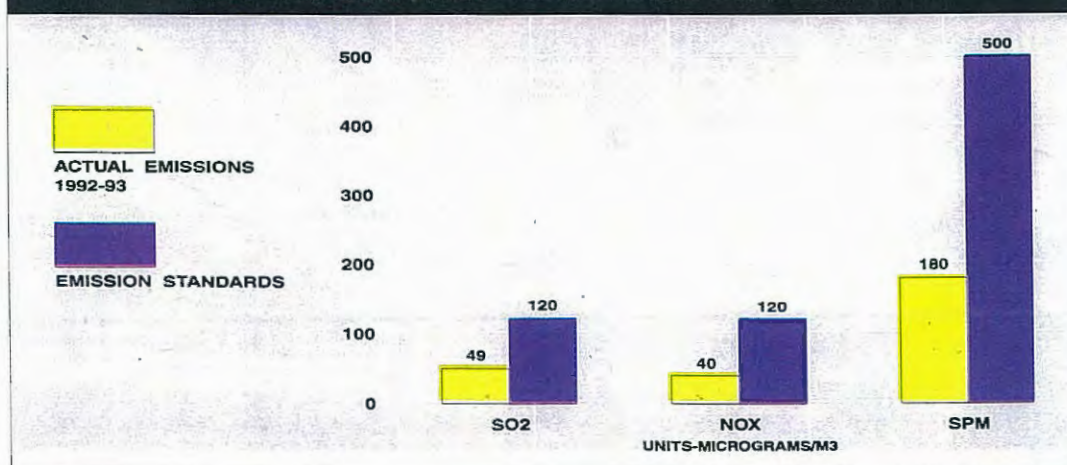


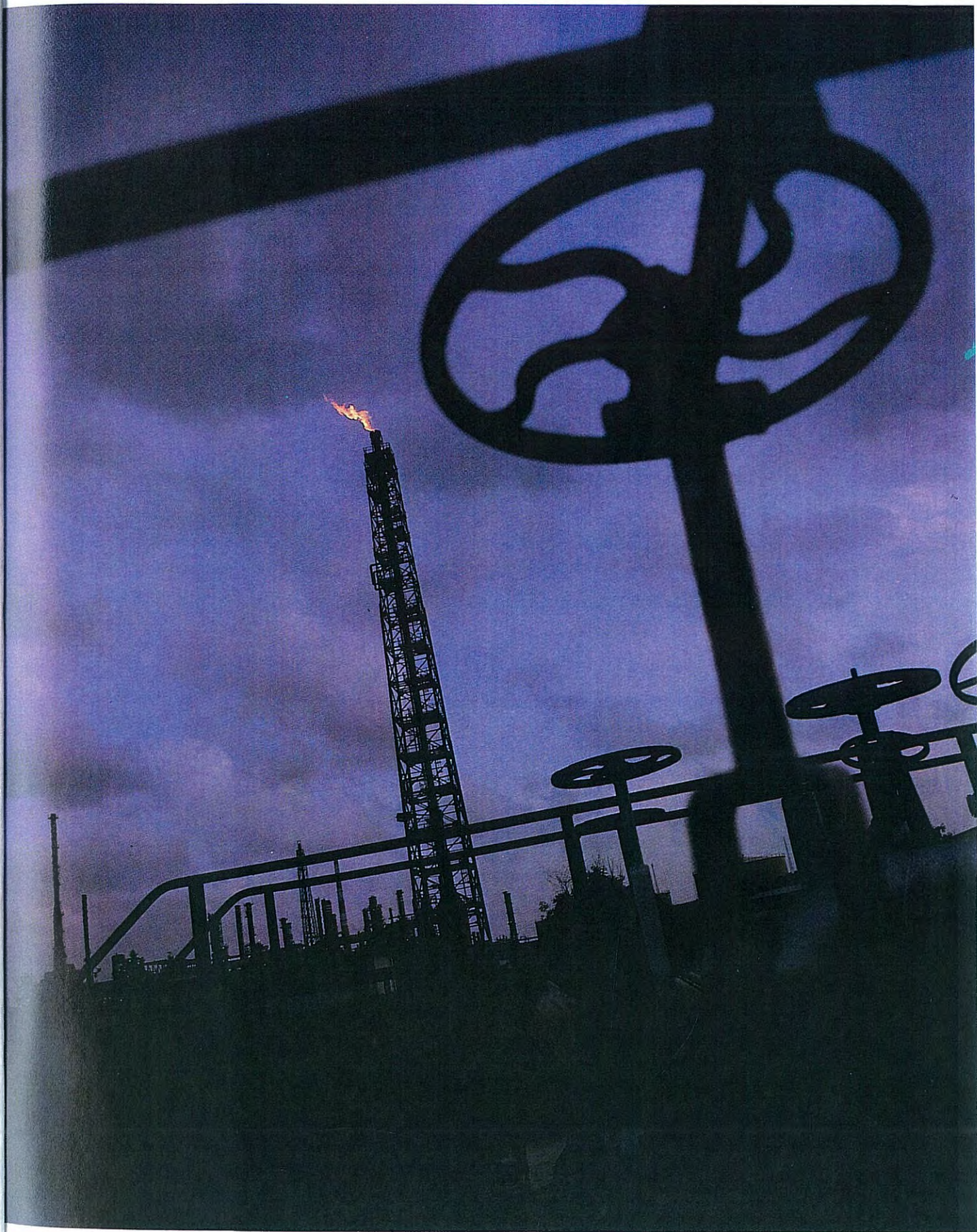
4.4 ENERGY CONSERVATION

Energy conservation efforts continued to receive constant attention, both in terms of efficient operation as well as improvement in maintenance activities.

Various surveys and energy audits were conducted during the year and action items like arresting of steam leaks and replacement of pump seals were implemented. Joint oil conservation survey was carried out, along with members from other refineries, in the areas of steam leaks, furnace efficiency, furnace instrumentation, and control and furnace insulation.

TYPICAL AMBIENT AIR QUALITY VIS-A-VIS STATUTORY STANDARDS FOR 1992-93





A genuine concern for the environment.

To give further impetus to energy conservation, number of awards under the existing Suggestion Scheme on Energy Conservation have been increased.

As a special drive to give further impetus to energy conservation, the existing Suggestion Scheme was made more attractive by doubling the award for suggestions on Energy Conservation.

4.5 MODERNISATION & TECHNOLOGY ABSORPTION

Following activities have been undertaken to upgrade and modernise the existing facilities in the refinery :-

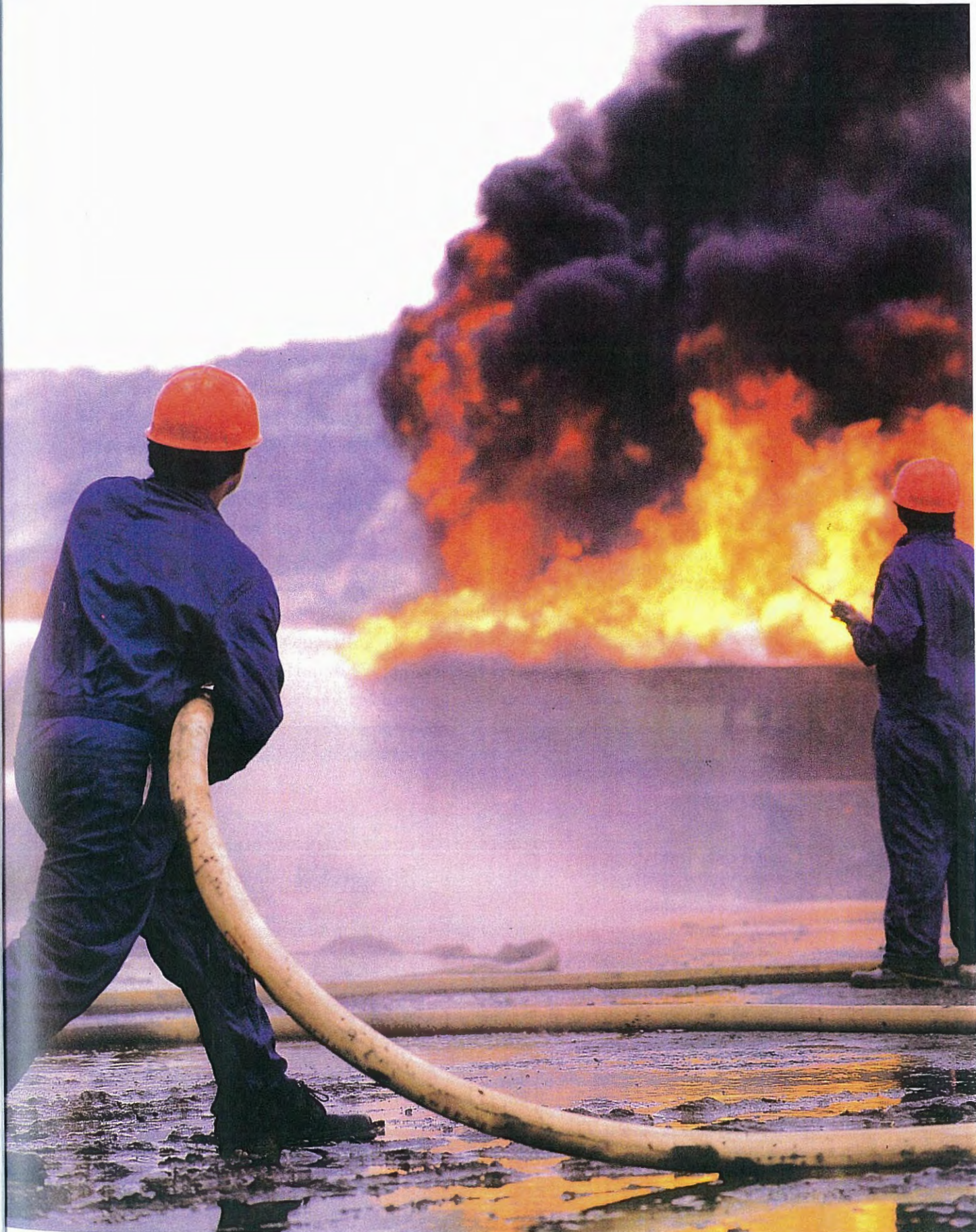
- Installation of microprocessor based digital integrated distributed control system in Catalytic Reformer and New Solvent Units in replacement of the existing pneumatic control systems. This would enhance yields by better control and use of optimisation techniques.
- Installation of advanced control system for Catalytic Cracking Unit.

The details regarding (i) Total and per unit Energy Consumption in Form A, and (ii) particulars with respect to Technology Absorption in Form B are enclosed, pursuant to Section 217 (1) (e) of the Companies Act, 1956, and the Rules thereunder.

4.6 FIRE AND SAFETY

The Refinery achieved one million manhours without 'Lost Time Accident' on three occasions and two million manhours without 'Lost Time Accident' on one occasion. Internal and external safety audits for refinery complex were carried out by In-house and Oil Industry Safety Directorate teams respectively.

The Refinery offered field training on 'Fire & Safety' to the Company's as well as Contractors' employees and Central Industrial Security Force personnel, altogether covering 2331 persons during the year.



Ready and alert: mock fire-drill in progress.

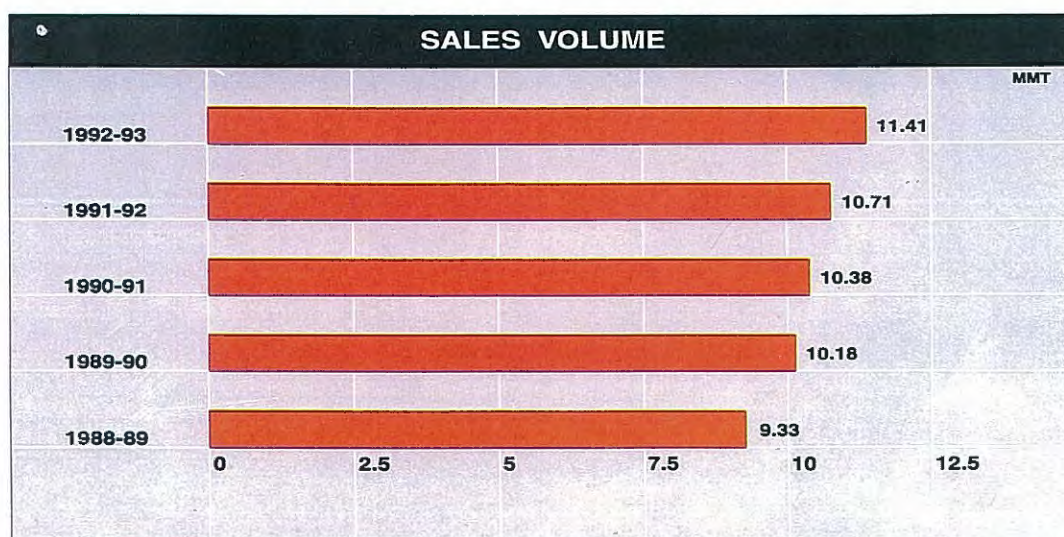
5.0 MARKETING

5.1 OVERALL PERFORMANCE

During the year under review, your Corporation sold 11.41 MMT of petroleum products as compared to 10.71 MMT in the previous year representing a growth of 6.7%. Record sales were achieved in the Direct Market at 33,45,000 Metric Tonnes (MT) with a growth of 9.2%, while Market Share in Bulk Bitumen recorded an all time high of 27.80% as against 27.45% in the previous year. Your Corporation's contribution towards 'Bulk' promotion was also the best in the Industry (70.25% of total Bitumen sales were in bulk as compared to 67.06% in the previous year). The sale of Aviation Turbine Fuel (ATF) registered a growth of 1.9% accounted for by new business from Foreign Airlines like Korean Air, Uzbekistan Airways, Air Hongkong/ Singapore freighter flights, etc.

5.3

Benzene sales declined by 31.7% due to direct imports by major customers on account of the steep adverse price differential between the indigenous and imported product.



5.4

5.2 RETAIL/CONSUMER OUTLETS

The Corporation commissioned 30 Retail Outlets (RO), including 5 in rural areas and one in Bhutan, 11 Superior Kerosene Oil/Light Diesel Oil (SKO/LDO) dealerships, 31 consumer pumps, one Railway Consumer Depot and one Aviation Service Station. The total of ROs, SKO/LDO dealerships and Aviation Service Stations at the end of the year stood at 4040, 924 and 14 respectively.

5.3 CONSERVATION AND DEVELOPMENT ACTIVITIES

A large number of Energy Conservation activities were carried out all over the country. During the Oil Conservation Week in January, 1993, a Mass Education Campaign was launched highlighting the benefits of using high performance engine oils in Transport, Agriculture Industry, etc. Lube Oil Conservation efforts included replacement of MIL-B Monograde Engine Oils with MIL-B Multigrade and MIL-C Oils for overall improvement in performance of Engines. 'Video on Wheels', a mobile van, covered 210 interior villages in Maharashtra, Madhya Pradesh and Orissa to spread the message of conservation among farmers in Rural Areas.

5.4 MODERNISATION, INNOVATION AND CUSTOMER SERVICE

Your Corporation's efforts to modernise, improve and strengthen its retail network continue. During the year, 77 Electronic Register Assembly Pumps and 169 'Z' line Pumps with microprocessor based electronic register unit to display sales quantity, unit rate, etc. were provided at selected outlets. To cater to the growing population of 2/3 wheeler customers, segregated facilities were provided at 70 retail outlets. In addition, 70 Retail Outlets were provided 2-T self mixing attachment. Motor Spirit facilities were added at 86 lone HSD Retail Outlets.

New grades of Lubricants were developed during the year for Defence, Sugar Mills, High Pressure Hydraulic Systems, Power Transmission Systems, Earth Moving Equipment etc. Lubricants were supplied to the Army for the first time. Some new packages for MIL-B Multigrade/MIL-C Oil, Super 2-T, Spirol 90/140EP, etc. were also developed to meet Market requirements.

To further improve the Corporation's standard of customer service, training courses/seminars for dealers/distributors and their staff were conducted. Technical Seminars/Bitumen Seminars were also organised for customers.

5.5 SUPPLY AND DISTRIBUTION

With the commissioning of new Company Operated Depots at Cherlapalli (Andhra Pradesh), Tadali (Maharashtra), Bakania (Madhya Pradesh) and Bharatpur (Rajasthan), and an Inland Installation at New Jalpaiguri (West Bengal), during the year under review, total facilities of your Corporation increased to 6 Coastal Installations, 6 Inland Installations, 2 Bunkering Installations, 59 Company Operated Depots, 39 Commission Operated/Special Agreement Depots and 24 Despatch Units at the end of March '93. By commissioning new tankage of 2.01 lakh kilo litres (KLs), the total tankage as on 31.3.1993, at all Marketing storage locations increased to 13.71 lakh KLs.

In line with the Government policy, the Corporation has commissioned facility for Furfural doping of Kerosene at 17 storage locations and the same is being provided at all new locations under construction.

Continuing with the objective of introduction of modern technology in its activities, your Corporation has commissioned a Very High Frequency (VHF) communication network covering storage points and administrative offices at Delhi. Intrinsically safe VHF equipment has been provided to 18 storage points during the year, which will help increase productivity and provide improved communication facilities at all times.



Service Station सर्विस स्टेशन



Focussing our resources with one aim: customer satisfaction.

5.6 LIQUEFIED PETROLEUM GAS (LPG)

On the LPG front, the Corporation expanded distributorship network, increased customer population and added new LPG facilities. 3 more bottling plants at Hariyala (Ahmedabad), Kurnool (Andhra Pradesh) and Udaipur (Rajasthan) are being developed to service the increased number of customers. In addition, under the VIII Plan, the Corporation has been allotted bottling plants of 44,000 Metric Tonnes Per Annum (MTPA) capacity each at Calcutta, Madras and Meerut for which action regarding land acquisition, etc. has been initiated.

During the year under review, the Corporation commissioned 29 distributorships, 7 of which were in virgin markets. Your Corporation now markets in 468 cities/towns and has a distributorship network of 816 distributors as on 31.3.1993. With new enrolment of 2.44 lakhs, the total number of LPG customers was 43.45 lakhs as at 31.3.1993. A Second cylinder was released to 2.5 lakh customers increasing the Double Bottle (cylinder) Connection population to 52.5%. Assistance under the "Financial Assistance Scheme" was extended to 3 SC/ST distributorship awardees.

For propagating conservation techniques and for giving the highest priority to safety, the Corporation organised 743 Safety Clinics at various locations all over the country, covering about 36,400 persons from different walks of life. Besides, 86 training courses for distributors / distributors' staff were also conducted.





Electronic Data Processing: a constant drive to develop customised software.

6.0 FOREIGN EXCHANGE EARNINGS/OUTGO

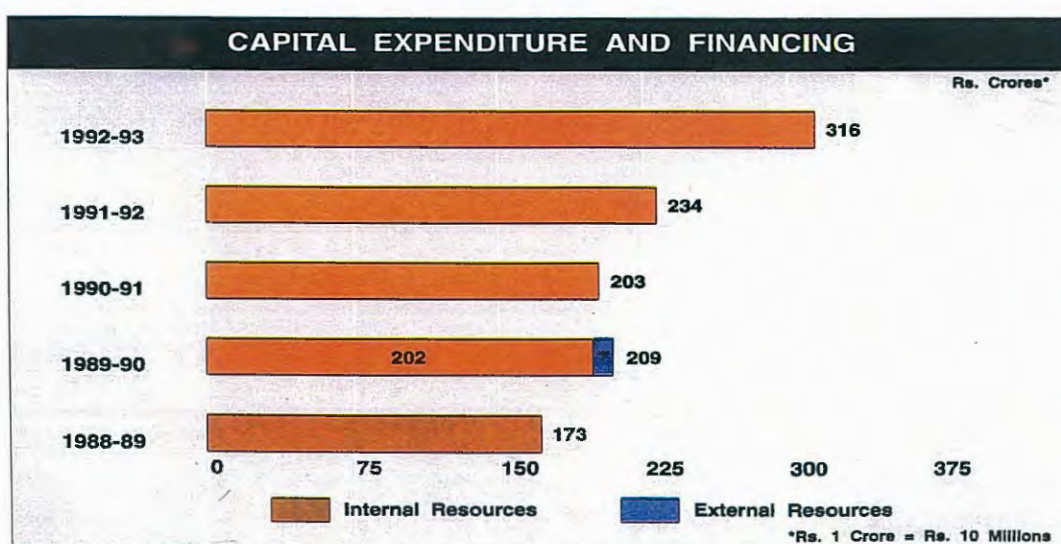
Apart from supplying Aviation Turbine Fuel to foreign Airlines during the year, the Corporation has exported 5,85,245 MT of Naphtha and 75,073 MT of Furnace Oil through Indian Oil Corporation Limited, thereby earning foreign exchange for the country.

The details of foreign exchange earnings and outgo are given below:

		Rs. Crores	
		1992-93	1991-92
1)	Earnings in foreign exchange #	204.16	159.98
# includes receipt of Rs.201.48 crores (Rs.155.62 crores) in Indian Currency out of the repatriable funds of Foreign Airline Customers and Rs.2.68 crores (Rs.4.36 crores) in equivalent foreign currency.			
2)	Foreign Exchange Outgo on account of purchase of chemicals, catalyst, spare parts, etc.	16.77	6.90

7.1

7.1.1



7.0 CAPITAL EXPENDITURE

The total Capital Expenditure for the year under review and for the total period since the takeover of the undertaking by Government amounted to Rs. 316.00 crores and Rs.2,067.00 crores respectively. This was largely met out of Internal Resources amounting to Rs. 297.00 crores and Rs. 1,799.00 crores respectively. The thrust of the Capex programme has been on containing operating costs, controlling environmental pollution, optimising energy consumption, expanding distribution facilities to achieve better customer service, extending the range of value added products to meet market requirements, and creating additional capacities commensurate with the Corporation's continued growth.

7.1 MAJOR PROJECTS

Major Projects completed during the year, in progress and under consideration of the Government are as follows:

7.1.1 MAJOR PROJECTS COMPLETED

i) Additional Tankages at Refinery

Twelve Additional Tankages for Motor Spirit (MS)/Naphtha/Kerosene/Waxy Distillate (total capacity 1,86,626 KL) were commissioned.

ii) Modernisation of Control Systems

Distributed Digital Control System for Catalytic Reformer and Solvent Unit with the latest system was completed.

iii) Modernisation of CCU

A Charge Heater for Catalytic Cracking Unit (CCU) was added to ensure operation of the Unit for processing of feed stocks from different crude oils.

7.1.2 MAJOR PROJECTS IN PROGRESS

i) Modification of Reactor/Regenerator System in Catalytic Cracking Unit to improve the Distillate Yields

The existing Dense Bed Catalytic Cracking Reactor will be replaced by a modern Riser Cracking Unit, thereby improving the Distillate Yields and effecting a savings in foreign exchange by way of reduction in imports of deficit products. The project is estimated to cost Rs.25.60 crores and expected to be completed by December, 1994.

ii) Facilities for Processing Heavy Crude

The project envisages augmenting the existing facilities for maintaining the crude throughput at current levels while processing heavy crude by installing new exchangers, pumps including facilities for gas oil draw off, circulating refluxes and long residue cooling system. The project is estimated to cost Rs.22.30 crores and expected to be completed by December, 1993.

iii) Heat Integration of Crude Distillation Unit/Vacuum Distillation Unit

This project aims at achieving optimum levels of heat integration between crude distillation/vacuum units, improving heat recovery in these units by increasing the crude pre-heat temperature, thus achieving energy conservation and also improving the separation efficiency in columns to augment recovery of valuable streams. The project is estimated to cost Rs. 35.00 crores and expected to be completed by April, 1995.

iv) Production of Methyl Tertiary Butyl Ether (MTBE)

Production of MTBE to replace Tetra Ethyl Lead (TEL) and boost the octane number of gasoline. MTBE enriched gasoline will be marketed in Bombay city and would help to reduce environmental pollution. The project is estimated to cost Rs.32.70 crores.

v) Additional Product and Crude Tankage

Additional Product and Crude Tankage of around 8.8 lakh KL are being installed at the Refinery/various upcountry locations at an estimated cost of Rs. 425.00 crores and is scheduled for completion by June, 1995.

vi) Installation of Air Blower in CCU for improved distillate yields at an estimated cost of Rs. 36.00 crores.



Engineering projects: From conception to implementation.



vii) **Modification to Fractionator System in CCU for improved heat recovery and distillate yields at an estimated cost of Rs.10.30 crores.**

viii) **Balancing Naphtha Stabilizer Facility to improve the yield of LPG from the Crude processed at an estimated cost of Rs.11.50 crores.**

ix) **Augmentation of LPG Tankages at Bottling Plants**

Additional Storage capacity of 17,425 MT for LPG to conform to Oil Coordination Committee (OCC) norms is being created at existing LPG Bottling Plants by March 1994, raising the total LPG storage capacity to 35,360 MT.

7.1.3 MAJOR PROJECTS PLANNED

i) **Six Million Metric Tonnes Per Annum (MMTPA) Grassroots Refinery in Central India**

A Memorandum of Understanding (MOU) for setting up a 6 MMTPA Refinery in Central India along with a Crude Oil Terminal (COT) and crude import facilities on the West Coast of India and a cross-country pipe line from the COT to the Refinery site, by forming a Joint Venture Company has been signed with Oman Oil Company Limited (OOC) on 13th March, 1993.

After carrying out a detailed analysis including site survey, a site at Village Agasode, Bina, District Sagar, Madhya Pradesh, has been selected for locating the Refinery. The Government of Madhya Pradesh has already transferred a major portion of the land required for this project.

ii) **Lubricants Marketing**

The Corporation signed a Protocol (Memorandum of Understanding) with Shell International Petroleum Company Limited (Shell) during December, 1992, for the marketing of high quality, high performance Shell branded lubricants in India through a Joint Venture Company (JVC) to be formed.

iii) **LPG Import Facilities at Nhava Sheva (Bombay)**

The proposal, at an estimated cost of Rs. 63.00 crores, envisages development of LPG Import Facilities at Nhava Sheva Port for handling additional LPG imports. This Scheme will help to overcome LPG deficits in the country by way of improving import facilities at Bombay.



A tie-up with Shell: bringing world class lubricants to India:

Photograph shows Mr. F.A. Berger - Director and Regional Coordinator, Shell International Petroleum Company Limited and Mr. R.K. Shukhdevsinhji - Chairman and Managing Director, Bharat Petroleum Corporation Limited, signing the Protocol (MOU). Standing behind (L to R) are Mr. J.K. Withrington - Area Coordinator, Shell International Petroleum Co. Ltd; Mr. U. Sundararajan-Director (Finance), Bharat Petroleum and Mr. L. Chhabra - General Manager (Special Projects), Bharat Petroleum.

iv) Additional Product Tankages (1996-97) and other Infrastructural Facilities

This proposal, at a cost of Rs. 138.00 crores, envisages Additional Product Tankages at 11 green field locations all over the country for meeting the Corporation's growing sales volume and to provide increased cover upto the year 1996-97.

v) Bombay-Manmad Product Pipeline

It is proposed to lay a product pipeline from Bombay to Manmad with an initial capacity of 3.3 MMTPA for transporting Motor Spirit, Superior Kerosene and High Speed Diesel to meet the hinterland demand ex. Manmad by rail/road. This will help decongest Bombay and upgrade the environment. The pipeline will be approximately 250 kms. in length and is estimated to cost Rs.369.50 crores. A Detailed Feasibility Report has been submitted for the Government's approval.

vi) Marketing Terminal at Sikka

The Corporation proposes to construct a Marketing Terminal for Petroleum Products including LPG at Sikka for receipt, storage and despatch of the products from proposed 9 MMTPA Refinery of M/s. Reliance Industries Limited (RIL) in line with the MOU signed with them for Marketing their products. The project is estimated to cost Rs. 714.00 crores and the Project Formulation Report seeking First Stage Clearance from the Ministry of Petroleum & Natural Gas was forwarded in April, 1993.

8.0 MOU WITH MINISTRY OF PETROLEUM & NATURAL GAS

For the third year in succession, the Corporation entered into a Memorandum of Understanding with the Ministry of Petroleum & Natural Gas for 1992-93.

The performance rating continued to be "Excellent" for the year 1991-92. Based on internal evaluation for the year 1992-93, the Corporation merits an "Excellent" rating, subject to Government's ratification.

9.0 COMPUTERISED INFORMATION/DECISION SUPPORT SYSTEMS

In order to meet the information needs of various functions, the Corporation has embarked upon an ambitious plan of Distributed Data Processing. Personal/Mini Computers have been installed at various Storage Locations/LPG Filling Plants. The data thus generated are transferred to the Regional Offices/Chairman's Office for

further processing by utilising the Oilcomnet, I-NET, RABMN (Terrestrial Network) and PSTN (Public Switch Telephone Network). The data so received and processed would be available to all the users for viewing/querying using Relational Databases. Thus, the Corporation is in the process of moving away from a predominantly batch processing environment, taking advantage of the latest computing and information technology.

Besides, the Corporation has used Linear Programming Optimisation Model formulated in-house to study the distribution logistics of its new proposed Central India Refinery along with the infrastructure of Ports, Pipelines, etc.

Further, Microprocessor based Truck Loading/Tank Farm facilities are being installed at our Vizag Installation which will be linked to a Supervisory Computer, enabling scheduling and Management Information System (MIS) generation.

10.0 PERSONNEL

The Corporation in keeping with its belief in "People Above Oil" continues to lay emphasis on training, development and motivation of its employees at all levels.

10.1 TRAINING

New courses, developmental and functional in nature, were introduced for Management Staff and Workmen.

Statistical data on need-based in-house training for the year under review is as follows:

No. of Courses conducted		No. of Staff covered		Training Mandays covered	
Mgmt.	Workmen	Mgmt.	Workmen	Mgmt.	Workmen
197	170	2776	2334	11486	6359

Several new and innovative training programmes were organised at All India Training Centre at Bombay, such as 'Perspective for the 90's, attended by the Top Management.

Further, a well devised programme for exposure of Management Staff was planned and implemented by nominating them to reputed external Institutes like the Administrative Staff College of India, Xavier Labour Relations Institute, Tata Management

and Training Centre and Indian Institutes of Management. Some senior management staff were also sent on training abroad to Organisations of international repute. Special emphasis continued to be laid on counselling as well as 'on-the-job' training.

10.2 RECRUITMENT

Out of the 81 Management staff recruited during the year, 18.5% and 23.45% belonged to Scheduled Caste (SC) and Scheduled Tribes (ST) categories respectively. 242 Non- management staff with representation of 26.03% SC, 9.09% ST, 2.48% Physically Handicapped, 7.44% Ex-Servicemen and 2.48% Minorities were also recruited. A special Recruitment Drive was launched during the year to clear backlogs in the recruitment of SC & ST categories. As a result, the strength of SC/ST employees of the Corporation increased to 22.27% at the end of March '93 from a meagre 2.3% in 1976.

10.3 Information as per section 217 (2A) of the Companies Act, 1956, Read with Companies (Particulars of Employees) Rules 1975, is set in the Annexure

10.4 SCHOLARSHIPS FOR SC/ST STUDENTS

The Corporation continued its endeavours to encourage the students of backward communities to pursue higher education by awarding them scholarships. Under various schemes in operation in the Organisation, scholarships were awarded to SC/ST students undergoing various courses at the ITI, undergraduate engineering courses, and for post SSC studies.

11.0 INDUSTRIAL RELATIONS

In both, the Marketing and Refinery, Industrial Relations were generally harmonious. A Computer Settlement was signed with the Unions in Marketing on 22nd April, 1992.



All in the day's work at the Mahul Refinery.

12.0 COMMUNICATION

Your Corporation has produced a Corporate film to highlight the inherent strengths of the Organisation and its ability to cope with change through the years, which covers the wide range of activities your Corporation is involved in.

Bharat Petroleum Journal, Bharat Petroleum Newsletter and Oil Track continued to be internal vehicles of communication, covering various events and views of the employees.

13.0 PUBLIC SERVICE ACTIVITIES

As a responsible Corporate citizen, the Corporation intensified its efforts to expand its role towards the larger interest of the Society by associating itself with various organisations carrying out social and development works in various States of the country.

Your Corporation sponsored the 'Lifeline Express', a medical train on wheels, at Manmad, (Maharashtra); which is a project of Impact India Foundation set up in collaboration with UNDP, UNICEF and WHO. Over 5,000 patients were provided free medical and surgical treatment; the event received excellent National and International media coverage.

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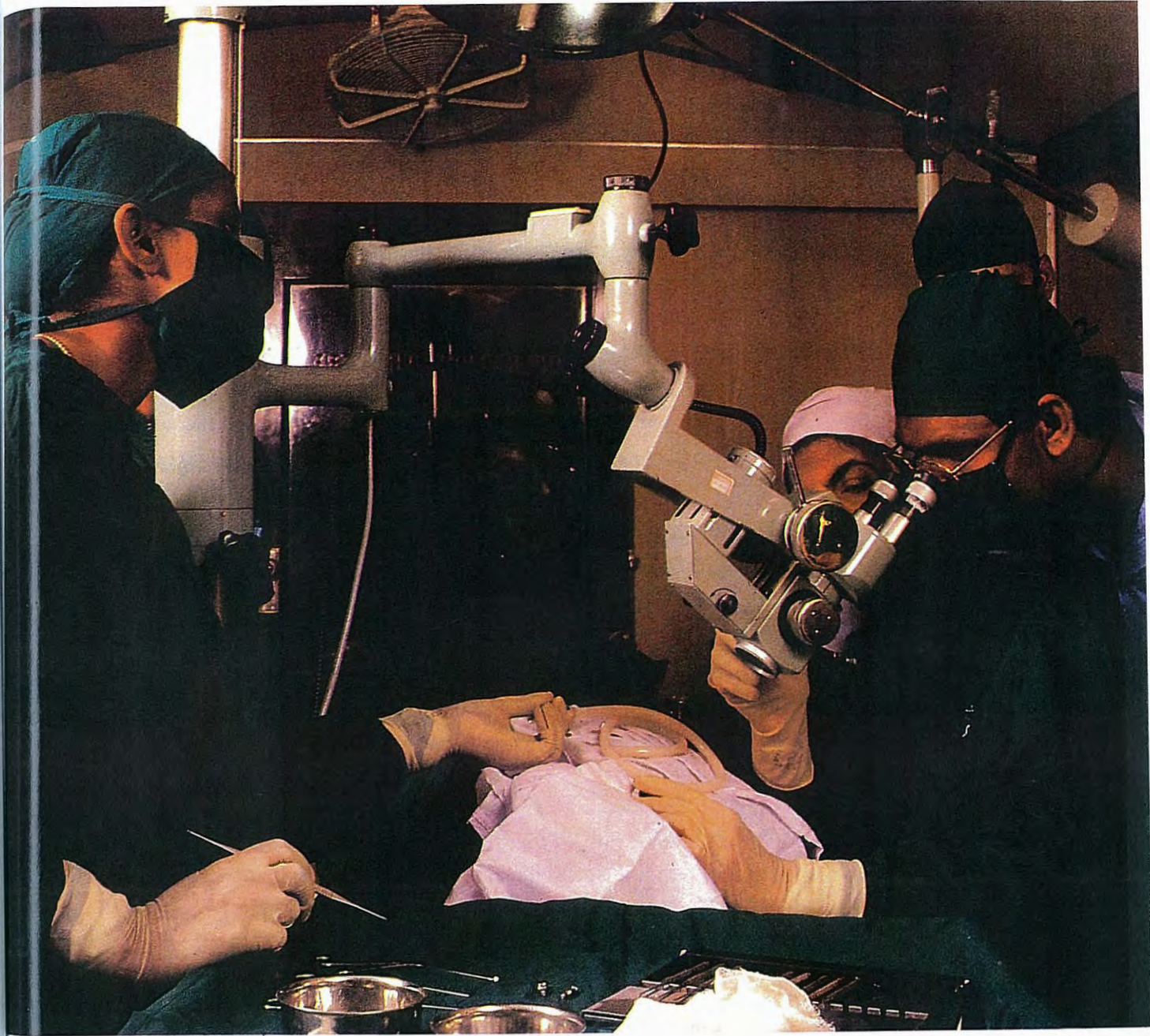
13.1 RURAL UPLIFTMENT : COMPONENT PLAN

As a socially responsible Corporate citizen, the Corporation has embarked upon a major rural upliftment programme by adopting SC/ST villages under the Component and Tribal Sub-Plan. In addition to 5 SC/ST villages adopted in the earlier years, one village Mogrej in Maharashtra was adopted under Component and Tribal Sub- Plan.

The main objective of the SC/ST village adoption programme is to provide overall development consisting of infrastructural development, educational activities, medical facilities and vocational guidance to make the villagers self-reliant and improve their standard of living.

The Corporation has plans to adopt 24 SC/ST villages, by the end of VIIIth Five Year Plan.





Fulfilling our social role as a corporate citizen.

13.2 SPONSORSHIP IN SPORTS

Your Corporation continued to strengthen its commitment to sports by sponsoring several events during the year and continued to provide sports facilities.

14.0 OFFICIAL LANGUAGE IMPLEMENTATION

For effective implementation of the Official Language Policy of the Government of India,

- a) Monitoring Committees were set up at various levels
- b) Classes and workshops were held for training staff
- c) Translations of Manuals, forms, BP Journal, Newsletter and the Annual Report were carried out
- d) Hindi Magazines were published by various locations
- e) Hindi softwares were acquired for use in personal computers and
- f) Competitions, cultural programmes, etc. were organised to celebrate Hindi Day/Week/Fortnight

The Corporation notified Jamshedpur Sales Office under Rule 10(4) of the Official Language Rules 1976, taking the figure of notified offices of your Corporation to 11, which indicates that more than 80% of the staff in these 11 offices have acquired working knowledge of Hindi for doing their day-to-day work in Hindi.

The Chairman's Rolling Trophy for the best performance in Hindi among Regions as well as individual incentive schemes were introduced during the year.

The Parliamentary Committee on Official Languages, during their visits to the Corporation's Offices, commended efforts made by the Corporation in implementation of the Official Language during the year. The Corporation is making all efforts to implement the suggestions given by the Committee for further increasing the usage of Hindi.

15.0 DIRECTORS

During the year under report, Shri H. C. Gupta, Director retired on 7.9.1992 after relinquishing his charge of the post of Joint Secretary in the Ministry of Petroleum & Natural Gas. During the current year, Shri B. B. Srivastava, Advisor (Traffic Transportation) Railway Board, retired on 30.6.1993 consequent on his retirement on superannuation from the Railway Board. The Board has placed on record its appreciation of valuable services rendered for the Corporation by Shri Gupta and Shri Srivastava in their capacities as Directors and as the Joint Secretary in the Ministry and as the Advisor, Railway Board, respectively.

Shri Devi Dayal, Joint Secretary (Marketing), Ministry of Petroleum & Natural Gas, has been appointed as Director with effect from 12.11.1992 and Shri R. K. Varma, General Manager (Sales) has been appointed as Director (Marketing) with effect from 2.6.1993. Shri A. Charanjiva, Director (Marketing) has taken over as Director (Personnel) with effect from 23.10.1992.

As per the provisions of Section 256 of the Companies Act, 1956, two Directors viz. Shri Falguni Rajkumar, Joint Secretary (Refineries) from Ministry of Petroleum & Natural Gas and Shri A. Charanjiva, Director (Personnel) will retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment.

16.0 AUDITORS

On the recommendation of the Comptroller & Auditor General of India, Messrs. Ratan S. Mama & Co. and Messrs. G. P. Kapadia & Co., Chartered Accountants, Bombay, were appointed by the Company Law Board as Auditors for the year 1992-93 under Section 619(2) of the Companies Act, 1956 and will hold office till the end of the ensuing Annual General Meeting. The Company Law Board will be approached for appointment of Auditors for the year 1993-94.

17.0 ACKNOWLEDGEMENTS

The Directors convey their sincere appreciation of the valuable services rendered by the employees at all levels without which the progress made by the Corporation would not have been possible and they are confident that with their continued enthusiasm, initiative and dedicated efforts, the Corporation will further improve both its services to its customers and its overall performance.

The Directors also express their thanks to the large number of customers for their patronage.

The Directors gratefully acknowledge the guidance and support received from the Central Government, the State Governments and the Union Territory Administrations.

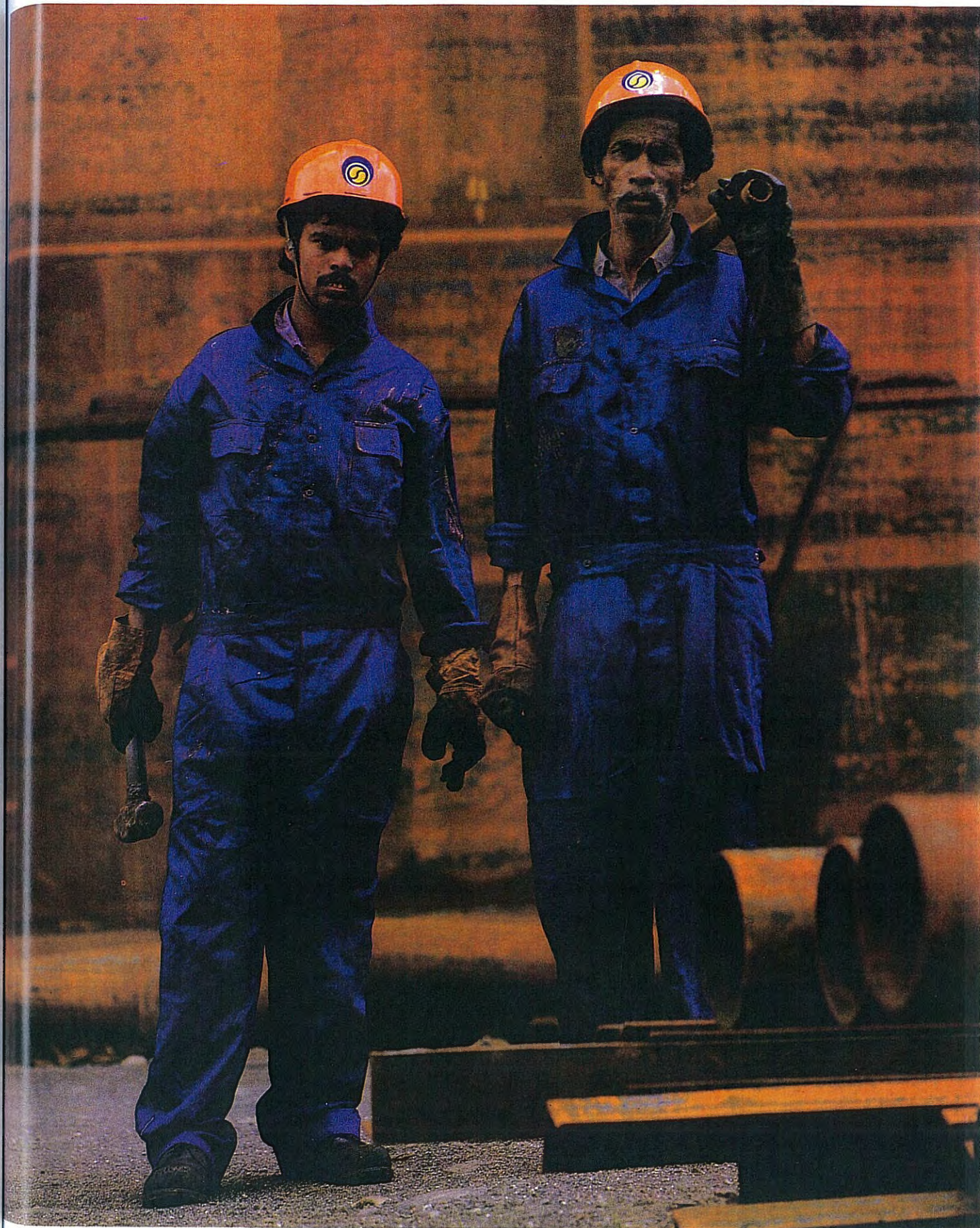
For and on behalf of the Board of Directors

Sd/-

(R. K. SUKHDEVSIHJI)

CHAIRMAN & MANAGING DIRECTOR

Date: 16th August 1993



Experience and enthusiasm keep the BPCL spirit alive.

FORM A

Form for disclosure of particulars with respect to conservation of energy.

A. POWER AND FUEL CONSUMPTION

	1992-93	1991-92
1. Electricity		
a. Purchase		
Unit Million KWH	9.33+	30.39+
Total amount (Rs. in crores)	4.32*	7.43*
Rate/Unit Rs./KWH	4.63++	2.44
b. Own Generation		
(i) Through Diesel Generator Unit		
Units per ltr. of Diesel Oil		
(cost/unit)	Nil	Nil
(ii) Through Steam Turbine/Generator Units Million/KWH	5.03	5.16
(iii) Captive Power Plant		
Power Generation Units - Net (Million KWH)	164.9	143.80
Fuel Consumption : (Qty-MT)		
BHAG	61984	58911
Gas Oil	11925	Nil
Cost/Unit (Rs./KWH)	1.10	1.23
2. Coal	Nil	Nil
3. Furnace Oil/Liquid Fuel (LSHS)		
Qty-MT	101562	83912
Total amount Rs. crores	14.24	11.76
Avg. Rate Rs./Unit	1402.52	1402.52
4. Other Internal Generation		
Refinery Gas Qty-MT	90979	78306
Total cost Rs. crores	15.07	12.98
Rate Rs./Unit	1657.52	1657.52
BHA gas Qty-MT	24995#	34894#
Total Cost Rs. Crores	4.80	6.71
Rate Rs./Unit	1922.25	1922.25

+ Power purchased was lower as higher power was generated from own Captive Power Plant.

* Includes maximum demand charges of Rs. 272.58 lakhs for 1991-92 and Rs. 266 lakhs for 1992-93.

++ Rate is higher compared to previous year owing to lower quantity of power purchased and inclusive of demand charges.

Excludes CPP BHAGAS of 58911 MT for 1991-92 and 61984 MT for 1992-93.

B. ENERGY CONSUMPTION PER UNIT OF CRUDE PROCESSED

	Units Equivalent Fuel/mt	1992-93	1991-92
Electricity	Kg	5.67*	8.61
Furnace Oil/LSHS	Kg	14.04	12.09
Coal	-	-	-
Refinery Gas	Kg	12.57	11.28
BHA gas (Excluding CPP)	Kg	3.45	5.03
TOTAL		35.73	37.11

* Standardised conversion factor of power to SRFT as advised by "Centre for High Technology" is adopted with 1 KWH = 9 MBTU

FORM B

(See Rule 2)

Form for disclosure of particulars with respect to Technology Absorption

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D was carried out by the Corporation.

A. AT REFINERY

- a) Research Projects are in progress with IIP, Dehradun, which are application oriented, mainly aimed at improving existing operations in the Aromatics Unit and developing better techniques for improvement of product yields from the Refinery.
- b) Component integrity evaluation programme is in progress in joint partnership with National Metallurgical Laboratory, Jamshedpur, along with other industrial establishments and the benefit will be in getting a better insight into the assessment of remaining life of equipment and ensuring the integrity of plant and machinery.

B. AT MARKETING

- a) High Performance Passenger car engine oils "Bharat Automol SGX 10W-30" and "Bharat Automol SGX 15W-40" meeting API SG/CD (energy conserving II) and API SG/CC (energy conserving) respectively.

The Corporation also obtained American Petroleum Institute U.S.A.'s approval/licence in November 1992 for marketing these grades under their "DONUT" symbol and Corporation licences have been renewed for the year 1993 also.

- b) Developed high performance "Compressor Oils" meeting international specifications of DIN 51506 (VDL) and ISO 6521 for process compressors having a delivery temperature upto 220 deg. Celcius.

2. BENEFITS DERIVED AS A RESULT OF ABOVE R & D :

A. AT REFINERY

Will be evaluated after completion of the studies/programme.

B. AT MARKETING

Benefits are given in seriatim for above oils :

- a) Bharat Automol SGX 10W-30 and Bharat Automol SGX 15W-40 are expected to give fuel economy of min. 2.7% and 1.5% respectively to the consumers under standard conditions. Besides, these oils also have a potential to give longer drain intervals compared to oils meeting API SF/CC specifications.
- b) This oil gives higher efficiency and increases service life of the compressor.

3. FUTURE PLAN OF ACTION :

A. AT REFINERY

Use of State of Art Catalysts and Chemicals to improve the processes and efficiency of operation. This includes use of N-Methyl Pyrrolidone solvent for extraction in food grade hexane production facilities. Application of Advanced Control and Optimisation Technology in process units will be pursued further.

B. AT MARKETING

The development of the following oils have been taken up.

- a) High Performance Diesel Engine Oil meeting API CE specifications.
- b) Multigrade Automotive Transmission Oils meeting API GL-4 and GL-5 specifications for latest generation passenger cars.

4. EXPENDITURE ON R & D (IN 1992-93)

	Refinery	Marketing	Grand Total
	Rs.	Rs.	Rs.
Capital Expenditure	Nil	34,91,317/-	34,91,317/-
Recurring Expenditure	25,36,820	18,46,000/-	43,82,820/-
Total	25,36,820	53,37,317/-	78,74,137/-
Total R&D expenditure as a %age of total turnover	Negligible	Negligible	Negligible

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

A. AT REFINERY

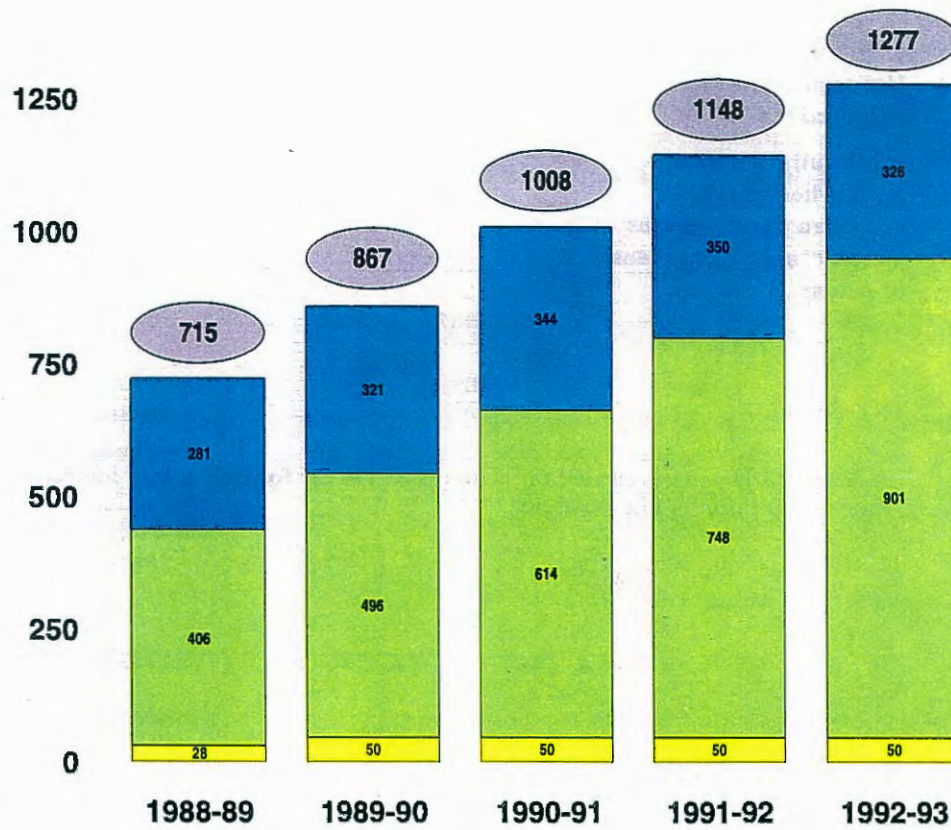
1. Efforts in brief, made towards technology absorption, adaptation and innovation:
Advanced Control and Optimisation Technique using large multivariable model-based predictive control technology (Dynamic Matrix control technology) supplied by M/s. DMCC, U.S.A. for C.C.U. was fully commissioned.
2. Benefits derived as a result of the above efforts are yield improvement, operating cost reduction, prolonging equipment life by improved performance, optimisation of plant performance, etc.
3. In case of imported technology (imported during last five years reckoned from the beginning of the financial year), following information may be furnished:
 - a) Technology imported : - Merox Treatment Technology from M/s. UOP, USA for application in various streams.

- MINAS Technology from M/s. Zimpro Passivant Inc. USA to meet the Minimal National Standards on Effluents.
 - Dynamic Matrix Control (DMC) Technology from M/s. DMCC, USA for Advanced Control and Optimisation in one of the Cracking Units.
- b) Years of import : - Merox Treatment Technology - 1989
- MINAS Technology - 1990
- Dynamic Matrix Control Technology-1993
- c) Has technology been fully absorbed? : Yes
- d) If not fully absorbed : Not applicable
- areas where this has not taken place, reasons therefor, and future plans of action

B. AT MARKETING

In Marketing, R&D work is carried out with respect to the formulation of lubricants and technology absorption is not involved.

TOTAL FUNDS EMPLOYED



Borrowings

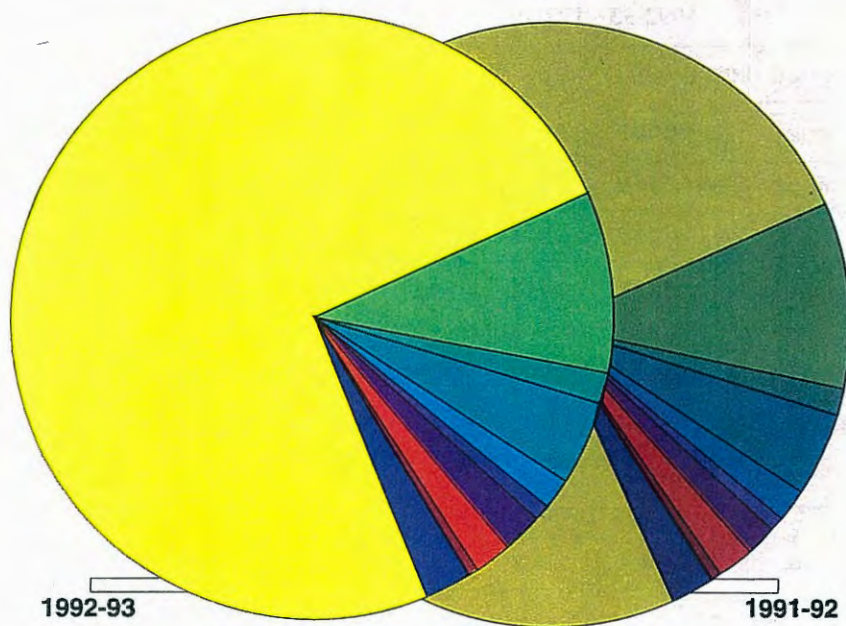


Reserves & Surplus



Equity

DISTRIBUTION OF EACH RUPEE EARNED



1992-93

74.61



9.84



1.70



4.53



1.61



0.62



2.33



1.99



0.27



2.50



1991-92

75.61

Raw Materials, Purchase of products for Resale & Packages

10.01

Duties, Taxes, etc.

1.31

Transportation

4.34

Stores & Other Operating Expenses

1.70

Employees' Remuneration & Other Benefits

0.77

Interest on Borrowings

1.80

Depreciation

1.87

Income Tax

0.26

Dividend

2.33

Retained Profit

PERFORMANCE PROFILE

	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87
1. Crude Oil Processed (000 Tonnes)							
Imported	2685	2062	1397	1008	623	1204	105
Indigenous	4550	4900	5514	6024	5535	5352	5467
TOTAL	7235	6962	6911	7032	6158	6556	5572
2. Production Quantity (000 KL)	8653	8372	8329	8525	7367	7858	6667
Light Distillates %	31.49	32.29	30.87	31.09	29.29	27.83	27.78
Middle Distillates %	53.88	54.95	55.70	57.07	60.12	59.38	60.39
Heavy Ends %	14.63	12.76	13.43	11.84	10.59	12.79	11.83
3. Fuel and Loss as % of Crude Processed	4.2	4.2	4.5	4.5	5.6	5.6	5.8
4. Aromatics Production (MT)							
Benzene	56612	69564	68426	56499	59624	45928	18603
Toluene	11070	9048	10877	8843	7494	8414	4948
5. Market Sales (000 KL)	14443	13551	13101	12836	11720	10720	9899
6. Lubricants Prodn. (MT)	82911	95091	87459	94672	92725	84691	74763
7. Market Participation %	19.5	18.8	18.9	18.9	18.7	18.5	18.3
8. Marketing Network							
Installations	14	12	10	10	10	9	9
Depots	98	94	83	78	69	69	65
Avation Service Stations	14	13	13	13	12	11	9
Total Tankages (Lakhs KL)	13.71	11.71	10.09	9.05	8.71	7.40	7.49
Retail Outlets	4040	4005	3965	3894	3822	3741	3663
Number of LPG Bottling Plants	15	15	15	15	14	8	4
LPG Distributors	816	793	767	740	704	651	616
LPG Customers (No.Lakhs)	43.45	40.46	37.65	36.11	33.10	30.25	26.99
9. Manpower	11167	11158	11029	10616	10578	10203	9397

1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78	1976
(15 months)									
67	175	468	1384	904	1268	1301	1840	3826	3596
6311	5279	4829	3093	4090	3603	3540	2866	1803	159
6378	5454	5297	4477	4994	4871	4841	4706	5629	3755
7574	6619	6427	5305	5962	5769	5750	5562	6516	4312
28.08	25.75	25.77	22.25	24.76	22.22	21.91	21.68	19.77	19.97
59.35	54.36	55.21	51.36	53.06	55.66	56.74	57.86	55.33	55.93
12.57	19.89	19.02	26.39	22.18	22.12	21.35	20.46	24.90	24.10
6.2	4.5	4.4	4.7	4.8	4.9	4.7	5.0	5.2	5.7
20112	0	0	0	0	0	0	0	0	0
4455	0	0	0	0	0	0	0	0	0
9410	8789	7711	7124	6541	6473	6136	5781	6483	4519
72414	69425	63872	66153	55475	60813	56831	55074	57508	40939
18.7	18.3	17.5	16.8	16.4	17.2	16.7	16.3	16.4	15.3
8	8	8	8	8	7	5	5	5	5
62	60	56	59	59	57	61	61	61	61
8	8	7	4	3	3	3	3	2	2
6.68	6.59	6.26	6.76	6.67	6.55	6.26	6.26	6.07	6.07
3567	3486	3410	3350	3317	3311	3302	3281	3271	3183
2	2	1	1	1	-	-	-	-	-
518	409	315	264	163	154	143	138	128	90
23.20	19.64	16.10	11.85	8.28	5.92	5.81	5.56	5.05	4.94
8321	7894	7433	6971	6403	5808	5452	5212	4956	4847

PERFORMANCE PROFILE

	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87	1985-86
10. Sales and Earnings								
i) Sales and Other Income*	10235	8881	7395	6082	5476	5080	4488	3165
ii) Gross Profit before Depreciation, Interest & Tax	473	403	349	301	242	190	184	177
iii) Depreciation	143	103	96	103	79	63	82	77
iv) Interest	38	44	37	31	33	34	34	31
v) Profit before Tax	292	256	216	167	130	93	68	69
vi) Tax	122	107	88	44	26	15	8	8
vii) Profit after Tax	170	149	128	123	104	78	60	61
* Figures from 1986-87 includes sales to Other Oil Companies								
11. What the Company Owned								
i) Gross Fixed Assets	2057	1753	1523	1325	1122	955	752	600
ii) Net Fixed Assets	1193	1024	894	787	683	599	428	360
iii) Net Current Assets	84	124	114	80	32	14	90	109
Total Assets Net	1277	1148	1008	867	715	613	518	469
12. What the Company Owed								
i) Share Capital	50	50	50	50	28	28	28	28
ii) Reserves and Suplus	901	748	614	496	406	307	206	150
iii) Net Worth	951	798	664	546	434	335	234	178
iv) Borrowings	326	350	344	321	281	278	284	291
Total Funds Employed	1277	1148	1008	867	715	613	518	469
13. Internal Generation	297	237	214	215	186	136	143	135
14. Value Added	889	786	682	563	499	387	341	292
15. Earnings in Foreign Exchange	204	160	197	136	120	110	116	103

Rs. Crores*

1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78	1976
(15 months)									
3165	2664	2333	2056	1852	1512	1073	828	905	673
177	93	75	55	49	39	33	29	24	10
77	53	43	15	12	12	8	4	2	2
31	19	13	10	7	4	0	0	1	2
69	21	19	30	30	23	25	25	21	6
8	7	3	16	16	12	14	16	13	4
61	14	16	14	14	11	11	9	8	2
600	496	345	209	135	96	74	58	50	46
360	329	228	134	74	47	37	28	25	23
109	58	73	56	69	87	26	22	36	26
469	387	301	190	143	134	63	50	61	49
28	17	17	15	15	15	15	15	15	15
150	103	91	76	61	49	41	32	25	19
178	120	108	91	76	64	56	47	40	34
291	267	193	99	67	70	7	3	21	15
469	387	301	190	143	134	63	50	61	49
135	65	59	29	24	21	17	11	8	3
292	224	186	130	112	101	84	76	71	28
103	88	75	77	74	0	0	3	0	2

* (Rs. 1 Crore = Rs. 10 million)

PERFORMANCE PROFILE

	1992-93	1991-82	1990-91	1989-90	1988-89	1987-88	1986-87
16. Ratios							
i) Gross Profit before Depreciation, Interest & Tax as % age of Sales and Other Income	7.8	7.0	6.6	6.1	5.5	4.7	5.2
ii) Profit after Tax as % age of average Net Worth	19.5	20.3	21.1	25.0	28.4	26.7	29.3
iii) Profit after Tax as % age of Share Capital	340.1	296.9	255.6	245.1	391.7	273.0	216.7
iv) Average Net Worth as %age of Share Capital	1748.5	1461.5	1210.2	979.8	1379.7	1021.5	738.9
v) Gross Profit before Depreciation, Interest & Tax of % age of Capital Employed	47.8	44.1	46.5	45.5	44.3	48.4	51.1
vi) Profit before Tax as %age of Capital Employed	29.5	28.0	28.7	25.2	23.8	23.7	19.0
vii) Profit after Tax as % age of Capital Employed	17.2	16.3	17.0	18.5	19.9	19.4	16.7
viii) Debt Equity Ratio	0.3	0.4	0.5	0.6	0.6	0.8	1.2
17. Earnings per Share Rs.	34.01	29.69	25.56	24.51	37.45	28.01	21.71
18. Book Value per Share Rs.	190.21	159.49	132.80	109.24	155.69	120.23	84.04

1985

4

22

53

2

6

1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78	1976
(15 months)									
7.5	4.3	4.0	3.2	3.2	3.2	3.5	3.8	3.0	1.8
41.2	12.1	15.7	16.2	20.0	17.4	19.1	20.1	21.5	6.7
220.2	83.3	94.5	92.6	96.8	71.8	67.2	59.6	54.1	11.5
534.3	689.8	599.9	573.1	483.7	412.4	350.9	295.7	251.2	170.9
49.0	37.5	53.7	51.8	43.8	33.5	65.9	69.7	41.6	21.8
19.0	8.4	13.7	28.2	26.7	19.7	49.6	58.2	35.6	12.6
16.9	5.6	11.2	12.7	12.7	8.9	19.5	20.5	13.6	3.5
1.6	2.2	1.8	1.1	0.9	1.1	0.1	0.1	0.5	0.4
22.01	6.07	7.01	6.07	6.12	4.68	4.73	3.77	3.42	0.72
63.74	52.23	47.16	39.27	33.20	27.97	24.17	20.20	17.19	14.56

SOURCES AND APPLICATIONS OF FUNDS

	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87
SOURCES OF FUNDS							
OWN							
Profit after Tax	170	149	128	123	104	78	60
Depreciation	143	104	96	103	87	63	86
Shareholders' investment	-	-	-	-	-	-	-
BORROWINGS							
Loans (net)	-	6	23	40	3	-	-
LPG Deposits	25	37	18	28	21	22	28
Decrease in Working Capital	54	-	-	-	-	55	-
Adjustment on account of Deletion/Re-classification, etc.	5	1	-	3	2	1	-
	397	297	265	297	217	219	174
APPLICATION OF FUNDS							
Capital Expenditure	316	234	203	210	173	207	154
Dividend	17	15	10	10	6	6	4
Repayment of Loans (net)	25	-	-	-	-	6	7
Investment	39	7	28	2	1	-	-
Increase in Working Capital	-	41	24	75	37	-	9
	397	297	265	297	217	219	174

Rs. Crores*									
1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78	1976
(15 months)									
61	14	16	14	14	11	11	9	8	2
78	53	42	15	12	13	8	5	2	2
-	-	2	-	-	-	-	-	-	17
24	75	94	33	-	62	4	-	6	11
33	26	21	12	7	1	1	1	1	1
-	-	-	2	11	-	-	13	-	-
3	-	-	-	-	-	-	-	-	(7)
199	168	175	76	44	87	24	28	17	26
111	154	138	76	39	23	16	8	4	3
4	2	-	-	2	2	2	2	2	1
-	-	-	-	3	-	-	18	-	
-	1	-	-	-	-	-	-	-	
84	11	37	-	-	62	6	-	11	22
199	168	175	76	44	87	24	28	17	26

*(Rs. 1 Crore = Rs. 10 million)

HOW VALUE IS GENERATED

	Rs. Crores*	
	1992-93	1991-92
Value of Production (Refinery)	1681	1599
Less : Direct Materials Consumed	1451	1382
Added Value	230	217
Marketing Operations	659	569
Value added by Manufacturing & Trading Operations	889	786
Add : Other Income (including P.Y.A.)	61	29
Total Value Generated	950	815

HOW VALUE IS DISTRIBUTED

	1992-93	1991-92
1 OPERATIONS		
Operating & Servicing Costs	377	314
2. EMPLOYEES' BENEFITS		
Salaries, Wages & Bonus	74	76
Other Benefits	25	22
	99	98
3. PROVIDERS OF CAPITAL		
Interest on Borrowings	38	44
Dividend	17	15
	55	59
4. INCOME TAX	122	107
5. RE-INVESTMENT IN BUSINESS		
Depreciation	143	103
Retained profit	154	134
	297	237
Total Value Distributed	950	815

* (Rs. 1 Crore = Rs. 10 million)

AUDITORS' REPORT TO THE MEMBERS OF BHARAT PETROLEUM CORPORATION LIMITED

We have audited the attached Balance Sheet of BHARAT PETROLEUM CORPORATION LIMITED as at 31st March 1993, 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 account as required by law have been kept by the Corporation, so far as appears from our examination of those books;
3. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account;
4. In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read with the Notes and the Significant Accounting Policies therein, 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 1993
 - and
 - (ii) in the case of Profit and Loss Account, of the Profit for the year ended on that date.
5. As required by the Manufacturing and Other Companies(Auditor's Report) Order, 1988 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 our audit and to the best of our knowledge and belief, we further report that:
 - (i) The Corporation has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. We are informed that fixed assets, other than LPG cylinders with customers, are verified by the Marketing Division over a two year period and by the Refinery over a three year period. The frequency of verification of fixed assets is, in our opinion, reasonable. In respect of the assets verified during the year, we are informed that there are no material discrepancies.
 - (ii) The fixed assets have not 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 on loan with other oil companies and in transit. In our opinion, the frequency of physical verification of stocks is reasonable.

- (iv) The procedures of physical verification followed by the Management are reasonable and adequate in relation to the size of the Corporation and the nature of its business.
- (v) We are informed that discrepancies noticed on physical verification of stocks were not material as compared to book records and have been properly dealt with in the accounts.
- (vi) In our opinion, the valuation of these stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
- (vii) The Corporation has not obtained any loans from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (viii) The Corporation has granted loans to Directors in accordance with the terms of employment, which are, prima facie, not prejudicial to the interests of the Corporation.
- (ix) The Corporation has given loans and advances to its employees and to certain Companies/State Governments who are, by and large, repaying the principal amount and interest as stipulated.
- (x) In our opinion, 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 and for the sale of goods.
- (xi) According to the information and explanations given to us, there are no purchases of goods and materials and sale of goods, materials and services exceeding Rs.50,000/- in value for each type thereof, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, except purchases/sales from/to other Government owned oil companies at regulated prices.
- (xii) As explained to us, the Corporation has a regular procedure for the determination and write-off of unserviceable or damaged stores and raw materials and adequate provision has been made in the accounts for the loss so determined.
- (xiii) In respect of the deposits accepted from the public, the Corporation has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder.
- (xiv) As explained to us, the Corporation has maintained reasonable records for sale and disposal of realisable by-products and scrap.

- (xv) The Corporation has an adequate internal audit system which is commensurate with its size and nature of its business.
- (xvi) We have broadly reviewed the books of account maintained by the Corporation in respect of products where pursuant to the Rules made by the Central Government, the maintenance of cost records has been prescribed under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that, prima facie, the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (xvii) According to the records of the Corporation, Provident Fund and Employees' State Insurance dues have been regularly deposited with the appropriate authorities.
- (xviii) There were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at 31st March 1993 for a period of more than six months from the date they became payable.
- (xix) According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- (xx) The Corporation is not a Sick Industrial Company within the meaning of Clause (O) of the sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xxi) In respect of the Corporation's trading activities, damaged goods, which were not significant, have been determined and necessary provision has been made in the accounts.

For and on behalf of
RATAN S. MAMA & CO.
Chartered Accountants

NATRAJ RAMKRISHNA
Partner
Bombay : 28 May 1993

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

B. D. MANIAR
Partner
Bombay : 28 May 1993

BALANCE SHEET AS AT 31ST MARCH 1993

	Schedule	Rs. Lakhs*	31/03/92 Rs. Lakhs*
I. SOURCES OF FUNDS			
1. Shareholders' funds:			
Share capital	A	50,00.00	50,00.00
Reserves and surplus	B	901,04.16	747,47.33
		<u>951,04.16</u>	<u>797,47.33</u>
2. Loan funds:	C		
Secured		63,92.00	48,89.71
Unsecured		261,65.80	301,17.33
		<u>325,57.80</u>	<u>350,07.04</u>
Total		<u>1276,61.96</u>	<u>1147,54.37</u>
II. APPLICATION OF FUNDS			
1. Fixed assets:	D		
Gross block		1771,06.00	1518,08.43
Less: Depreciation		863,85.29	729,23.48
Net block		<u>907,20.71</u>	<u>788,84.95</u>
Capital work in progress (at cost)	E	285,53.64	234,87.45
		<u>1192,74.35</u>	<u>1023,72.40</u>
2. Investments	F	77,81.09	38,43.12
3. Current assets, loans and advances :			
Inventories	G	1239,49.49	488,01.61
Sundry debtors	H	194,18.55	103,81.20
Cash and bank balances	I	139,66.15	103,29.31
Other current assets	J	11,79.81	23,48.56
Loans and advances	K	170,15.12	183,89.80
		<u>1755,29.12</u>	<u>902,50.48</u>
Less: Current liabilities and provisions			
Liabilities	L	1715,99.87	800,40.63
Provisions	M	33,22.73	16,71.00
		<u>1749,22.60</u>	<u>817,11.63</u>
Net current assets		<u>6,06.52</u>	<u>85,38.85</u>
Total		<u>1276,61.96</u>	<u>1147,54.37</u>
Statement of Significant Accounting Policies and Notes forming part of Accounts	W		

* Rs.10 lakhs = Rs.1 million

For and on behalf of the Board of Directors

R. K. SUKHDEVSIHJI

Chairman and Managing Director

U. SUNDARARAJAN

Director (Finance)

Bombay: 28 May 1993

K. S. MANIKASHETTI

Company Secretary

As per our attached report of even date

For and on behalf of

RATAN S. MAMA & CO.

Chartered Accountants

For and on behalf of

G. P. KAPADIA & CO.

Chartered Accountants

N. RAMKRISHNA

Partner

Bombay: 28 May 1993

B. D. MANIAR

Partner

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1993

			1991-92
	Schedule	Rs. Lakhs*	Rs. Lakhs*
INCOME			
Sale of products	N	5994,42.31	5698,44.11
Miscellaneous income	O	57,65.39	39,69.88
Increase in inventory of finished products and stock in process	P	86,39.10	4,27.49
Total		6138,46.80	5742,41.48
EXPENDITURE			
Purchase of products for resale		3059,81.42	2872,25.78
Raw materials consumed		1466,32.82	1404,59.60
Packages consumed		55,88.46	56,84.76
Duties, taxes, etc. and other charges applicable to products		604,33.70	573,82.52
Transportation		104,41.87	75,01.13
Consumption of stores, spares and materials	Q	91,77.73	74,44.87
Fuel and power	R	8,46.28	10,79.16
Employees' remuneration and other benefits	S	98,88.18	97,60.93
Interest	T	38,31.20	44,17.38
Other operating and administration expenses	U	178,14.63	163,74.86
Depreciation		143,13.48	103,12.25
Total		5849,49.77	5476,43.24
Profit		288,97.03	265,98.24
Prior years' income/(expenses) net	V	3,09.80	(10,52.19)
Profit before tax		292,06.83	255,46.05
Provision for taxation		122,00.00	107,00.00
Profit after tax		170,06.83	148,46.05
Transfer from Investment Allowance Reserve		1,82.47	1,40.38
Balance brought forward from previous year		0.01	0.01
Disposable profit		171,89.31	149,86.44
Appropriations:			
Proposed dividend		16,50.00	15,00.00
Transfer to General Reserve		155,39.30	134,86.43
Balance carried to Balance Sheet		0.01	0.01
Statement of Significant Accounting Policies and Notes forming part of Accounts	W		

* Rs.10 lakhs = Rs.1 million

For and on behalf of the Board of Directors

As per our attached report of even date

R. K. SUKHDEVSINHJI

Chairman and Managing Director

For and on behalf of

RATAN S. MAMA & CO.

Chartered Accountants

For and on behalf of

G. P. KAPADIA & CO.

Chartered Accountants

U. SUNDARARAJAN

Director (Finance)

Bombay: 28 May 1993

K. S. MANIKASHETTI

Company Secretary

N. RAMKRISHNA

Partner

Bombay: 28 May 1993

B. D. MANIAR

Partner

SCHEDULE 'A' - SHARE CAPITAL

	31/03/92	
	<u>Rs. Lakhs*</u>	<u>Rs. Lakhs*</u>
Authorised		
5,00,00,000 equity shares of Rs.10 each	50,00.00	50,00.00
	<u>50,00.00</u>	<u>50,00.00</u>
Issued, subscribed and paid-up		
5,00,00,000 equity shares of Rs.10 each fully paid-up	50,00.00	50,00.00
Total	<u>50,00.00</u>	<u>50,00.00</u>

The above includes:

2,29,50,000 shares of Rs.10 each on which Rs.7.20 per share was paid in cash were made fully paid by capitalisation of Capital Reserve.

2,70,00,000 shares of Rs.10 each which were issued as fully paid bonus shares by capitalisation of Capital Reserve and General Reserve.

SCHEDULE 'B' - RESERVES AND SURPLUS

	31/03/92	
	<u>Rs. Lakhs*</u>	<u>Rs. Lakhs*</u>
General Reserve		
As per last Balance Sheet	661,98.39	527,11.96
Add: Transfer from Profit and Loss Account	155,39.30	134,86.43
	<u>817,37.69</u>	<u>661,98.39</u>
Investment Allowance Reserve		
As per last Balance Sheet	85,48.93	86,89.31
Less: Transfer to Profit and Loss Account	1,82.47	1,40.38
	<u>83,66.46</u>	<u>85,48.93</u>
Profit and Loss Account	0.01	0.01
Total	<u>901,04.16</u>	<u>747,47.33</u>

*Rs.10 lakhs = Rs.1 million

SCHEDULE 'C' - LOAN FUNDS

	31/03/92	
	<u>Rs. Lakhs*</u>	<u>Rs. Lakhs*</u>
Secured		
From banks:		
Term loan - secured by hypothecation and mortgage of LPG bottling plant at Bhitoni (Jabalpur) [includes Rs.1,26.07 lakhs due for repayment before 31st March 1994 (Rs.1,26.07 lakhs)]	6,42.57	7,68.64
Overdraft - secured by hypothecation of finished goods, raw materials, stock in process, stores and spares at the Refinery and of stores and spares and finished goods at Kandla and Shakurbasti installations	57,49.43	41,21.07
Total	<u>63,92.00</u>	<u>48,89.71</u>
Unsecured		
From Scheduled Banks	92,02.57	13,11.70
Fixed deposits [includes Rs.9,71.31 lakhs maturing before 31st March 1994 (Rs.49,06.64 lakhs)]	92,48.67	98,84.66
Others [includes Rs.12,11.42 lakhs due for repayment before 31st March 1994 (Rs.112,11.48 lakhs)]	77,14.56	189,20.97
Total	<u>261,65.80</u>	<u>301,17.33</u>

* Rs.10 lakhs = Rs.1 million

SCHEDULE 'D' - FIXED ASSETS

PARTICULARS	GROSS BLOCK			
	AS AT 01/04/92	ADDITIONS	DEDUCTIONS INCLUDING RECLASSI- FICATIONS	AS AT 31/03/93
(1)	(2)	(3)	(4)	(5)
1. LAND (including advance payments)				
(a) Freehold/long leasehold	27,99.00	4,69.41	(49.15)	33,17.56
(b) Leasehold on which premia are being written off over lease period	10,66.07	2,49.02	(19.14)	13,34.23
(c) Advance payments	2,52.58	3,63.87	1,77.09	4,39.36
2. BUILDINGS	164,38.63	38,48.08	1,20.79	201,65.92
3. RAILWAY SIDINGS	12,39.50	3,01.04	0.00	15,40.54
4. PLANT & MACHINERY	492,63.55	26,48.98	4,15.28	514,97.25
5. TANKS & PIPELINES	271,27.25	80,11.72	3,06.77	348,32.20
6. FURNITURE & FITTINGS	12,53.02	2,78.37	14.86	15,16.53
7. VEHICLES	23,73.44	3,18.56	72.10	26,19.90
8. OTHER ASSETS				
(a) Dispensing pumps	42,27.48	10,68.82	12.34	52,83.96
(b) LPG cylinders & allied equipment	366,01.89	74,09.26	4,62.97	435,48.18
(c) Sundries	91,66.02	18,62.89	18.54	110,10.37
TOTAL	1518,08.43	268,30.02	15,32.45	1771,06.00
Previous year	1266,65.82	257,66.84	6,24.23	1518,08.43

Notes :

- (1) Freehold/long leasehold land includes **Rs. 16.24 lakhs** (Rs.8.72 lakhs) with more than 99 years lease period.
- (2) The title deeds in respect of a small portion of land at the refinery are yet to be received.
- (3) Particulars of Land, Buildings, Plant and Machinery, Tanks and Pipelines and Railway Sidings which are jointly owned in varying extent with other Oil Companies/Railways : Gross Block **Rs. 9,51.80 lakhs** (Rs.9,36.77 lakhs), Depreciation **Rs. 3,30.96 lakhs** (Rs. 2,91.97 lakhs), Net Block **Rs. 6,20.84 lakhs** (Rs.6,44.80 lakhs)
- (4) Buildings include cost of ownership flats of **Rs.3,51.00 lakhs** (Rs.3,46.82 lakhs) held in formed/proposed co-operative housing societies which includes value of shares of **Rs.0.39 lakhs** (Rs.0.37 lakhs) issued by societies under their bye-laws, out of which share certificates of the value of **Rs. 0.11 lakhs** (Rs.0.11 lakhs) are yet to be received.

Rs. Lakhs*

DEPRECIATION				NET BLOCK	
AS AT 01/04/92	THIS YEAR	DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI- CATIONS	AS AT 31/03/93	AS AT 31/03/93	AS AT 31/03/92
(6)	(7)	(8)	(9)	(10)	(11)
0.00	0.00	0.00	0.00	33,17.56	27,99.00
1,01.88	27.02	0.13	1,28.77	12,05.46	9,64.19
0.00	0.00	0.00	0.00	4,39.36	2,52.58
17,55.08	3,79.46	9.80	21,24.74	180,41.18	146,83.56
3,06.22	68.31	0.00	3,74.53	11,66.01	9,33.28
211,36.39	34,88.81	2,50.54	243,74.66	271,22.59	281,27.16
83,14.34	18,28.02	87.71	100,54.65	247,77.55	188,12.91
2,35.43	52.40	2.42	2,85.41	12,31.12	10,17.59
11,44.11	1,91.74	52.49	12,83.36	13,36.54	12,29.32
9,76.61	2,40.83	6.41	12,11.03	40,72.93	32,50.88
366,01.89	74,09.26	4,62.97	435,48.18	0.00	0.00
23,51.53	6,57.39	8.96	29,99.96	80,10.41	68,14.48
729,23.48	143,43.24	8,81.43	863,85.29	907,20.71	788,84.95
629,73.80	103,84.24	4,34.56	729,23.48	788,84.95	

- (5) As depreciation on project assets is capitalised as part of capital project cost, the net book value of such assets is shown under the gross block columns.
- (6) Deductions (Col. 4) include write back of excess capitalisation of prior years **Rs. 3,15.66 lakhs** (Rs.1,33.30 lakhs).
- (7) (Col. 8) includes reversal of depreciation on excess capitalisation referred to in (6) above **Rs.12.57 lakhs** (Rs.3.83 lakhs).
- (8) Depreciation for the year include **Rs.9.45 lakhs** (Rs.9.86 lakhs) charged to capital work-in-progress.
- (9) Transfer formalities relating to residential premises - **Rs. 62.18 lakhs** (Rs. 62.18 lakhs) registered in the name of a director, since retired, are in progress.

* Rs. 10 lakhs = Rs. 1 million

PARTICULARS OF CAPITAL EXPENDITURE INCURRED ON SOCIAL OVERHEADS

PARTICULARS	GROSS BLOCK			
	AS AT 01/04/92	ADDITIONS	DEDUCTIONS INCLUDING RECLASSI- FICATIONS	AS AT 31/03/93
(1)	(2)	(3)	(4)	(5)
1. LAND				
(a) Freehold	7.76	0.00	0.00	7.76
(b) Leasehold	72.15	0.00	0.00	72.15
2. STAFF QUARTERS ETC. IN TOWNSHIP				
(a) Buildings	12,06.83	3,23.97	14.71	15,16.09
(b) Plant and Machinery	56.94	0.00	1.92	55.02
(c) Furniture and Fittings	1.04	0.06	(0.44)	1.54
(d) Other Assests	64.79	18.03	(14.24)	97.06
3. SOCIAL AND CULTURAL OVERHEADS				
(a) Buildings	19.18	0.59	0.00	19.77
(b) Plant and Machinery	10.60	0.00	0.00	10.60
(c) Furniture and Fittings	0.90	0.15	0.00	1.05
(d) Tanks and Pipelines	0.21	0.00	0.00	0.21
(e) Other Assets	42.43	0.00	0.00	42.43
TOTAL	14,82.83	3,42.80	1.95	18,23.68
Previous year	14,80.41	5.40	2.98	14,82.83

AND FORMING PART OF SCHEDULE 'D'

Rs. Lakhs*

DEPRECIATION				NET BLOCK	
AS AT 1/04/92	THIS YEAR	DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI- CATIONS	AS AT 31/03/93	AS AT 31/03/93	AS AT 31/03/92
(6)	(7)	(8)	(9)	(10)	(11)
0.00	0.00	0.00	0.00	7.76	7.76
6.96	0.80	0.00	7.76	64.39	65.19
99.87	19.87	1.69	1,18.06	13,98.03	11,06.96
7.35	2.73	1.76	8.32	46.70	49.59
0.01	0.05	(0.02)	0.08	1.46	1.03
27.64	4.71	0.36	31.99	65.07	37.15
3.19	0.32	(0.04)	3.54	16.23	15.99
2.35	0.51	0.00	2.86	7.74	8.25
0.03	0.03	0.00	0.06	0.99	0.87
0.20	0.00	0.00	0.20	0.01	0.01
5.39	2.05	0.00	7.44	34.99	37.04
1,52.99	31.07	3.75	1,80.31	16,43.37	13,29.84
1,23.02	30.33	0.36	1,52.99	13,29.84	

* Rs.10 lakhs = Rs. 1 million

SCHEDULE 'E' - CAPITAL WORK IN PROGRESS

	31/03/92	
	Rs. Lakhs*	Rs. Lakhs*
Capital work-in-progress (at cost) (including advance payment, materials-at-site, in-transit and with contractors)		
Work-in-progress and advance payments	243,30.35	200,13.43
Capital stores including lying with contractors	27,01.28	28,42.32
Capital goods in transit	11,36.94	99.36
Construction period expenses pending allocation		
Opening balance	5,32.34	6,53.63
Add: Expenditure during the year		
Establishment charges	2,42.42	2,91.53
Interest	0.00	81.28
Depreciation	9.45	9.86
Others	1,55.80	2,65.98
Less: Allocated to assets during the year	5,54.94	7,69.94
Balance at the end of the year	3,85.07	5,32.34
Total	285,53.64	234,87.45

* Rs.10 lakhs = Rs. 1 million

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SCHEDULE 'F' - INVESTMENTS

(Non-Trade, at cost unless otherwise stated)

	No.	FACE VALUE	BOOK VALUE	
			31/03/92	
		Rs. Lakhs*	Rs. Lakhs*	Rs. Lakhs*
QUOTED				
Government securities [Market value Rs.8.82 lakhs (Rs.11.32 lakhs)]				
Deposited with local Authorities				
5 ½ % Loan 1992		-	-	3.00
5 ½ % Loan 1995		2.14	2.14	2.14
5 ½ % Loan 1999		0.32	0.32	0.32
5 ½ % Loan 2000		0.06	0.06	0.06
5 ¾ % Loan 2001		1.58	1.49	1.57
5 ¾ % N.D.Loan 2001		0.10	0.10	0.10
5 ¾ % Loan 2002		0.35	0.32	0.32
6 % Loan 1993		0.05	0.05	0.05
6 % Loan 1998		2.40	2.33	2.83
6 ½ % Loan 2000		1.03	0.91	0.91
7 % Loan 2009		2.05	1.66	1.66
7 ½ % Loan 2010		1.94	1.96	1.96
8 % Loan 2011		0.31	0.22	0.22
		<u>12.33</u>	<u>11.56</u>	<u>15.14</u>
On hand				
5 ¾ % Loan 2001		0.08	0.08	-
6 % Loan 1998		0.50	0.49	-
		<u>0.58</u>	<u>0.57</u>	<u>-</u>
UNQUOTED				
1. Units of the Unit Trust of India	54243860	54,24.39	76,90.65	37,87.68
	(27524660)	(27,52.47)		
2. National Savings Certificates (deposited with local authorities, etc.)		0.37	0.37	0.36
3. 5½ Years Kisan Vikas Patra (deposited with local authorities)	790	79.00	77.00	39.00
4. Debentures (fully paid up)				
- 6½% irredeemable debentures of the Bengal Chamber of Commerce and Industry	15	0.15	0.15	0.15
- 5% irredeemable debentures of East India Clinic Limited	1	0.60	0.60	0.60
5. Ordinary shares (fully paid up) of Sindhu Resettlement Corporation Ltd.	6	0.06	0.19	0.19
		<u>55,04.57</u>	<u>77,68.96</u>	<u>38,27.98</u>
UNQUOTED (at book value)				
6% debentures of Sholapur Spinning and Weaving Mills Ltd. (in liquidation)	578	0.58	@	@
Total		<u>55,18.06</u>	<u>77,81.09</u>	<u>38,43.12</u>

@ Written down to Re.1/-

*Rs.10 lakhs = Rs. 1 million

SCHEDULE 'G' - INVENTORIES

(As taken, valued and certified by the Management)

	31/03/92	
	Rs. Lakhs*	Rs. Lakhs*
Raw materials (at cost) #	773,18.58	126,98.69
Stock in process (at cost)	3,22.74	3,33.92
Finished products (at lower of cost or net realisable value) @	364,85.34	278,35.06
Packages (at lower of cost or net realisable value)	17,56.54	13,00.60
Stores and spares (at cost)	80,66.29	66,33.34
Total	1239,49.49	488,01.61

Includes Rs. 664,56.89 lakhs (net) for materials given on loan [Rs. — 29,81.73 lakhs (net)]

@ Includes Rs. 18,37.02 lakhs (net) for products given on loan [Rs. 19,33.67 lakhs (net)]

SCHEDULE 'H' - SUNDRY DEBTORS

(Considered good unless otherwise stated)

	31/03/92	
	Rs. Lakhs*	Rs. Lakhs*
Over six months:		
Considered good #	19,94.53	10,84.96
Considered doubtful	87.71	55.51
Less : Provision	(87.71)	(55.51)
	19,94.53	10,84.96
Others #	174,24.02	92,96.24
Total	194,18.55	103,81.20

These are secured to the extent of Rs. 1,17.90 lakhs (Rs. 143.27 lakhs)

SCHEDULE 'I' - CASH AND BANK BALANCES

	31/03/92	
	Rs. Lakhs*	Rs. Lakhs*
Cash on hand and in transit (includes drafts and cheques on hand)	81,86.12	66,49.26
With scheduled banks:		
In current accounts	56,98.55	35,47.45
In deposit accounts	81.48	1,32.60
Total	139,66.15	103,29.31

* Rs.10 lakhs = Rs.1 million

SCHEDULE 'J' - OTHER CURRENT ASSETS

(Considered good unless otherwise stated)

	31/03/92	
	Rs. Lakhs*	Rs. Lakhs*
Claims:		
Considered good	10,96.96	23,28.90
Considered doubtful	2,48.16	2,24.54
Less : Provision	(2,48.16)	(2,24.54)
Interest accrued on investments (including bank deposits, loans and advances)	82.85	19.66
Total	11,79.81	23,48.56

SCHEDULE 'K' - LOANS AND ADVANCES

(Considered good unless otherwise stated)

	31/03/92	
	Rs. Lakhs*	Rs. Lakhs*
Secured Loans:		
To companies	18.71	18.30
To staff #	84,84.09	61,77.16
Unsecured loans:		
Loan to State Governments	0.00	21.74
Advances recoverable in cash, or in kind or for value to be received #	58,03.55	97,11.19
Other advances considered doubtful	59.72	54.74
Less: Provision	(59.72)	(54.74)
	143,06.35	159,28.39
Advance income tax (net of provision for taxation)	0.00	10,37.63
Deposits :		
With Customs/Excise/Port Trust etc.	19,80.29	9,00.99
Others	7,28.48	5,22.79
	27,08.77	14,23.78
Deposits considered doubtful	1.08	0.95
Less: Provision	(1.08)	(0.95)
	27,08.77	14,23.78
Total	170,15.12	183,89.80

Include:

Due from officers: **Rs. 43.92 lakhs** (Rs. 32.68 lakhs)

maximum balances: **Rs. 48.80 lakhs** (Rs. 38.06 lakhs)

Due from directors: **Rs. 2.42 lakhs** (Rs. 0.41 lakhs)

maximum balances: **Rs. 2.56 lakhs** (Rs. 0.85 lakhs)

* Rs.10 lakhs = Rs. 1 million

SCHEDULE 'L' - LIABILITIES

	31/03/92	
	Rs. Lakhs*	Rs. Lakhs*
Sundry creditors #	1139,33.87	292,52.50
Deposits from customers	1,17.90	1,43.27
Deposits for containers	287,01.03	261,62.82
Interest accrued but not due	6,34.04	11,14.44
Other liabilities	282,13.03	233,67.60
Total	1715,99.87	800,40.63

Includes **Rs.772,46.87 lakhs** (Rs.45,89.68 lakhs) payable to other oil companies on settlement of crude oil and finished products given on loan basis.

SCHEDULE 'M' - PROVISIONS

	31/03/92	
	Rs. Lakhs*	Rs. Lakhs*
Provision for Taxation (Net of Tax paid)	14,96.82	0.00
Proposed dividend	16,50.00	15,00.00
Unfunded retirement benefits	1,75.91	1,71.00
Total	33,22.73	16,71.00

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SCHEDULE 'N' - SALE OF PRODUCTS

	1991-92	
	Rs. Lakhs*	Rs. Lakhs*
Sales turnover	10177,29.35	8841,66.28
Net recovery from/(payment to) Industry Pool Accounts	(4182,87.04)	(3143,22.17)
Total	5994,42.31	5698,44.11

* Rs.10 lakhs = Rs. 1 million

SCHEDULE 'O' - MISCELLANEOUS INCOME

	1991-92	
	Rs. Lakhs*	Rs. Lakhs*
Interest on bank deposits and others	8,81.52	7,28.89
Income from investments:		
Interest	10.47	7.11
Dividend (gross)	11,88.12	4,39.23
Tax deducted at source - Rs.2,93.76 lakhs (Rs.1,08.60 lakhs)		
	11,98.59	4,46.34
Excess provision written back	82.96	51.59
Other income	36,02.32	27,43.06
Total	57,65.39	39,69.88

SCHEDULE 'P' - INCREASE IN INVENTORY OF FINISHED PRODUCTS AND STOCK IN PROCESS

	1991-92	
	Rs. Lakhs*	Rs. Lakhs*
Value of closing stocks of finished products and stock in process	368,08.08	281,68.98
Less: Value of opening stocks of finished products and stock in process	281,68.98	277,41.49
Total	86,39.10	4,27.49

* Rs.10 lakhs = Rs. 1 million

SCHEDULE 'Q' - CONSUMPTION OF STORES, SPARES AND MATERIALS

	Rs. Lakhs*	1991-92 Rs. Lakhs*
Stores, spares and materials	119,68.34	94,45.46
Less : Charged to other accounts	27,90.61	20,00.59
Total	91,77.73	74,44.87

SCHEDULE 'R' - FUEL AND POWER

	Rs. Lakhs*	1991-92 Rs. Lakhs*
Fuel and power	60,80.53	55,85.97
Less : Consumption of fuel out of own production	52,34.25	45,06.81
Total	8,46.28	10,79.16

SCHEDULE 'S' - EMPLOYEES' REMUNERATION AND OTHER BENEFITS

	Rs. Lakhs*	1991-92 Rs. Lakhs*
Salaries, wages and other benefits	73,59.92	75,79.18
Contribution to provident fund and other funds	7,39.47	7,57.67
Welfare expenses	17,88.79	14,24.08
Total	98,88.18	97,60.93

SCHEDULE 'T' - INTEREST

	Rs. Lakhs*	1991-92 Rs. Lakhs*
On fixed loans	24,94.20	28,58.31
Others	13,37.00	15,59.07
Total	38,31.20	44,17.38

* Rs.10 lakhs = Rs. 1 million

SCHEDULE 'U' - OTHER OPERATING AND ADMINISTRATION EXPENSES

	1991-92
	Rs. Lakhs*
Repairs and maintenance	
Machinery	27,21.52
Building	5,27.14
Others	13,14.31
	<u>45,62.97</u>
Insurance	8,29.25
Rent	14,70.01
Rates and taxes	4,17.54
Charities and donations	33.46
Remuneration to Directors	8.50
Remuneration to Auditors	
Audit fees	2.25
Other services	0.05
Out of pocket expenses	0.50
	<u>2.80</u>
Public utilities	6,18.08
Bad debts and claims written off	5.00
Materials/products written off	2,20.71
Provision for doubtful debts, etc.	60.92
Provision for doubtful debts, etc. written back	0.00
	<u>60.92</u>
Charges paid to other oil companies	9,61.91
Travelling and conveyance expenses	10,55.38
Telephones, telex, cables, postage, etc.	5,37.12
Loss/(Profit) on sale of Assets (Net)	92.97
Loss/(Profit) on sale of Investment (Net)	0.03
Brokerage on Public Deposits	78.50
Other expenses	68,59.48
Total	<u><u>178,14.63</u></u>

SCHEDULE 'V' - PRIOR YEARS' INCOME/(EXPENSES) NET

	1991-92
	Rs. Lakhs*
Sale of products	(65.15)
Miscellaneous income	1,45.22
Duties, taxes, etc. and other product charges	(51.56)
Transportation	(14.81)
Consumption of stores, spares and materials	36.42
Fuel and power	-
Employees' remuneration and other benefits	-
Other operating and administration expenses	2,82.56
Interest	(15.14)
Depreciation	(7.74)
Total	<u><u>3,09.80</u></u>

* Rs.10 lakhs = Rs. 1 million

SCHEDULE 'W' - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Fixed Assets

1.1 Land

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

1.2 Other Fixed Assets

These are stated at cost less depreciation. Expenditure on minor items other than Plant & Machinery and Land, not exceeding Rs.1,000/- per item, is charged to Revenue.

1.3 Expenditure During Construction Period

Direct expenses as well as direct financing costs incurred during construction period on capital projects are capitalised. Indirect expenses of the project group are allocated only to projects costing Rs.5 crores and above.

2. Depreciation

2.1 No depreciation is provided on freehold land. Premium paid for acquiring leasehold land for lease period not exceeding 99 years, is amortized over the period of lease.

2.2 LPG Cylinders and pressure regulators and items of Plant & Machinery costing not more than Rs.5,000/- each, are depreciated in full in the year of capitalisation.

2.3 Depreciation on other fixed assets is provided under the Straight Line Method, at rates prescribed under Schedule XIV to the Companies Act, 1956.

3. Investments

Investments are generally valued at cost. Provision for diminution in value thereof is made wherever necessary.

4. Inventory Valuation

4.1 Crude and Intermediate Stocks are valued at cost on First In First Out basis.

4.2 Petroleum Products are valued at cost as recognised in the pricing structure and changes advised by the Government from time to time or at Net Realisable Value, whichever is lower. However, non-formula products are valued at input cost as determined in the pricing mechanism.

4.3 Free trade products are valued at cost or at Net Realisable Value, whichever is lower.

4.4 Packages are valued at cost or at Net Realisable Value, whichever is lower.

4.5 Stores and Spares are valued at cost less amounts written off on account of slow moving/surplus items identified as surplus for disposal.

4.6 In sub paras 4.3 to 4.5 'Cost' is reckoned as the weighted average cost.

5. Claims and Provisions

Claims on Oil Coordination Committee are booked on acceptance in principle thereof. Claims and provision on Pool Accounts 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 the merits of each case.

6. Sales

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

7. Gratuity

Payments for gratuity on retirement are made from an approved gratuity fund. Contributions to the said fund are based on actuarial valuation and charged to Revenue.

8. Classification of Expenses

Prior years' Income/Expenses are disclosed as such, only where an item of income/expenditure is in excess of Rs.1 lakh in each case.

Prepaid expenses upto Rs.10,000/- in each case, are charged to Revenue as and when incurred.

Individual liabilities upto Rs.10,000/- in each case, other than transportation and rent liabilities, are charged to Revenue as and when incurred.

Research and Development expenditure other than capital expenditure is charged to Revenue in the year the expenditure is incurred.

Deposits upto Rs.1,000/- each, placed with Government agencies are charged off to Revenue as an expense in the year of payment.

9. Duties on Bonded Stocks

Excise/Customs Duties on stock of Finished Goods in bond are accounted for on their release from bond. As such, goods are also sold in bond, no provision is made for Excise/Customs Duty on bonded stock as at the year end.

10. Foreign Currency Transactions

10.1 Fixed Assets

Borrowings in Foreign Currency for acquisition of fixed assets are converted at the forward contracted rate, or rates ruling at the year end. Exchange fluctuations/hedging costs are adjusted to the cost of assets and corresponding liability accounts.

10.2 Current Assets and Current Liabilities

Current assets and current liabilities involving transactions in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet. Any loss arising out of such conversion is considered in Profit & Loss Account of the year.

11. Capital Commitments and Contingent Liabilities

Capital Commitments and Contingent Liabilities disclosed are those which exceed Rs.1,00,000/- in each case.

B. NOTES FORMING PART OF ACCOUNTS

1. (a) The value of raw materials consumed is net of surrender to/claim from Industry Pool Accounts.
(b) Purchase of products for resale includes payments to third parties for processing fees **Rs. 4,00.81 lakhs** (Rs. 4,33.36 lakhs).
2. In accordance with Circular No. 9/76 dated 19-5-1976 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. The Corporation has numerous transactions with the other oil companies, which are reconciled on an ongoing basis. Adjustments, if any, arising therefrom are not likely to be material.
4. Having regard to the fact that liability on account of excise/customs duty on finished goods depends on the end user and/or the manner of clearing these goods, it is not practicable to quantify the duties payable on finished goods lying in bond. Accordingly, no such provision is made in respect of stock of finished goods held as at the year end, the quantum of which calculated at maximum rates works out to **Rs. 60,15.82 lakhs** (Rs. 41,60.32 lakhs). This has no impact on the profit for the year.
5. Provision for Taxation in the Profit & Loss Account includes Rs. 15.00 lakhs towards provision for Wealth Tax relating to assessment year 1993-94.
6. During the year Rs. 0.40 lakhs has been paid against outstanding liability towards tax audit fees for 1991-92 to one of the joint statutory auditors appointed as tax auditor after the finalisation of accounts of the said year.
7. **Capital Commitments & Contingent Liabilities :**

	31/03/92	
	<u>Rs. Lakhs*</u>	<u>Rs. Lakhs*</u>
I Capital Commitments :		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	202,69.96	109,75.21
(b) The Corporation is in the process of acquiring a plot of land at Mahul for developing it for employees' quarters. Pending finalisation of the terms of development, the capital commitment on this account as at 31-03-1993 is unascertainable		
II Contingent Liabilities :		
(a) In respect of taxation matters of prior years, including Rs.3,88.69 lakhs (Rs.20,57.51 lakhs) arising out of Department's appeal against CIT (A)'s order in favour of the Corporation.	4,14.52	21,04.77#

Contingent Liabilities (contd.)	31/03/92	
	<u>Rs. Lakhs*</u>	<u>Rs. Lakhs*</u>
(b) Other Matters :		
i) Surety Bonds executed on behalf of Other Oil Companies for Excise/Customs Duties for which BPCL has signed as surety.	25,22.52	21,75.52
ii) Claims against the Corporation not acknowledged as debts. These include : Rs.53,27.65 lakhs (Rs.54,11.83 lakhs) against which the Corporation has a recourse for recovery; Rs.13,63.91 lakhs (Rs.7,15.67 lakhs) on Capital Account.	106,07.64	99,96.99
iii) Claims on account of wages, bonus/ex-gratia payments, in respect of pending court cases	7,36.19	5,46.19
iv) The Corporation has filed an appeal in the Honourable Supreme Court of India against the order of the division bench of the Honourable Bombay High Court in regard to certain contract workmen. Pending final disposal of the appeal by the Honourable Supreme Court, additional liability, if any, on this account as at 31-3-1993 is unascertainable.		

If these contingent liabilities materialise either in full or in part, they are recoverable from third parties to the extent of **Rs.nil** (Rs.17.75 lakhs).

8. Managerial Remuneration :

	1991-92	
	<u>Rs.Lakhs*</u>	<u>Rs. Lakhs*</u>
Salary and allowances	6.42	7.94
Contributions to provident fund and other funds	0.48	0.51
Other benefits	1.60	1.91
	<u>8.50</u>	<u>10.36</u>

* Rs.10 lakhs = Rs. 1 million

9. Licensed capacity, installed capacity (as certified by the Management) and actual production in respect of goods manufactured :

	<u>Licensed Capacity</u>	<u>Installed Capacity</u>	<u>Actual Production</u>
(a) Fuel Refinery			
(i) In M.M.T.P.A.	6.00 (6.00)	6.00 (6.00)	7.24 (6.96)
(ii) Production in KL			
Light Distillates	-	-	27,25,098 (27,03,324)
Middle Distillates	-	-	46,61,893 (46,00,669)
Others	-	-	12,66,349 (10,68,303)
(b) Aromatics			
(i) Benzene in M.T.	98,300 (98,300)	85,000 (85,000)	56,612 (69,564)
(ii) Toluene in M.T.	17,600 (17,600)	17,600 (17,600)	11,070 (9,048)
(c) Lubricants in M.T.	96,384 (96,384)	90,000 (90,000)	82,911 (95,091)
(d) Drums in Nos. #	nil (1770,000)	nil (2700,000)@	440,047 (646,993)
@ In triple shift			

The fabrication of bitumen drums for captive consumption has been entrusted to M/s Balmer Lawrie & Co. Ltd. by disposing of the drum manufacturing facilities to them during the year.

* Rs. 10 lakhs = Rs. 1 million

10. Raw materials consumed (on derived basis):

	Unit	Consumption	
		Quantity	Rs. Lakhs*
Crude oil (net of surrender to/claim from Industry Pool Accounts)	MT	72,35,311 (69,61,968)	1383,76.30 (1335,73.99)
Base oils	KL	108,384 (1,19,270)	82,56.52 (68,85.61)
			1466,32.82 (1404,59.60)

Note: Raw materials imported through canalising agents have been treated as indigenous purchases.

11. Finished goods purchased, sold and stocked :

Petroleum products	Opening stock		Purchases		Sales		Closing Stocks	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
	KL	Rs. Lakhs*	KL	Rs. Lakhs*	KL	Rs. Lakhs*	KL	Rs. Lakhs*
Light Distillates	2,09,910 (1,67,567)	48,99.13 (36,30.81)	31,50,866 (30,92,541)	745,05.26 (751,54.03)	60,00,497 (58,88,858)	1742,66.91 (1623,61.79)	3,53,100 (2,09,910)	76,78.43 (48,99.13)
Middle Distillates	8,30,514 (8,73,331)	176,84.69 (189,43.21)	92,86,482 (85,05,106)	2099,95.70 (1928,20.41)	137,43,590 (131,05,722)	3344,85.23 (3104,56.95)	10,15,996 (8,30,514)	227,59.50 (176,84.69)
Others	1,28,547 (1,51,378)	52,51.23 (51,10.49)	12,57,430 (11,12,326)	219,12.70 (192,81.18)	23,86,347 (22,38,766)	696,22.19 (594,42.59)	1,03,124 (1,28,547)	60,47.42 (52,51.23)

- Purchases exclude inter-product transfers.
- Applicable conversion factors are used to convert quantities in Metric tonnes to kilolitres for products purchased/sold by weight.
- Stocks include products given on loan basis to other oil companies and exclude products received on loan basis from other oil companies.
- Purchases of petroleum products exclude payments to third parties for Processing Fees **Rs.400.80 lakhs** (Rs.433.36 lakhs) but include own consumption and samples **Rs. 426.44 lakhs** (Rs.463.20 lakhs).
- Purchases of base oil include own consumption and samples **Rs.0.08 lakhs** (Rs. 0.35 lakhs).

* Rs. 10 lakhs = Rs. 1 million

12. Value of imports calculated on C.I.F. basis (excludes imports through canalising agents):

	1991-92	
	<u>Rs. Lakhs*</u>	<u>Rs. lakhs*</u>
(a) Components and spare parts (including packages, chemicals & catalysts)	12,94.75	4,09.12
(b) Capital goods	2,37.61	1,16.25

13. Expenditure in foreign currency (on cash basis):

	1991-92	
	<u>Rs. Lakhs*</u>	<u>Rs. Lakhs*</u>
(a) Know-how	19.23	71.90
(b) Interest	65.87	80.27
(c) Other matters	59.07	12.55

**14. Value of spare parts & components consumed (on derived basis):
(Including packages, chemicals & catalysts)**

	Value		Value	
	<u>Rs. Lakhs*</u>	<u>%</u>	<u>Rs. Lakhs *</u>	<u>%</u>
Imported	19,84.04	11.31	10,20.64	6.75
Indigenous	155,65.75	88.69	140,97.41	93.25
	175,49.79	100.00	151,18.05	100.00

15. Earnings in foreign exchange :

	1991-92	
	<u>Rs. Lakhs*</u>	<u>Rs. Lakhs*</u>
Exports at F.O.B. value on own account #	204,16.02	159,98.19

Include receipts of **Rs.201,47.86 lakhs** (Rs.155,61.90 lakhs) in Indian Currency out of the repatriable funds of foreign airline customers and **Rs.2,68.16 lakhs** (Rs.4,36.29 lakhs) in equivalent foreign currency.

* Rs.10 lakhs = Rs.1 million

16. Expenditure on Social overheads:

	<u>Rs. Lakhs*</u>	<u>1991-92 Rs. Lakhs*</u>
(a) Expenditure on township [net of recovery Rs.37.77 lakhs (Rs.29.95 lakhs)]	21.92	14.43
(b) Medical facilities over and above statutory requirements	11.03	16.22
(c) Social & Cultural activities	57.91	68.96
(d) Depreciation on capital assets (as indicated in Schedule 'D')	31.07	30.33

17. Profit & Loss Account includes expenditure on:

	<u>Rs. Lakhs*</u>	<u>1991-92 Rs. Lakhs*</u>
(a) Entertainment	8.97	8.22
(b) Public relations & publicity	36.85	20.46
(c) Remuneration to staff employed for public relations work	7.04	9.67
(d) Research & development	43.83	6.66

18. Value Added :

	<u>Rs.Lakhs*</u>	<u>1991-92 Rs. Lakhs*</u>
(a) Refinery	230,21.53	216,94.78
(b) Corporation	888,61.70	786,47.22

19. Figures of the previous year have been regrouped wherever necessary. Figures in brackets relate to previous year.

* Rs. 10 lakhs = Rs.1 million

Signatures to Schedule 'A' to 'W'

For and on Behalf of the Board of Directors

R. K. SUKHDEVSIHJI
Chairman and Managing Director

U. SUNDARARAJAN
Director (Finance)
Bombay: 28 May 1993

K. S. MANIKASHETTI
Company Secretary

**COMMENTS OF THE COMPTROLLER & 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 31 MARCH, 1993**

I have to state that the Comptroller & Auditor General of India has no comments upon, or supplement to the Auditors' Report under Section 619 (4) of the Companies Act, 1956, on the accounts of Bharat Petroleum Corporation Limited, Bombay for the year ended 31 March, 1993.

Sd/-
(R. S. PRASAD)
Principal Director of Commercial
Audit & Ex-Officio Member, Audit Board-II.

Bombay
25 August, 1993.

Review of the Accounts of Bharat Petroleum Corporation Limited for the year ended 31 March, 1993, by the Comptroller & Auditor General of India

I. FINANCIAL POSITION

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

	(Rs. in lakhs)		
	1990-91	1991-92	1992-93
Liabilities			
(a) Paid-up Capital	5000.00	5000.00	5000.00
(b) Free Reserves & Surplus	61401.28	74747.33	90104.16
(c) Borrowings from			
(i) Government of India*	6082.64	5705.02	5122.59
(ii) Others:			
Long term loans	4592.62	3984.59	3234.54
Short term loans	11546.74	15432.77	14952.00
Public Deposits	12169.74	9884.66	9248.67
(d) Current liabilities & Provisions			
(i) Sundry Creditors	28444.21	29252.50	113933.87
(ii) Provision for dividend	1000.00	1500.00	1650.00
(iii) Other liabilities & provisions	48292.58	50959.13	59338.73
Total	178529.81	196466.00	302584.56
Assets			
(e) Gross Block	126630.25	151808.43	177106.00
(f) Less : Cumulative depreciation	62938.23	72923.48	86385.29
(g) Net Block	63692.02	78884.95	90720.71
(h) Capital work-in-progress	25710.74	23487.45	28553.64
(i) Investments	3166.78	3843.12	7781.09
(j) Current Assets, Loans & Advances			
(i) Inventories	50980.05	48801.61	123949.49
(ii) Sundry Debtors	7715.22	10381.20	19418.55
(iii) Cash & bank balances	8725.07	10329.31	13966.15
(iv) Loans & Advances	16126.45	18389.80	17015.12
(v) Other current Assets	2413.48	2348.56	1179.81
Total	178529.81	196466.00	302584.56
(k) Working Capital (j-d)	8223.48	8538.85	606.52
(l) Capital employed (g+j-d)	71915.50	87423.80	91327.23
(m) Net worth (a+b)	66401.28	79747.33	95104.16
(n) Net worth per Rupee of equity capital (Rs.)	13.28	15.95	19.02

* relending of World Bank Loan

2. DEBT EQUITY RATIO

The debt equity ratio of the Company was 0.19:1 in 1992-93 as against 0.25:1 in 1991-92 and 0.34:1 in 1990-91. The lower ratio in 1992-93 as compared to the previous year is on account of substantial increase in reserves and surplus (Rs.15356.83 lakhs) and marginal decrease in long term borrowings (Rs.1968.47 lakhs).

3. RESERVES & SURPLUS

The reserves and surplus of the Company were 18 times its paid up capital as on 31 March, 1993 as against 15 times as on 31 March, 1992 and 12 times as on 31 March, 1991. No bonus shares were issued by the Company during the last three years.

4. DISINVESTMENT OF SHARES

During the year, 50 lakhs shares of the Company valued at Rs.500 lakhs were disinvested (in October, 1992 and December, 1992) by Government of India at an average price of Rs.662.36 per share. The book value per share as on 31 March, 1993 was Rs.190.21 (Rs.159.49 as on 31 March, 1992) and earning per share was Rs.34.01 (Rs.29.69 in 1991-92). The Company's shares were also listed in stock exchange from September, 1992.

5. INVESTMENTS

During the year the Company made the following investments by way of short term deposits with Banks/Public Sector Companies:

Institution	(Rs. in lakhs)	Duration	Yield
	Amount		
Banks	13430.00	1 to 47 days	10 to 14%
Public Sector Companies	7000.00	3 to 27 days	12 to 18%

The Company had also purchased 267,19,200 units of Unit Trust of India for Rs.3902.97 lakhs. Against the average pre-tax yield of 30.05% on investments, the cost of bank borrowings was 18.75% to 20.75%.

II. SOURCES AND UTILISATION OF FUNDS:

Funds amounting to Rs.28818.64 lakhs from internal and external sources were utilised during the year as given below:

(Rs. in lakhs)

Sources of funds

a) Addition to Reserves & Surplus	15356.83
b) Addition to cumulative depreciation	13461.81
	<hr/>
	28818.64

Utilisation of funds

a) Addition to Gross Block	25297.57
b) Addition to Capital work-in-progress	5066.19
c) Addition to Investments	3937.97
d) Addition to current assets, loans & advances	85278.64
e) Decrease in borrowings	2449.24
f) Less: Increase in current liabilities & provisions	93210.97
	<hr/>
	28818.64

III. LIQUIDITY AND SOLVENCY

1. The liquidity of the Company in terms of percentage of current assets to total net assets of the Company was high at 48% in 1990-91. 46% in 1991-92 and 58% in 1992-93.
2. The percentage of current assets to current liabilities (including provisions) which is one measure of solvency was 100% in 1992-93 as against 110% in 1991-92 and 111% in 1990-91.
3. The percentage of quick assets (sundry debtors, loans & advances and cash & bank balances excluding advance payments/deposits towards statutory levies) to current liabilities (excluding provisions) which is another measure of solvency was 28% in 1992-93 as against 48% in 1991-92 and 42% in 1990-91.

IV. WORKING CAPITAL

1. The working capital of the Company as on 31 March of the three preceding years was Rs. 8223.48 lakhs, Rs. 8538.85 lakhs and Rs. 606.52 lakhs respectively. The Company faced a shortage of working capital during the latter part of March, 1993. The reasons for this was substantial increase in the level of inventories, increase in sundry debtors and current liabilities especially sales tax.

2. Working capital vs. Capital employed:

The percentage of working capital to capital employed during the three years 1990-91, 1991-92 and 1992-93 was 11.4, 9.8 and 0.7 respectively.

3. Inventory:

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

	(Rs. in lakhs)		
	1990-91	1991-92	1992-93
i) Raw materials	14379.87	12698.69	77318.58
ii) Stores & Spares	7743.31	6633.34	8066.29
iii) Stock in process	56.97	333.92	322.74
iv) Finished goods	27684.51	27835.06	36485.34
v) Packages	1115.39	1300.60	1756.54

The stock of raw materials at the close of each year was equivalent to about 6.3 months' consumption in 1992-93 as against 1.1 months' in 1991-92 and 1.2 months' in 1990-91. The increase in raw materials stock as on 31 March, 1993 was on account of crude oil given on loan to other oil companies.

The stores and spares (including packages) at the end of 1992-93 represented 6.7 months consumption as against 6.3 months in 1991-92 and 9 months' in 1990-91.

Finished goods at the end of the year amounted to about 0.7 months' sales during 1992-93 as against 0.6 months' in 1991-92 and 1990-91.

4. Sundry Debtors:

The position of sundry debtors for the last three years ending 31 March, 1993 stood as follows:

Year	Sundry Debtors	Debts Considered doubtful and provided for	Percentage of Debtors to sales (Rs. in lakhs)
1990-91	7765.56	50.34	1.47
1991-92	10436.71	55.51	1.83
1992-93	19506.26	87.71	3.25

The increase in trade debtors in 1992-93 is on account of credit extended to various customers and price increase effected from mid-September, 1992 not accepted by certain customers.

5. Sundry Creditors:

The balance under this head increased to Rs.113933.87 lakhs in 1992-93 from Rs.29252.50 lakhs in 1991-92 and Rs.28444.21 lakhs in 1990-91, mainly on account of receipt of deposits from other oil companies for crude oil given on loan.

WORKING RESULTS

- The working results of the Company during the last three years are given below:

	(Rs. in lakhs)		
	1990-91	1991-92	1992-93
1. Net sales (excluding Excise Duty)	488163.93	533060.11	557295.31
2. Profit before tax	21555.02	25546.05	29206.83
3. Profit after tax	12780.69	14846.05	17006.83
4. Percentage of profit before tax			
a) to sales	4.4	4.8	5.2
b) to capital employed	30.0	29.2	32.0
5. Percentage of profit after tax			
a) to net worth	19.2	18.6	17.9
b) to capital employed	17.8	17.0	18.6

2. Dividend:

The Company has proposed a dividend of 33% for the year 1992-93 as compared to 30% paid for 1991-92 and 20% paid for 1990-91. The dividend payout ratio, calculated as a percentage of total dividend paid/proposed to profit after tax during the last three years ending 31 March, 1993 was 7.82%, 10.10% and 9.70% respectively.

VI. CONTRIBUTION TO EXCHEQUER

The revenues generated by the Company in the nature of duties, taxes, etc. for the exchequer during the last three years are given below:

	1990-91	1991-92	(Rs. in lakhs) 1992-93
Excise Duty	40352	36865	42919
Customs Duty	27957	46689	56524
Income Tax	8774	10700	12200
Sales Tax	74085	93311	111278
Total	151168	187565	222921

VII. VALUE ADDED

The value added during last three years, the value added per employee and cost per employee are given below:

	1990-91	1991-92	1992-93
Value Added (Rs. in lakhs)			
i) Refinery	20023.32	21694.78	23021.53
ii) Corporation	68200.68	78647.22	88861.70
No. of employees as at the end of the year			
i) Refinery	2682	2672	2614
ii) Corporation	11029	11158	11167
Value Added per employee (Rs. in lakhs)			
i) Refinery	7.47	8.12	8.81
ii) Corporation	6.18	7.05	7.96
Cost per employee (Rs. in lakhs)			
i) Refinery	0.72	0.98	0.93
ii) Corporation	0.69	0.87	0.89

Sd/-


(R. S. PRASAD)

Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-II.

Bombay
25 August, 1993.



Towards a well-deserved evening with family & friends.



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