



**BHARAT
PETROLEUM
CORPORATION
LIMITED**

**41st
ANNUAL
REPORT
1 9 9 3
1 9 9 4**

BOARD OF DIRECTORS

R. K. SUKHDEVSINHJI
CHAIRMAN & MANAGING DIRECTOR

U. SUNDARARAJAN
DIRECTOR (FINANCE)

A. CHARANJIVA
DIRECTOR (PERSONNEL)
UPTO 31.01.1994

R. P. GARG
DIRECTOR (REFINERIES)

R. K. VARMA
DIRECTOR (MARKETING)

FALGUNI RAJKUMAR
JOINT SECRETARY (REFINERIES)
UPTO 28.02.1994

DEVI DAYAL
JOINT SECRETARY (MARKETING)

M. K. MISRA
ADVISOR (TRAFFIC TRANSPORTATION)
W.E.F. 10.01.1994

NIRMAL SINGH
JOINT SECRETARY (REFINERIES)
W.E.F. 13.04.1994

K. S. MANIKASHETTI
COMPANY SECRETARY

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

ABN AMRO BANK N.V.

AUDITORS

G. P. KAPADIA & CO.

P. C. HANSOTIA & CO.

REGISTERED OFFICE

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

1.0 Your Directors have pleasure in presenting their 41st Annual Report on the working of your Corporation, together with the audited accounts for the year ended 31st March, 1994.

2.0 HIGHLIGHTS OF PERFORMANCE DURING 1993-94

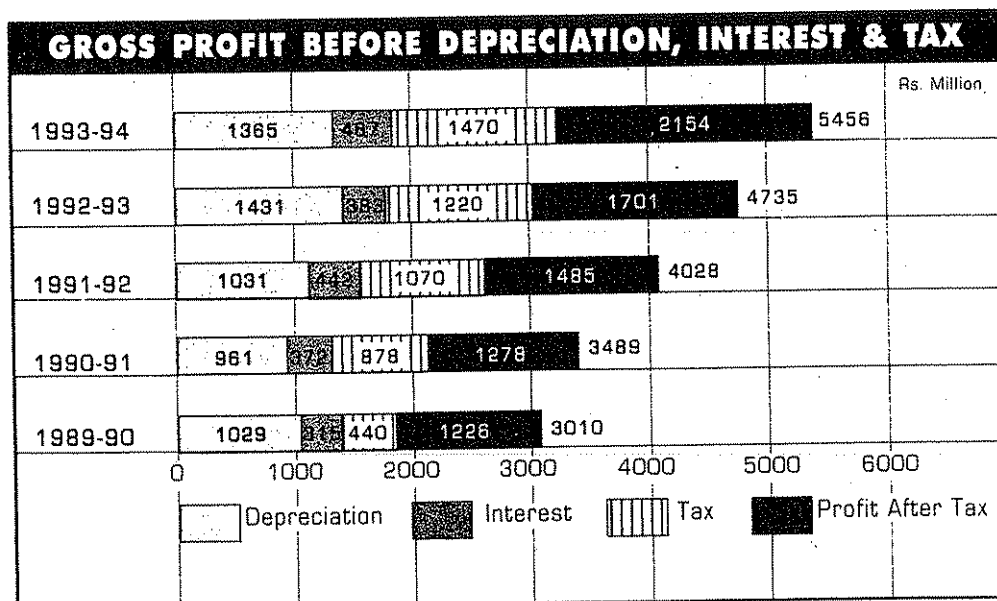
Your Corporation continues to fare extremely well and during the year 1993-94, it achieved a record gross sales turnover of Rs. 1,14,474 million representing a growth of 12.5% over the previous year. Your Corporation's sales of petroleum products and petrochemicals increased to 12.10 million metric tonnes thus recording a growth of 6.1% over the previous year. On the basis of its sales volumes, your Corporation now ranks second among petroleum marketing companies in India. The gross profit before depreciation, interest and tax increased to Rs. 5,457 million as compared to Rs. 4,735 million in the previous year. The net profit after meeting all charges including taxes is Rs. 2,154 million, showing an impressive growth of 26.6% over the previous year.

3.0 SUMMARY OF FINANCIAL POSITION

3.1 FINANCIAL RESULTS

	Rs. Million 1993-94	Rs. Million 1992-93
Sales Turnover	1,14,474.12	1,01,772.93
Profit before depreciation amounted to	4,996.15	4,321.06
Deducting therefrom Depreciation	1,365.49	1,431.35
Profit Before Tax for the year is	3,630.66	2,889.71
Adding thereto Prior Year's Income/(Expenses)-Net	(6.83)	30.98
Profit before tax amounted to	3,623.83	2920.69
Deducting therefrom Provision for Taxation	1,470.00	1,220.00
Profit After Tax is	2,153.83	1,700.69
Excess/(Short) provision for Taxation in earlier years written back/provided for (net)	21.25	—
Adding thereto transfer from Investment Allowance Reserve	15.33	18.24
Amount available for disposal is	2190.41	1718.93
Which the Directors have appropriated as under :		
(a) Dividend	165.00	165.00
(b) General Reserve	2,025.40	1,553.93
Leaving a balance Carried to Balance Sheet	0.01	*

* Rs.1,000/-



3.2 DIVIDEND/BONUS

The Directors have pleasure in recommending dividend at the rate of 33% on the fully Paid-up Capital (subject to deduction of Income Tax as applicable). This will absorb Rs.165.00 million.

In addition your Directors have recommended issue of fully paid Two Bonus Equity Shares for One existing Equity Share held by way of capitalisation of Rs.1000 million out of free reserves, and to enhance the Authorised Capital of your Corporation from Rs.500 million to Rs.2000 million.

3.3 EARNINGS PER SHARE

The earnings per share has increased to Rs.43.08 from Rs.34.01 in the previous year.

3.4 CONTRIBUTION TO EXCHEQUER

The Corporation contributed Rs.24,916.06 million to the Exchequer by way of taxes and duties as compared to Rs.22,292.11 million last year.

3.5 LOANS

On fulfilling the repayment obligation amounting to Rs.139.05 million, the term loans, which include Rs.450.83 million from the World Bank (through the Government of India), stood at Rs.1,044.20 million at the year end. The borrowings from banks and others increased to Rs.1,612.93 million at the end of the year as compared to Rs.1,495.20 million at the end of the previous year.

RESOURCES GENERATED								
							Rs. Million	
1993-94	[Bar chart showing 3354]						3354	
1992-93	[Bar chart showing 2968]						2968	
1991-92	[Bar chart showing 2366]						2366	
1990-91	[Bar chart showing 2139]						2139	
1989-90	[Bar chart showing 2155]						2155	
	0	750	1500	2250	3000	3750	4500	

3.6 PUBLIC DEPOSITS

As at 31st March 1994, the level of Public Deposits stood at Rs.1,399.85 million as against Rs. 924.87million at the end of the previous year. The amount of matured but unclaimed deposits at the end of the year, were Rs.5.66 million which pertained to 247 depositors:

3.7 GENERATION OF INTERNAL RESOURCES

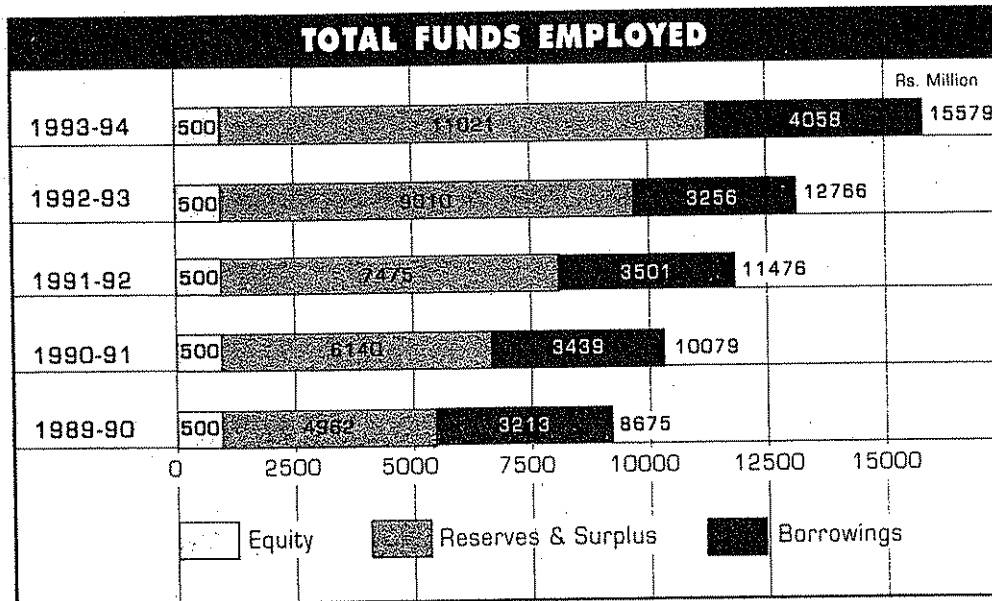
Internal Cash Generation during the year increased to Rs.3,375.51 million from Rs.2,967.81 million in 1992-93.

3.8 NET WORTH

As at 31st March 1994, the net worth of the Corporation rose to Rs.11,520.50 million from Rs.9,510.42 million as at the end of the previous year.

4.0 DISINVESTMENT OF SHARES BY GOVERNMENT OF INDIA

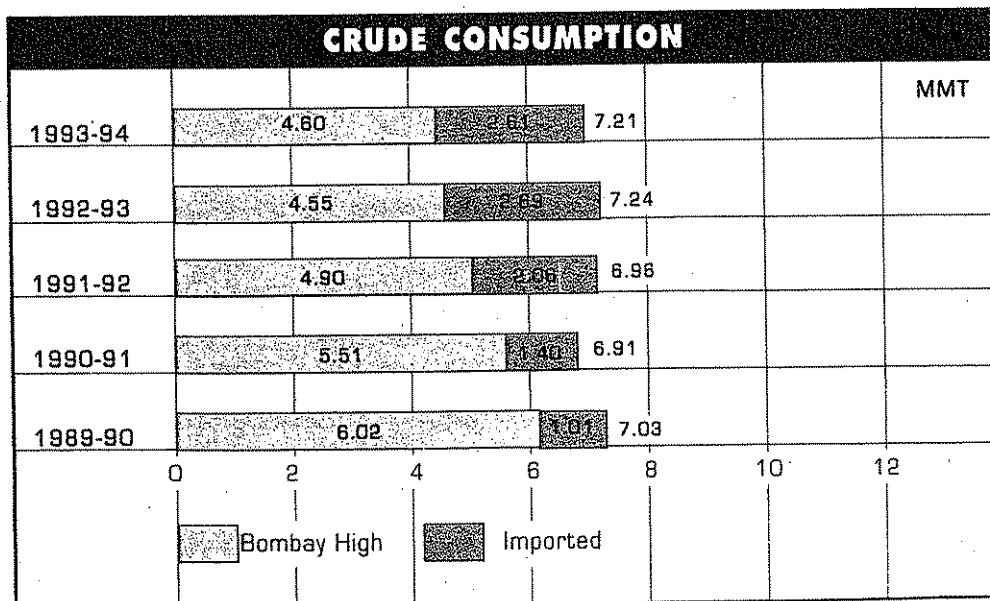
The Government of India (GOI) has already sold the shares and reduced its holding to 70% of the paid-up capital of your Corporation. Further, during March, 1994, it has, out of its balance holding, offered for sale to the employees of your Corporation the shares not exceeding 5% of the paid-up capital with a lock in period of 3 years. Further action is in progress.



5.0 REFINING

5.1 CRUDE OIL THROUGHPUT

During the year under review, 7.206 Million Metric Tons (MMT) of 15 different types of crudes were processed representing 120% capacity utilisation of your Corporation's Refinery. This throughput was achieved despite outage of major units for scheduled maintenance and inspection work for two weeks during March, '94 after three years continuous operations. (This is against 7.24 MMT in the previous year.) Of the 15 types of crudes, two new crudes viz., Pennington and Marib Light were processed for the first time. Other inputs include Natural Gasolines (NGL) ex Uran/Hazira and Vacuum Tower Bottoms (VTB) ex Hindustan Petroleum Corporation Ltd. (HPC).



5.2 PRODUCTION

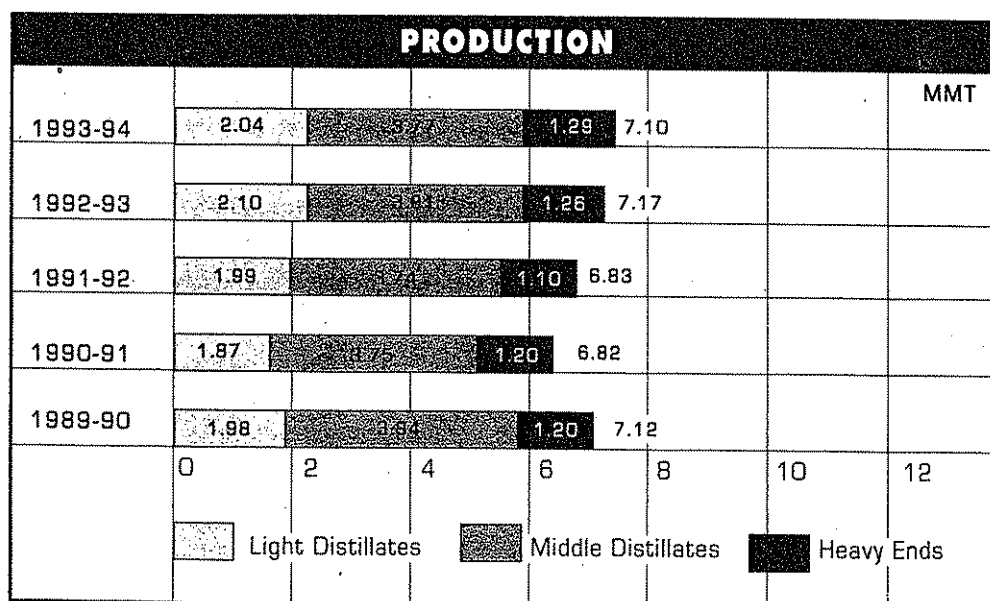
The total production of refined products during the year was 7.1 MMT with following yields :

	1993-94	1992-93
Light Distillates % on crude	25.5	26.0
Middle Distillates % "	51.9	52.2
Heavy Distillates % "	17.5	16.9
Fuel & Loss % "	6.2	6.2
ISD (Intermediates)% "	Nil	(0.1)
	101.1*	101.2*

* Additional fuel of 1.1% and 1.2% on crude by weight during 1993-94 and 1992-93 respectively, was contributed by Bombay High Associated Gas received at the Refinery.

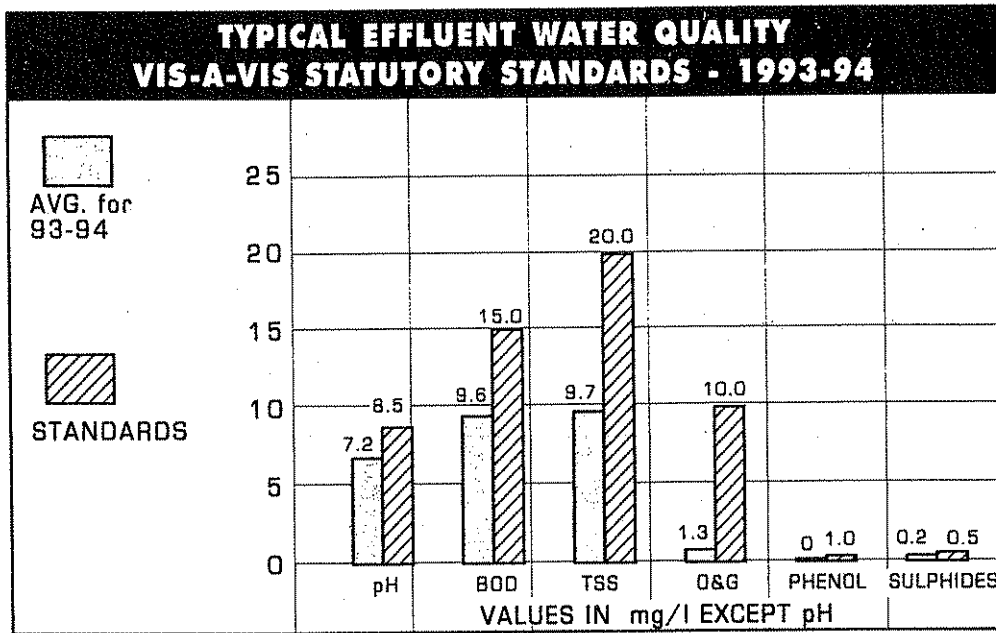
Although processing of comparatively heavier imported crude oils during the year marginally lowered the yields of light and middle distillates, following are the operational highlights :-

- i) All time highest production of Motor Spirit of over 720 (TMT).
- ii) Record Hexane production of 23.4 TMT.



5.3 ENVIRONMENTAL CONSERVATION

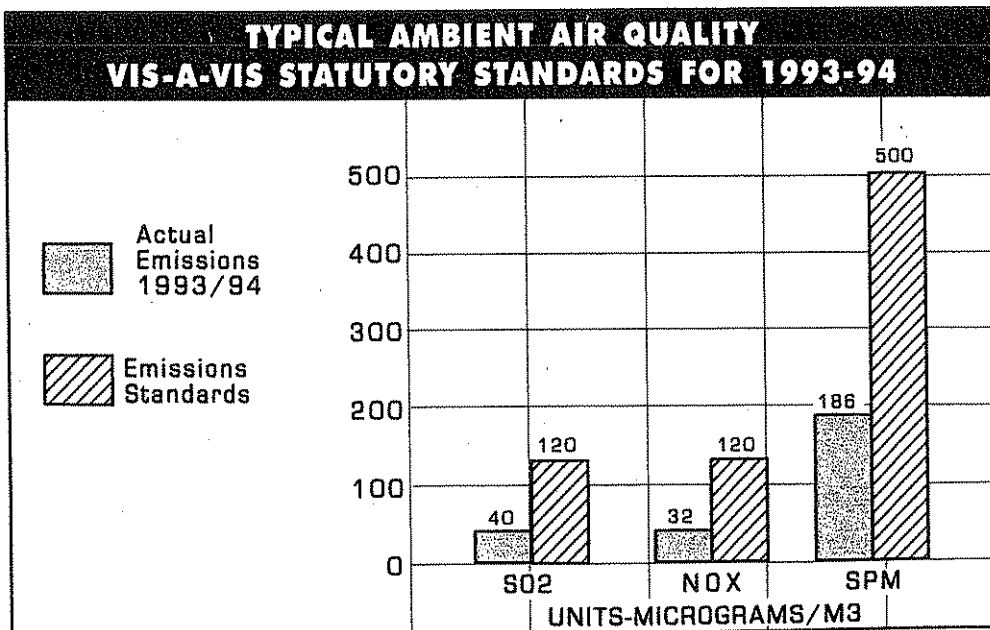
Environmental conservation and upgradation is one of the important Corporate goals and is implemented through investments in various projects involving new technologies towards environmental improvement.



Your Corporation has taken many effective measures by utilizing the latest technologies to control both gaseous and liquid emissions. In the constant endeavour towards a greener environment, your Corporation has planted various species of trees both in the Refinery and its Housing Complex.

5.4 ENERGY CONSUMPTION

Energy consumed and physical losses of hydrocarbons constitute major share of the cost of petroleum refining. The comparative figures for last two years are as follows :



Year	Type of crude processed	Total crude Throughput ('000 MT)	BH crude Intake (% Wt)	Fuel & Loss (% Wt)
1992-93	13	7240	62.9	6.22
1993-94	15	7206	64.0	6.22

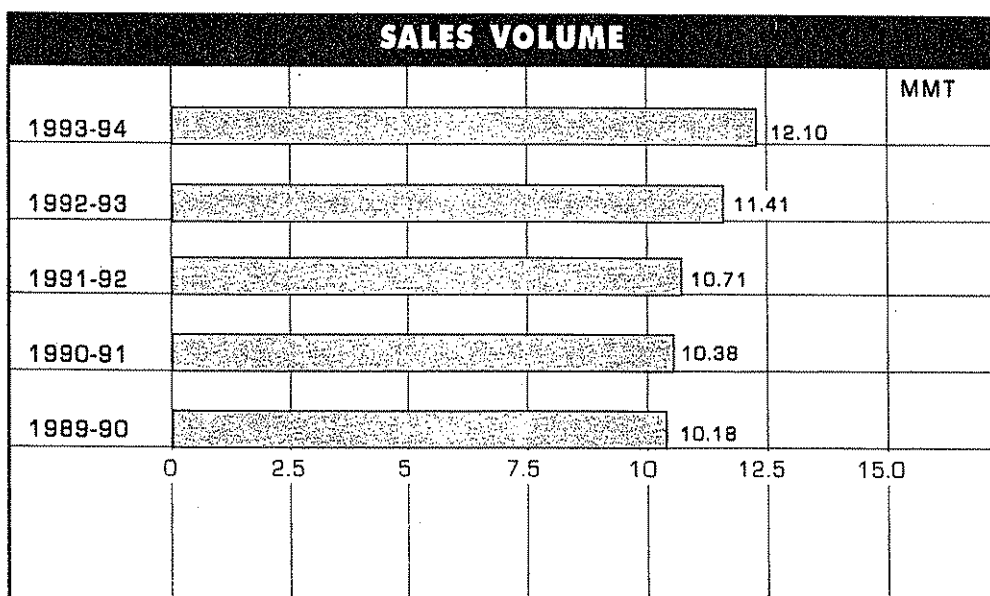
6.0 MARKETING

6.1 OVERALL PERFORMANCE

During the year under review your Corporation sold 12.10 MMT of petroleum products compared to 11.41 MMT in the previous year, representing a growth of 6.1%. The Corporation, has also achieved the highest growth in the market share amongst the Industry members and is now ranked second in the country in terms of sales volumes. The sale of 12.10 MMT of Petroleum products include not only the products from your Corporation's own refinery but also the products taken from other members of the Industry.

The sales highlights are :

- i) Recorded 3371.1 TMT in Direct Sales despite reduction in sales of Benzene & Naphtha by 67 TMT and 92 TMT respectively. The drop in sales of these products was because of the liberalised import tariff structure which resulted in your Corporation's customers importing these products at prices lower than the domestic prices.
- ii) Record sales of 22.7 TMT of Hexane and of 71.0 TMT of Mineral Turpentine Oil (MTO) representing a growth of 26.2% and 31.1% respectively.



- iii) Your Corporation continued the thrust on promotion of Bitumen sales in bulk and achieved bulk to total sales ratio of 70.9% which was once again the highest among the Industry.
- iv) The sales of Aviation Turbine Fuel (ATF) registered a growth of 16.6%. New business was acquired from foreign airlines like Air Canada, Air Hong Kong, Air BP and Ameristar apart from the Air Taxi operators. Extension of operations of existing customers like British Airways and Uzbekistan Airways to additional airports, also contributed to the growth in ATF sales.
- v) Your Corporation signed MoUs for:
 - a) handling of imported Naphtha on behalf of two large customers.
 - b) supply of Naphtha and High Vacuum Gas Oil (HVGO) to new customers.

6.2 RETAIL/CONSUMER OUTLETS

The Corporation commissioned 50 Retail Outlets (RO), including 9 in rural areas and 7 Superior Kerosene Oil/Light Diesel Oil (SKO/LDO) dealerships. The total no. of ROs and SKO/LDO dealerships as at the end of the year stood at 4090 and 928 respectively.

6.3 NEW PRODUCTS DEVELOPMENT

During the year, the Government withdrew the subsidy on price controlled lubricants and further liberalised the policy of import of base oil resulting in increased competition in lubricants marketing. New joint venture companies formed by multinational companies with existing oil marketing companies launched their international products in the market. The process of upgradation of lubricants in automotive sector has been taken up by replacement of MIL-B monograde engine oil with MIL-B multigrade and MIL-C engine oils for overall improvement of engine performance and enhancement of oil drain period thus leading to oil conservation.

The following new grades of lubricants were developed during the year, to meet the market requirements :

- a) Turbol EP Grades - for Steel & Power Plants
- b) Marequench Oil } for speciality heat treatment
- c) Thermol 32 }

6.4 SUPPLY AND DISTRIBUTION

During the year, your Corporation commissioned a New Coastal Installation at Visakhapatnam (Andhra Pradesh) and 5 Company Operated Depots at Baitalpur (Uttar Pradesh), Devangunthi (Karnataka), Rairu (Madhya Pradesh), Patna (Bihar) and Mugalsarai (Uttar Pradesh). Your Corporation also commissioned a Despatch Unit at IBP's Marketing Terminal at Narimanam (Tamil Nadu) which is linked to the new Refinery.

Your Corporation's newly commissioned Visakha installation has been provided with state-of-the-art facilities, which have been introduced for the first time in the Oil Industry in India. Electronically operated, remote controlled systems have been installed which include Servo-Gauges, Pressure Balanced Plug Valves in the tank farm, computerised Accuload System and pressure actuated automatic pumping units for the Tank Lorry Filling Gantry.

Intrinsically safe VHF equipment has been provided to 10 additional storage points bringing the total number to 28. Usage of PCs and/or Mini Computers for documentation and MIS has started at all supply locations in the country. Thus accounting and documentation work is being improved with standardised, error-free work.

An additional 87,000 kl tankage (approximately) was commissioned during the year and the total tankage as on 31.3.94 at all Marketing storage locations increased to 1.52 million kls.

At the close of the year, your Corporation had 7 Coastal installations, 2 Lubricants Blending Plants, 6 Inland installations, 3 Bunkering Installations, 60 Company Operated Depots, 57 Commission Operated/Special Agreement Depots and 25 Despatch units.

Your Corporation exported approximately 510 TMT of Naphtha and 205 TMT of Furnace Oil during the year which were canalised through Indian Oil Corporation Ltd (IOC).

The Government's policy for injection of Blue Dye into Kerosene distributed through the Public Distribution System (PDS) to distinguish it from the Kerosene imported by private marketers, was implemented at 49 of your Company's locations and the balance 16 locations will be covered during the current year.

Following the privatisation & liberalisation measures in the Oil sector, your Corporation facilitated import of 37TMT Superior Kerosene Oil (SKO) by 6 entrepreneurs at Bombay, Kandla and Cochin and provided storage and handling facilities to them at these locations. The Corporation also facilitated Naphtha imports of approximately 103.4 TMT on behalf of its two customers and provided them with storage and handling facilities at Bombay.

6.5 LIQUEFIED PETROLEUM GAS (LPG)

On the LPG front, your Corporation further expanded its distributorship network, increased customer population and added new LPG bottling facilities.

A 34 TMTPA Bottling Plant at Hariyala has been commissioned and commercial production will commence shortly. Construction of 2 more Bottling Plants at Udaipur and Kurnool is at an advanced stage and these are scheduled to be commissioned by end March, 1995.



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During the year under review, your Corporation commissioned 51 distributorships, 7 of which were in virgin markets. Your Corporation now markets LPG in 484 cities/towns and has a network of 866 distributors as on 31.3.1994. With new enrolment of about 0.4 million customers during the year, the total number of LPG customers was 4.78 million as at 31.3.1994. Second cylinder releases to 0.47 million customers increased the Double Bottle (cylinder) connection population to 58%.

Assistance under the "Financial Assistance Scheme" was extended to 5 SC/ST distributorships awardees.

Pursuant to the Government's policy on LPG Parallel Marketing, your Corporation assisted several Parallel Marketers in handling their LPG import parcels at Bombay.

7.0 MODERNISATION, INNOVATION, TECHNOLOGY ABSORPTION AND CUSTOMER SERVICE

- A) In an effort to upgrade and modernise the existing facilities in the Refinery, the following activities have been completed.
- Installation of microprocessor based digital integrated distributed control system in Catalytic Reformer and New Solvent Units, which replaced the old pneumatic control systems. This would enhance the yields through better control and optimisation techniques.
 - Installation of advanced control system for Catalytic Cracking Unit.

Pursuant to Section 217 (1) (e) of the Companies Act, 1956 and the rules thereunder 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.

- B) With a view to bring about further qualitative changes in the areas concerning visual manifestation of your Corporation's Outlets as well as improving service to customers, your Corporation has launched a time bound programme in major towns and cities covering 820 Outlets. The Corporation will extend this programme to the remaining Outlets, in phases, in the current year.

The Corporation's efforts to modernise, improve and strengthen retail network continued. During the year 403 "Z" line Pumps with micro processor based electronic register unit to display sales quantity, unit rate etc. were introduced at selected outlets. To cater to the growing population of 2/3 Wheeler customers, segregated facilities for fuelling these vehicles were provided at 55 retail outlets. Motor Spirit facilities were added at 90 lone HSD Retail Outlets.

The Corporation commissioned 4 Mobile Labs which are placed at Bombay, Agra, Bhubaneshwar and Cochin under the jurisdiction of the State Level Coordinators. These Mobile Labs will help monitor the quality of Petrol/Diesel that is dispensed from the Outlets.

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 the customers. The Corporation has also brought out Industry Specific Lubrication Manuals on Coal and Cement Industries to help the consumers in selecting the right quality of oil.

8.0 SAFETY AND FIRE PREVENTION

Your Corporation's Refinery has achieved, during the year, one million manhours thrice and two million manhours twice without 'Lost Time Accident'. In-house safety audit was carried out for Refinery complex to improve the safety standards further. Field training on 'Fire & Safety' was given to the Corporation's employees as well as contractors' employees covering 2413 persons as against 2331 persons in the previous year. Six contractors were awarded prizes for best Safety Performance.

In transportation and handling of petroleum products, your Corporation has always accorded utmost priority to training of staff and tank lorry crew, with emphasis on safe operations (both in storage and transportation). Your Corporation also undertook 2 training programmes for the Indian Army and 1 for the Indian Air Force personnel.

Similarly in the case of LPG, your Corporation continued to accord the highest priority to safety. Towards this, your Corporation organised 289 Safety Clinics at various locations all over the country, covering about 34552 persons from different walks of life. Besides this, 52 training courses for distributors / distributors' staff were also conducted. "No Fault Liability Insurance Scheme" for LPG domestic consumers was introduced for the first time to mitigate the hardship of accident victims.

9.0 ENERGY/OIL CONSERVATION ACTIVITIES

At your Corporation's Refinery, energy conservation efforts continued to receive constant attention, both in terms of efficient operation as well as improvement in maintenance activities. Various surveys including joint surveys with other members of the Industry were conducted during the year in the areas of steam leaks and furnace insulation and action for arresting steam leaks and replacement of pump seals was taken.

Modification to refinery drainage system was carried out to not only relieve the system from the load during monsoon but also to improve the performance of the oil recovery system.

A large number of energy conservation activities were also carried out all over the country throughout the year and particularly during the Oil Conservation Week from 3rd to 9th January, 1994, in various sectors like Transport, Agriculture, Industry etc. Your Corporation's petroleum conservation activities for the year 1993-94 were 17% more than the number of activities conducted in 1992-93.

Video-on-Wheels continues to be a very effective messenger of Oil Conservation in the rural/interior parts of the country. In 1993-94, the mobile publicity vans covered 208 villages in the states of Maharashtra, Madhya Pradesh and Goa with an approximate viewership of around 66,000 people. These programmes have become very popular and will be continued in the coming years. To spread the message on conservation, your Corporation put up 108 hoardings at ROs and 195 hoardings/wall paintings at the Installations, Depots and LPG Bottling Plants.

Your Corporation continued to make the Scheme for energy conservation and suggestions more attractive.

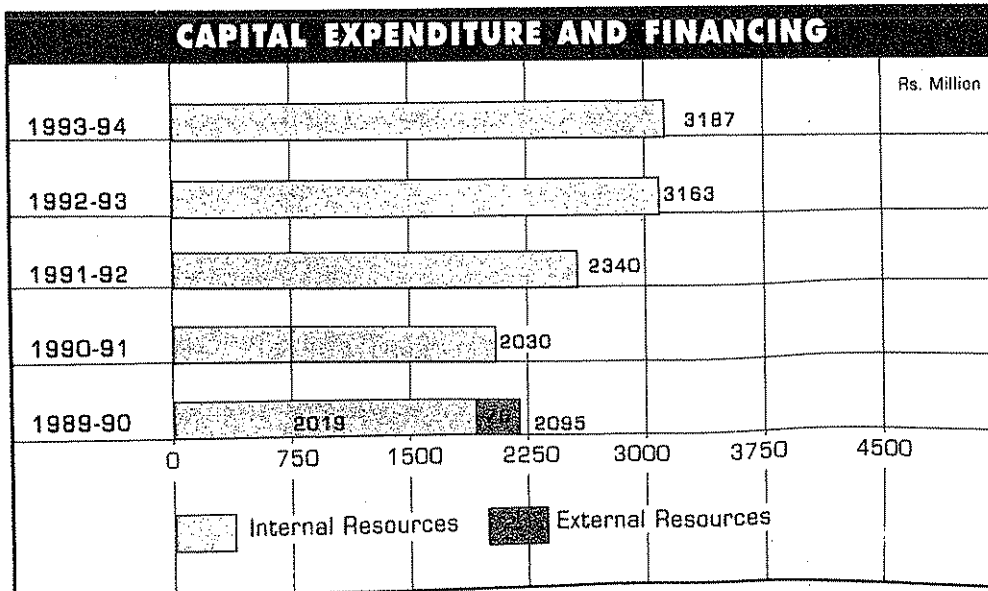
10.0 MEMORANDUM OF UNDERSTANDING

For the fourth year in succession, your Corporation entered into a Memorandum of Understanding with the Ministry of Petroleum & Natural Gas.

The performance rating awarded to your Corporation was "Excellent" for the year 1992-93. Based on an internal evaluation of performance for the year 1993-94, your Corporation once again merits an "Excellent" rating, subject to the ratification by the Govt. of India.

11.0 CAPITAL EXPENDITURE

The total Capital Expenditure (Capex) of your Corporation for the year under review and for the total period since the takeover of the undertaking by Government in 1976 amounted to Rs.3187.02 million and Rs.23857.02 million respectively. This was largely met out of Internal Resources amounting to Rs.3375.51 million and



Rs.21365.51 million respectively. The thrust of the Capex programme has been on containing operating costs, controlling environmental pollution, optimising energy conservation, expanding distribution facilities to achieve better consumer service, extending the range of value added products to meet market requirements and creating additional capacities commensurate with the Corporation's continued growth.

11.1 MAJOR PROJECTS

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

11.1.1 MAJOR PROJECTS COMPLETED

- i) **Facilities for processing Heavy Crude at the Refinery**
This project was commissioned in March '94 and provides for augmentation of the existing facilities for maintaining the crude throughput at current levels while processing heavy crudes.
- ii) **Balancing Naphtha Stabiliser Facility at the Refinery**
The project provides a Balancing Naphtha Stabiliser Facility along with associated equipment and piping, to process unstabilised Naphtha for improving the yield of LPG from the crude processed. The project was commissioned in March 1994.
- iii) **Additional Crude/Product Tankages at Refinery**
Two additional tanks of effective capacity 17,000 Metric Tonnes (MT) each, have been commissioned in March '94 on imported crude service.
Seven additional product tanks have also been provided for HSD/SKO/Waxy Distillates with a total effective capacity of 72,300 MT.
- iv) **LPG Bottling Plant at Hariyala (Ahmedabad)**
An LPG Bottling Plant with an installed capacity of 34,000 MT per annum was commissioned at Hariyala in March 1994.

11.1.2 MAJOR PROJECTS IN PROGRESS

- i) **Modification to Reactor/Regenerator System in Catalytic Cracking Unit (CCU) at the Refinery.**
This project envisages replacement of the existing Dense Bed Catalytic Cracking Reactor with a modern Riser Cracker thereby improving the distillate yields and resulting in valuable foreign exchange savings by way of reduction in imports of deficit products.
The project is estimated to cost Rs. 326 millions and is anticipated to be completed by April/May 1995.
- ii) **Lead Free Gasoline for Bombay (MTBE)**
The objective of this project is to produce Methyl Tertiary Butyl Ether (MTBE) from C4 Stream for use as Octane booster for gasoline, in place of Tetra Ethyl Lead (TEL) which is currently being used. The project is estimated to cost Rs. 327 millions and is anticipated to be completed by Nov. 1995.

- iii) **Additional Product Tankage (APT 1989-90)**
Additional Product Tankages of approx. .25 millions kls are being installed at various upcountry locations at an estimated cost of approx. Rs.1731 millions which are scheduled for completion by Dec. 1995.
During the year, a total Tankage of 86,509 kl was completed at 5 locations viz. Baitalpur, Devanagunthe, Rairu, Patna and Mughalsarai at an expenditure of Rs. 644 millions incurred upto end March 1994.
- iv) **Augmentation of LPG Tankages at LPG Plants**
With additional storage capacity of 11925 MTs under construction, the total storage capacity by March 1994 at your Corporation's LPG Plant would be 46695MTs. LPG rail loading and other backup facilities are at an advanced stage of implementation at Uran. These facilities, which are expected to be commissioned during 1994-95, will facilitate handling of larger volumes of LPG at Bombay.
- v) **Other Projects under implementation**
In order to achieve increased efficiency in operations and also improve the yields of valuable distillate products, the following projects are being implemented in the CCU at your Corporation's Refinery :
- Modification to Fractionator System at an estimated cost of Rs. 166 millions.
 - Debottlenecking of Gastail Unit at an estimated cost of Rs. 377 millions.
 - Replacement of Air Blower at an estimated cost of Rs. 359 millions.
 - Modification to Fractionator System in CCU is being progressed for improved heat recovery and product separation at a cost of Rs. 285 millions.

11.1.3 MAJOR PROJECTS PLANNED

Subject to Government of India approval wherein appreciable, following projects are expected to be taken up for implementation

- Bombay-Manmad Product Pipeline**
The objective of this proposal is to lay a 18" dia., 250 km long cross country Pipeline for transportation of white oils from Bombay to Manmad, at an estimated cost of Rs. 3982 millions. The throughput of this pipeline in 1997-98 (year of commissioning) is estimated to be 3.3 MMT. The Detailed Feasibility Report has been submitted to the Government for seeking second stage clearance for implementing this proposal.
- Cochin-Karur Product Pipeline**
It is proposed to lay a 16" dia., 322 km long Pipeline along with associated infrastructural facilities, at an estimated cost of Rs. 4938 millions, for transportation of white oils from Cochin to Karur (Cochin-Shoranur-Coimbatore-Karur).
This project is scheduled for completion in 36 months from the date of Government approval or land acquisition whichever is later. The first stage clearance for this proposal is awaited from the Government.
- Product Pipeline from Bina to Panki (Bina-Jhansi-Panki)**

The Corporation proposes to lay a Product Pipeline from Bina to Panki for transportation of MS/SKO/HSD received from your Corporation's proposed Joint Venture Refinery in Central India, at an estimated cost of Rs. 5800 millions. This project is scheduled to be completed in 36 months from the date of Government approval or land acquisition whichever is later.

iv) Marketing Terminal at Sikka

This proposal envisages construction of a Marketing Terminal at Sikka with a Product Pipeline from Sikka to Kandla, for storage and despatch of petroleum products available at Sikka. The project is estimated to cost Rs. 6033 millions and is scheduled for completion in 36 months from the date of Government approval or land acquisition whichever is later. The Project Formulation Report has been submitted to the Government for seeking first stage clearance.

v) Marketing Facilities at Central India Refinery

This proposal envisages construction of a Marketing Terminal at Bina with associated rail/road despatch facilities for the products that will be available from the proposed 6 MMTPA Joint Venture Refinery with M/s. Oman Oil Company Limited at Bina, Central India. This Project is estimated to cost Rs. 2460 millions.

vi) Additional Product Tankage 1996-97 and other infrastructural facilities

This proposal envisages provision of Additional Product Tankages and other infrastructural facilities at various locations all over the country for meeting the Corporation's growing sales volume and to provide increased tankage cover upto 1996-97. The total cost of these facilities is estimated at Rs. 1379 millions and these projects are scheduled for completion by June 1996.

vii) Import Facilities for LPG at Jawaharlal Nehru Port (Nhava Sheva, Bombay)

This proposal envisages development of LPG Import Facilities at the Marine terminal at Jawaharlal Nehru Port and is estimated to cost Rs. 630 millions. The feasibility and project report is being closely studied by JNPT and core group members of the proposed Chemical Terminal for finalising the modalities for implementation. This project is scheduled for completion in 48 months from the date of Government approval.

viii) New LPG Bottling Plants and Tankfarm

Your Corporation plans to put up 3 new LPG Bottling Plants - one each at Calcutta, Madras and Meerut - each with a capacity of 44000 MT per annum, to meet the shortfall in bottling capacity. Land at Calcutta and Madras has already been acquired. The estimated cost of each Bottling Plant is Rs. 320 millions and these Plants are scheduled to be commissioned by March 1996.

Further, to reduce the lead time in replenishing the bulk stocks at Bottling Plants, it is proposed to set up a LPG Tankfarm at an estimated cost of Rs. 950 millions.



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12.0 JOINT VENTURES

- i) Six Million Metric Tonnes Per Annum (MMTPA) Grassroot Refinery in Central India.

A new Grassroot Refinery of capacity 6 MMTPA will be set up by your Corporation in a joint venture with M/s. Oman Oil Company Ltd. (OOC), at village Agasode, Bina-District Sagar, Madhya Pradesh.

A Joint Venture Agreement between your Corporation and OOC, for the implementation of this project, was signed on 23rd December 1993 and the Joint Venture Company (JVC) - Bharat Oman Refineries Ltd. has been incorporated on 25th February 1994, which has a Registered Office at Bhopal, Madhya Pradesh.

The joint venture partners have initiated preparation of a Detailed Feasibility Report (DFR) for this project, and the DFR is expected to be completed by end July, 1994, after which it will be submitted to the Government for final approval. The process configuration of the proposed Refinery has been finalised based on the optimisation studies carried out by the consultant M/s. M.W.Kellog. A major portion of the land for the refinery site has been acquired.

- ii) Marketing of Lubricants

Your Corporation and M/s. Shell Overseas Investments B.V (a holding company of the Royal Dutch Shell Group of Companies) have formed a Joint Venture Company (JVC) - M/s. Bharat Shell Ltd. - for marketing of Shell branded lubricants. This JVC was incorporated on 8th September, 1993, which has a Registered Office at Delhi. The initial capital requirements of the JVC of Rs. 325 millions has been met entirely through the equity contribution of Rs.159.25 millions by your Corporation (49%) and Rs.165.75 millions by Shell (51%). This JVC has commenced operations and launched its range of lubricants through select Retail Outlets of your Corporation in North and West India.

This JVC will shortly commence the detailed design and engineering of its high technology state-of-the-art lubricants blending plant, which is likely to be located at Uran, Maharashtra. This JVC will shortly expand its marketing activities by launching its products through select outlets of your Corporation in other parts of the country.

13.0 PLANS FOR IMPORT/EXPORT

With the Government having announced deregulation of import of several petroleum products, opportunities exist for your Corporation to assist Private Companies to source their imports.

For this purpose your Corporation has set up an International Trade Division during March, 1994.

In addition to the supplies of ATF to International airlines, your Corporation expects to continue to canalise through IOC, exports of surplus Naphtha during 1994-95. Your Corporation also plans to explore possibilities of exporting Benzene and other products/services.



14.0 FOREIGN EXCHANGE EARNINGS/OUTGO

Apart from supplying ATF to foreign Airlines during the year, your Corporation has exported 5,10,246 MT of Naphtha and 2,05,305 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 :

	1993-94	Rs. Million 1992-93
1. Earnings in foreign exchange	2361.85 #	2041.60
# includes receipt of Rs. 2119.70 million (Rs.2014.78 million during the previous year) in Indian Currency out of the repatriable funds of Foreign Airline Customers' and Rs.242.15 million (Rs. 26.82 million during the previous year) in equivalent foreign currency.		
2. Foreign Exchange Outgo on account of purchase of Chemicals, catalyst, spare parts etc.	341.36	167.66

15.0 COMPUTERISED INFORMATION/DECISION SUPPORT SYSTEMS

During the year, your Corporation has further expanded its distributed data processing facilities by bringing all its owned storage locations, LPG Bottling Plants and Despatch Units under PC/Multiuser Computer System. Extensive usage of OIL Comnet and other Networks (I-NET, RABMN & PSTN) is being made for faster transfer of data.

To keep pace with the technological changes and the increasing need for multiuser environment, your Corporation has acquired a state-of-the-art Computer System, the Alpha Processor based DEC7000/610. This Alpha-Chip is the fastest processor in the world. The DEC7000/610 is the first of its kind imported to India. Along with this, your Corporation has also finalised the agreement for the supply and installation of Data Base Software-Ingres for its Corporate, Regional and Divisional Offices. To facilitate faster Data transfers, high speed modems and Wide Area Network Routers have been installed. Thus, your Corporation has taken major steps towards achieving qualitative improvement in Data Flow and processing.

Besides this, your Corporation has installed two new Linear Programming Packages, Lindo and Optima, which will be used for studying the distribution logistic in formulating plans for new Refineries, Cross Country Pipelines, infrastructure for Port Facilities etc.

16.0 HUMAN RESOURCES

Management of Human Resources among other things gets focused on training and development, preventing adverse Industrial Relation, Recruitment, meeting the social obligations etc.

16.1 TRAINING AND DEVELOPMENT

To meet the challenges of competition, the focus on training during this year was on further enhancing the marketing skills of the staff. Your Corporation organised a series of training programmes/workshops not only for its staff but also for its Dealers and their staff to enable them to quickly respond to the varying needs of the customers.

At your Corporation's Refinery, the Refinery Training Centre continued to give thrust during the year to Management Programmes for development of supervisory staff as well as for functional programmes for clerks and workmen.

Your Corporation continued to nominate its staff to reputed external institutes to update their knowledge and to learn from experience of others. As the Corporation has decided to enter the area of International Trade, some Senior Executives were also sent on Training abroad to broaden their perspective and to give them an International exposure.

16.2 RECRUITMENT

During the year 1993-94, continuous and intensive efforts were made by your Corporation in recruiting Scheduled Caste/Scheduled Tribes (SCs/STs) in various cadres. Out of 202 recruitments made in the management cadre, 27.72% were SCs and 11.39% STs. In the non-management cadre, out of the 211 recruitments made, 26.07% were SCs and 25.59% STs.

As a result of these efforts the representation of SC/ST employees has increased from a meagre 2.9% at the time of takeover of the Corporation in January 1976 to 23.37% as at 31st March 1994. Also, the representation of Minorities, Physically Handicapped and Women has gone upto 10.34%, 1.09% and 9.05% respectively as on 31st March 1994.

16.3 Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is set out in the Annexure.

16.4 SCHOLARSHIPS FOR SC/ST STUDENTS

In line with your Corporation's objective of encouraging the students of backward communities to pursue higher education, a large number of scholarships were awarded to SC/ST students undergoing various Courses at the ITI, under graduate Engineering Courses and for post SSC studies.

17.0 INDUSTRIAL RELATIONS

In both, Marketing and Refinery, Industrial Relations were harmonious.

18.0 COMMUNICATION

Concern for the consumer and a commitment to Oil conservation have been the focus of the communication messages. Your Corporation has produced TV spots on fuel conservation. As an aid to business promotion your Corporation has produced a film targeted for domestic and International airlines, highlighting the strengths of its aviation services.

On the internal communication front "The Bharat Petroleum Journal" won two awards. The internal video magazine "Oil Track" also received the first prize among the internal video magazine in the Corporate Sector.

19.0 PUBLIC SERVICE ACTIVITIES

Your Corporation continued to sponsor various public service activities as part of its commitment towards Society. Your Corporation has associated itself with Spastics Society of India by sponsoring the disabled students for vocational training. The Corporation also sponsored programmes for women in the New World Order; sponsored programme on drug abuse, upliftment of tribals, workshops of STD/ AIDS, and other similar activities in its commitment to public service.

19.1 RURAL UPLIFTMENT : COMPONENT PLAN

Your Corporation has embarked upon a major rural upliftment programme by adopting SC/ST villages under the component and tribal sub-plan. During the year, eight SC/ST villages were adopted in the states of Maharashtra, Madhya Pradesh, Gujarat, Rajasthan, Uttar Pradesh, Haryana and Andhra Pradesh. Considering the six SC/ST villages adopted in the earlier years your Corporation has, so far, adopted a total number of 14 SC/ST villages. By the end of the VIII Five Year Plan (1996-97), your Corporation has plans to adopt 24 SC/ST villages.

The main purpose of this programme is to provide overall development consisting of infrastructural facilities like Tube/Bore wells, Community Centres, Educational Supports, Medical Facilities and Vocational Guidance for income generation to make the villages self-reliant and to improve their standard of living.

19.2 SPONSORSHIP IN SPORTS

Your Corporation continued its association with sports in the country by sponsoring, inter alia, three national events in football. These sponsorships received excellent response from the sports fraternity of the country and your Corporations' contribution to the cause of sports was widely acclaimed. Your Corporation continued to sponsor at the grassroot level various athletic meets and tournaments.

20.0 OFFICIAL LANGUAGE IMPLEMENTATION

For effective propagation and popularisation of Hindi, 29 Official Language Implementation Committees continue to work and review the progress made thereof.

For effective implementation of the Official Language Policy of the Government of India, the following activities were carried out by your Corporation :

- a) Workshops, classes and Hindi Typing/Stenography Training were conducted.
- b) Translation of manuals, forms, Bharat Petroleum Journal, Newsletter and the Annual Report were carried out.
- c) A monitoring team reviewed the progress made in Hindi implementation and provided suggestions and guidance.
- d) An Incentive Scheme has been introduced to motivate staff to maximise correspondence in Hindi.
- e) Ten Hindi Seminars/workshops were conducted. In most of the Induction Courses, a session on Official Language Policy is included.
- f) A new type of Hindi workshop was introduced in which staff from only one department is given practical exercises about correspondence to be done by that department in Hindi.
- g) The Corporation has introduced Chairman's Inter-Region Rajbhasha Rolling Trophy for the best Hindi implementation, which was given to the Refinery for the year 1992-93.
- h) Competitions, Cultural Programmes etc. were organised to celebrate Hindi Day/Week/Fortnight at Depots/Installations/Divisions and other offices.

The Parliamentary Committee on Official Language inspected your Corporation Chairman's Office and Goa Division Office.

21.0 DIRECTORS

During the year under report, while Shri A. Charanjiva, Director (Personnel) retired on 31.1.1994 consequent upon his attaining the age of superannuation. Shri Falguni Rajkumar resigned from 1.3.1994 after relinquishing his charge of the post of Joint Secretary (Refineries) in the Ministry of Petroleum & Natural Gas. The Board has placed on record its appreciation of valuable services rendered to the Corporation by both Shri A. Charanjiva and Shri Falguni Rajkumar.

Since Shri M. K. Misra having taken over from Shri B.B.Srivastava (Ex-Director), as Advisor (Traffic Transportation) Railway Board, was appointed on 10.1.1994 by the Board as additional Director as per the provisions of Article 77A of the Articles of Association of the Corporation. Similarly, Shri. Nirmal Singh, having taken over from Shri Falguni Rajkumar as Joint Secretary (Refineries) Ministry of Petroleum & Natural Gas, was appointed on 13.4.1994 by the Board as additional Director. Both

Shri M.K. Misra and Shri Nirmal Singh, hold office till the ensuing Annual General Meeting and are eligible for appointment as Directors at the said Meeting.

As per the provisions of Section 256 of the Companies Act, 1956, Shri R.P. Garg, Director (Refineries) and Shri U. Sundararajan, Director (Finance) will retire by rotation at the ensuing Annual General Meeting and they are eligible for reappointment as Directors at the said Meeting.

22.0 AUDITORS

On the advice of the Comptroller & Auditor General of India, Messrs. P. C. Hansotia and Co. and Messrs G.P. Kapadia & Co., Chartered Accountants, Bombay, were appointed by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs as Auditors for the year 1993-94 under Section 619(2) of the Companies Act, 1956, and will hold office till the end of the ensuing Annual General Meeting. The Department of Company Affairs will be approached for the appointment of Auditors for the year 1994-95.

23.0 ACKNOWLEDGMENT

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

The Directors also convey their appreciation of the services rendered by your Corporation's large number of Dealers and Distributors all over the country to improve the services to the customers and the overall performance of your Corporation.

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

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

For and on Behalf of the Board of Directors

Sd/-

Place : Bombay
Dated : 12th July, 1994

(R.K. SUKHDEVSINHJI)
CHAIRMAN & MANAGING DIRECTOR

FORM A

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

A. POWER & FUEL CONSUMPTION

	1993-94	1992-93
1. Electricity		
a. Purchase		
Unit Million KWH	19.41+	9.33+
Total amount (Rs. in million)	73.37*	43.20*
Rate/Unit Rs./KWH	3.78++	4.63++
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)	4.85	5.03
(iii) CPP		
Power Generation Units Net (Million KWH)	157.81	164.9
Fuel Consumption (Qty-MT)		
	BHAG	61984
	Gas Oil	11925
Cost/Unit (Rs./KWH)	0.98	1.10

2. Coal	Nil	Nil
3. Furnace Oil/Liquid Fuel (LSHS) Qty-MT	122639	101562
Total amount Rs. million	172	142.44
Avg. Rate Rs./Unit	1402.52	1402.52
Gas oil Qty-MT	15494	11925
Total amount Rs. million	37.53	28.89
Avg. Rate (Rs./Unit).	2422.53	2422.53
4. Other Internal Generation Refinery Gas Qty-MT	89452	90979
Total cost Rs. million	146.70	150.79
Rate Rs./Unit	1640.00	1657.52
BHA gas Qty-MT	20473#	24995#
Total Cost Rs. million	39.35	48.05
Rate Rs./Unit	1922.25	1922.25

* Power purchased was higher mainly due to lesser power generation from Captive Power Plant arising out of overhauling one set during the year.

* Includes maximum demand charges of Rs. 27.11 million for 1992-93 and Rs. 34.22 million for 1993-94.

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

Excludes CPP BHA gas of 61984 MT for 1992-93 and 56354 MT for 1993-94

B. ENERGY CONSUMPTION PER UNIT OF CRUDE PROCESSED

	Units	1993-94	1992-93
Electricity	Kg/mt	5.79	5.67
Furnace Oil / LSHS	Kg/mt	17.02	14.04
Coal	-	-	-
Refinery Gas	Kg/mt	12.41	12.57
BHA gas (Excluding CPP)	Kg/mt	2.84	3.45
TOTAL		38.06*	35.73

* Higher energy consumption per unit of crude during 1993-94 was necessitated: (a) to keep the emissions within permissible limits while processing comparatively heavier crudes with higher sulphur content and (b) on account of higher production of Hexane and motor gasoline.

FORM B

(See Rule 2)

Form of 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 getting a better insight into the assessment of remaining life of equipment and ensuring the integrity of plant and machinery.
- c) A research project for "Augmentation of Aromatics in Light Reformates using Catalyst" involving development of catalytic process for enhancing Aromatics production from lean Naphtha steams has been taken up through M/s. National Chemical Laboratories, Pune.

B. AT MARKETING

- a) High Performance Diesel Engine Oil, Bharat Ultra Supreme 15W-40 meeting API CE and exceeding latest BIS Specification IS:13656-1993 for EDL 3/EPL 2 grade.
- b) High Performance Automotive Gasoline Engine Oil SAE 10W-40 meeting API SF/CC Specification for latest generation passenger cars.
- c) Automotive Transmission Oils 80W-90 and 75W-80 meeting API GL4 and GL5 specifications respectively for latest generation passenger cars.

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) This oil has potential to extend drain interval and to increase the life of the engines.
- b) This oil meets the requirement of all the latest generation passenger cars and is also expected to give fuel economy benefit.
- c) These oils meet gear oil requirements of all the latest generation passenger cars. These are expected to increase the life of the transmission system besides facilitating the easy gear shifting even at low ambient temperatures.

3. FUTURE PLAN OF ACTION :

A. AT REFINERY

Development of state-of-the-art catalysts to improve the processes & efficiency of operation through indigenous routes. This includes characterization and scale up studies and commercialisation of LPG & Gasoline and Kerosene/ATF sweetening processes which will be taken up with M/s. IIP, Dehradun. Application of advanced control and optimisation technology in process units will be pursued further.

B. AT MARKETING

The Corporation has taken up the development of the following oils :

- a) Rail Road Engine Oils for the diesel locos of Indian Railways.
- b) Low smoke 2T Oil meeting JASSO FC Specification.
- c) Two Stroke Diesel Engine Oil meeting API CD II Specification for stationary two stroke diesel engines.

4. EXPENDITURE ON R&D (IN 1993-94)

	Refinery Rs.	Marketing Rs.	Grand total Rs.
Capital expenditure	Nil	Nil	Nil
Recurring expenditure	15,64,181	25,48,920	41,13,101
Total	15,64,181	25,48,920	41,13,101
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 & Optimisation Technique using large multivariable model-based predictive control technology (Dynamic Matrix Control Technology) for C.C.U. was 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.



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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 Plant-1990 Dynamic Matrix Control Technology-1993
 - c) Has technology been fully absorbed? : Yes
 - d) If not fully absorbed areas where this has not taken place, reasons therefor, and future plans of action : Not applicable

B. AT MARKETING

The Corporation is involved in R&D with respect to the formulation of lubricants and at no stage, Technology Absorption, is involved. Hence, the items 1, 2 and 3 in the above title are not applicable.



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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 1994, 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 1994
 - 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, lying with contractors and in transit. In our opinion, the frequency of physical verification of stocks is reasonable.



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- (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 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 taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956 and/or from companies under the same management as defined in Section 370 (1B) of Companies Act, 1956.
- (viii) The Corporation has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of Companies Act 1956 and/or to companies under the same management as defined in Section 370 (1B) of Companies Act, 1956.
- (ix) The parties to whom loans or advances in nature of loans have been given by the Corporation are repaying the principal amount and interest, as per stipulations, except for advances to companies, in which the Corporation is a member where the terms and conditions are not prima facie prejudicial to the interest of the Corporation.
- (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 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 commensurate with its size and nature of its business.
- (xvi) We have broadly reviewed the books of account maintained by the Corporation in pursuant to the Order made by the Central Government for the maintenance of Cost records in respect of certain products under Section 209(1)(d) of the Companies Act, 1956 and 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 1994 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 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
G. P. KAPADIA & CO.
Chartered Accountants

For and on behalf of
P. C. HANSOTIA & CO.
Chartered Accountants

N. S. BHIMANI
Partner
Bombay
Dated : 24th May '94

R. RAGHAVAN
Partner
Bombay
Dated : 24th May '94

BALANCE SHEET AS AT 31ST MARCH 1994

	Schedule	Rs. Million	31/03/93 Rs. Million
I. SOURCES OF FUNDS			
1. Shareholders' funds :			
Share capital	A	500.00	500.00
Reserves and surplus	B	11,020.50	9,010.42
		<u>11,520.50</u>	<u>9,510.42</u>
2. Loan funds :			
Secured	C	1,233.41	639.20
Unsecured		2,824.94	2,616.88
		<u>4,058.35</u>	<u>3,256.08</u>
Total		<u>15,578.85</u>	<u>12,766.50</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets :			
Gross block	D	20,776.34	17,710.60
Less : Depreciation		9,943.89	8,638.53
Net block		<u>10,832.45</u>	<u>9,072.07</u>
Capital work-in-progress (at cost)	E	2,908.23	2,855.37
		<u>13,740.68</u>	<u>11,927.44</u>
2. Investments	F	1,500.09	778.11
3. Current assets, loans and advances :			
Inventories	G	8,925.46	12,396.46
Sundry debtors	H	2,510.84	1,937.01
Cash and bank balances	I	956.38	1,396.61
Other current assets	J	8.00	8.29
Loans and advances	K	2,346.49	1,810.16
		<u>14,747.17</u>	<u>17,548.53</u>
Less: Current liabilities and provisions			
Liabilities	L	13,976.87	17,155.31
Provisions	M	432.22	332.27
		<u>14,409.09</u>	<u>17,487.58</u>
Net current assets		<u>338.08</u>	<u>60.95</u>
Total		<u>15,578.85</u>	<u>12,766.50</u>
Statement of Significant Accounting Policies and Notes forming part of Accounts	W		

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

U. SUNDARARAJAN
Director (Finance)
Bombay
Dated : 24th May, 1994

K. S. MANIKASHETTI
Company Secretary

N. S. BHIMANI
Partner
Bombay
Dated : 24th May, 1994

R. RAGHAVAN
Partner

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST MARCH 1994

	Schedule	Rs. Million	1992-93 Rs. Million
INCOME			
Sale of products	N	64,279.10	59,944.23
Miscellaneous income	O	728.53	576.54
Increase in inventory of finished products and stock in process	P	421.09	863.91
Total		65,428.72	61,384.68
EXPENDITURE			
Purchase of products for resale		32,452.41	30,598.14
Raw materials consumed		15,825.94	15,026.79
Packages consumed		526.30	556.26
Duties, taxes etc. and other charges applicable to products		6,457.47	5,682.45
Transportation		836.34	1,044.19
Consumption of stores, spares and materials	Q	911.61	917.77
Power and Fuel	R	126.14	84.63
Employees' remuneration and other benefits	S	1,031.26	989.66
Interest	T	467.20	383.12
Other operating and administration expenses	U	1,797.90	1,780.61
Depreciation		1,365.49	1,431.35
Total		61,798.06	58,494.97
Profit		3,630.66	2,889.71
Prior years' income/(expenses) net	V	(6.83)	30.98
Profit before tax		3,623.83	2,920.69
Provision for taxation		1,470.00	1,220.00
Profit after tax		2,153.83	1,700.69
Excess/(Short) provision for Taxation in earlier years written back/provided for (Net)		21.25	-
Transfer from Investment Allowance Reserve		15.33	18.24
Balance brought forward * Rs.1,000/-		*	*
Disposable profit		2,190.41	1,718.93
Appropriations :			
Proposed dividend (subject to deduction of tax at source)		165.00	165.00
Transfer to General Reserve		2,025.40	1,553.93
Balance carried to Balance Sheet * Rs.1000/-		0.01	*
Statement of Significant Accounting Policies and Notes forming part of Accounts	W		

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

U. SUNDARARAJAN
Director (Finance)
Bombay
Dated : 24th May, 1994

K. S. MANIKASHETTI
Company Secretary

N. S. BHIMANI
Partner
Bombay
Dated : 24th May, 1994

R. RAGHAVAN
Partner

SCHEDULE 'A' - SHARE CAPITAL

	Rs. Million	31/03/93 Rs. Million
Authorised		
50 million equity shares of Rs. 10 each	500.00	500.00
	<u>500.00</u>	<u>500.00</u>
Issued, subscribed and paid-up		
50 million equity shares of Rs. 10 each fully paid-up	500.00	500.00
Total	<u>500.00</u>	<u>500.00</u>

The above includes :

22.95 million shares of Rs.10 each on which Rs.7.20 was paid in cash were converted into fully paid by capitalisation of Capital Reserve.

27.00 million shares of Rs.10 each which were allotted as fully paid bonus shares by capitalisation of Capital Reserve and General Reserve.

SCHEDULE 'B' - RESERVES AND SURPLUS

	Rs. Million	31/03/93 Rs. Million
General Reserve		
As per last Balance Sheet	8,173.77	6,619.84
Add: Transfer from Profit and Loss Account	2,025.40	1,553.93
	<u>10,199.17</u>	<u>8,173.77</u>
Investment Allowance Reserve		
As per last Balance Sheet	836.65	854.89
Less: Transfer to Profit and Loss Account	15.33	18.24
	<u>821.32</u>	<u>836.65</u>
Profit and Loss Account - Surplus		
* Rs.1,000/-	0.01	*
Total	<u>11,020.50</u>	<u>9,010.42</u>



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SCHEDULE 'C' - LOAN FUNDS

	31/03/93
	Rs. Million
Secured	
From Scheduled Banks:	
Term loan - secured by hypothecation and mortgage of LPG bottling plant at Bhitoni (Jabalpur) and certain plant and machinery at Refinery. [includes Rs.23.31 million due for repayment before 31st March 1995 (Rs.12.61 Million)]	393.24
Overdraft - secured by hypothecation of finished goods, raw materials, stock in process, stores, components and spares at selected locations.	840.17
	<u>1,233.41</u>
Unsecured	
From Scheduled Banks :	522.75
Public deposits [includes Rs.421.40 million maturing before 31st March 1995 (Rs.97.13 Million)]	1,399.85
Interest accrued and due	1.37
Others [includes Rs.370.85 million due for repayment before 31st March 1995 (Rs.121.14 Million)]	900.97
	<u>2,824.94</u>
Total	<u><u>4,058.35</u></u>

SCHEDULE 'D' - FIXED ASSETS

Rs. Million

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01/04/93 (2)	ADDITIONS (3)	DEDUCTIONS INCLUDING RECLASSIFI- CATIONS (4)	AS AT 31/03/94 (5)	AS AT 01/04/93 (6)	THIS YEAR (7)	DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI- CATIONS (8)	AS AT 31/03/94 (9)	AS AT 31/03/94 (10)	AS AT 31/03/93 (11)
1. LAND (including advance payments)										
(a) Freehold/long leasehold	331.76	97.90	(22.99)	452.65	0.00	0.00	0.00	0.00	452.65	331.76
(b) Leasehold on which premia are being written off over lease period	133.42	0.04	(0.46)	133.92	12.98	2.65	0.00	15.53	118.39	120.55
(c) Advance payments	43.94	21.40	24.00	41.34	0.00	0.00	0.00	0.00	41.34	43.94
2. BUILDINGS	2,016.59	257.85	11.46	2,262.98	212.47	61.20	1.41	272.26	1,990.72	1,804.12
3. RAILWAY SIDINGS	154.05	106.64	0.14	260.55	37.45	10.47	0.04	47.88	212.67	116.60
4. PLANT & MACHINERY	5,149.72	906.05	10.39	6,044.44	2,437.47	262.91	4.88	2,695.50	3,348.94	2,712.26
5. TANKS & PIPELINES	3,483.22	622.56	(4.44)	4,110.22	1,005.46	202.48	1.05	1,206.89	2,903.33	2,477.75
6. FURNITURE & FITTINGS	151.65	18.85	2.50	167.80	28.54	27.77	1.43	54.88	112.92	123.11
7. VEHICLES	261.99	20.51	8.11	274.39	128.34	23.14	5.17	146.31	128.08	133.65
8. OTHER ASSETS	528.40	118.80	1.62	645.58	121.10	28.39	0.91	148.58	497.00	407.29
(a) Dispensing pumps	4,354.82	665.74	43.89	4,976.67	4,354.82	665.74	43.89	4,976.67	0.00	0.00
(b) LPG cylinders & allied equipment	1,101.04	309.12	4.36	1,405.80	300.00	82.65	3.26	379.39	1,026.41	801.04
(c) Sundries										
TOTAL	17,710.60	3,144.26	78.52	20,776.34	8,638.53	1,367.40	62.04	9,943.89	10,832.45	9,072.07
Previous Year	15,180.84	2,663.00	153.24	17,710.60	7,292.35	1,434.32	88.14	8,638.53	9,072.07	

Notes : of forward foreign exchange contract and translation difference of year end liability of Rs.46.88 million (nil).

- Freehold/long leasehold land includes Rs.1.62 million (Rs. 1.62 million) with more than 99 years lease period.
- The title deeds in respect of a small portion of land at Refinery are yet to be received.
- Land, Plant and Machinery, Tanks and Pipelines, Railway Sidings and Buildings jointly owned in varying extent with other Oil Companies/Railways : Gross Block Rs.1,00.88 million (Rs.95.18 million), Depreciation Rs.38.10 million (Rs.33.09 million), Net Block Rs.62.56 million (Rs.62.09 million).
- Buildings include cost of ownership flats of Rs.35.10 million (Rs.35.10 million) held in formed/proposed co-operative housing societies which includes value of shares of Rs.0.04 million (Rs.0.04 million) issued by societies under their bye-laws, out of which share certificates of the value of Rs.0.01 million (Rs.0.01 million) are yet to be received.
- On completion of capital project, depreciation on project asset is capitalised and the net book value of such assets is shown under gross block column.
- (Col. 3) Additions includes adjustment of Rs.46.24 million (nil) received consequent to cancellation
- (Col. 4) includes (a) write back of excess capitalisation Rs.3.56 million (Rs.27.00 million), (b) consequent to adjustment referred in (5) above Rs.5.15 million (Rs. nil), (c) Deletions during the year Rs.63.27 million (Rs.95.88 million), (d) sale of assets Rs. nil (Rs.5.70 million), (e) asset transferred to work-in-progress Rs.0.54 million (Rs.24.56 million).
- Depreciation for the year (Col. 7) includes (a) charged to Capital work-in-progress Rs.0.95 million (Rs.0.94 million) (b) charged to Profit & Loss Account Rs.1,365.48 million (Rs.1,431.35 million), (c) charged to Prior year expenses Rs.0.96 million (Rs.2.03 million).
- (Col. 8) includes withdrawal of Depreciation (e) on excess capitalisation Rs.1.02 million (Rs.0.73 million), (b) consequent to adjustment referred in (5) above Rs.5.15 million (Rs. nil), (c) on deletions during the year Rs.55.87 million (Rs.74.22 million), (d) sale of assets Rs. nil (Rs.5.24 million), (e) on asset transferred to work in progress Rs. nil (Rs.7.95 million).
- Transfer formalities relating to residential premises Rs.6.21 million (Rs.6.21 million) registered in the name of a director, since retired, are in progress.

PARTICULARS OF CAPITAL EXPENDITURE INCURRED ON SOCIAL OVERHEADS AND FORMING PART OF SCHEDULE 'D'

Rs. Million

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01/04/93 (2)	ADDITIONS (3)	DEDUCTIONS INCLUDING RECLASSI- FICATIONS (4)	AS AT 31/03/94 (5)	AS AT 01/04/93 (6)	THIS YEAR (7)	DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI- CATIONS (8)	AS AT 31/03/94 (9)	AS AT 31/03/94 (10)	AS AT 31/03/93 (11)
1. LAND										
(a) Freehold	0.78			0.78	0.00	-	-	0.00	0.78	0.78
(b) Leasehold	7.21			7.21	0.78	0.08		0.86	6.35	6.43
2. STAFF QUARTERS ETC. IN TOWNSHIP										
(a) Buildings * Rs. 110/-	151.61	14.48	0.08	166.02	11.80	2.89	*	14.69	151.33	139.81
(b) Plant and Machinery	5.50			5.50	0.83	0.25		1.08	4.42	4.67
(c) Furniture and Fittings	0.15	0.06		0.21	0.01	0.08		0.09	0.12	0.14
(d) Other Assets	9.71	1.00		10.71	3.20	0.58		3.78	6.93	6.51
3. SOCIAL AND CULTURAL OVERHEADS										
(a) Buildings	1.98	1.05		3.03	0.35	0.06		0.41	2.62	1.63
(b) Plant and Machinery	1.06		0.11	0.95	0.29	0.05	0.01	0.33	0.62	0.77
(c) Furniture and Fittings	0.11	0.02		0.13	0.01	0.03		0.04	0.09	0.10
(d) Tanks and Pipelines * Rs. 1027/-	0.02			0.02	0.02			0.02	*	**
(e) Other Assets	4.24	0.01		4.25	0.74	0.22		0.96	3.29	3.50
TOTAL	182.37	16.63	0.19	198.81	18.03	4.24	0.01	22.26	176.55	164.34
Previous Year	148.28	34.28	0.19	182.37	15.30	3.11	0.38	18.03	164.34	



SCHEDULE 'E' - CAPITAL WORK-IN-PROGRESS

	<u>Rs. Million</u>	<u>31/03/93</u> <u>Rs. Million</u>
Capital work-in-progress (at cost)		
Work-in-progress	2,122.55	2,116.31
Capital Advances	156.46	288.45
Capital stores including lying with contractors	466.99	270.13
Capital goods in transit	126.67	141.97
Construction period expenses pending allocation		
		<u>31/03/93</u>
Opening balance	38.51	53.24
Add: Expenditure during the year		
Establishment charges	23.95	24.24
Depreciation	0.95	0.94
Others	17.53	15.58
	<u>80.94</u>	<u>94.00</u>
Less: Allocated to assets during the year	45.38	55.49
Balance at the end of the year		<u>35.56</u> <u>38.51</u>
Total	<u><u>2,908.23</u></u>	<u><u>2,855.37</u></u>



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SCHEDULE 'F' - INVESTMENTS AT COST (Unless otherwise Stated)

TRADE	NOS.	Face Value	Book value	
		Rs. Million	Rs. Million	Rs. Million
UNQUOTED				
1. Equity Shares of Rs.10 each (fully paid up) of Bharat Shell Limited	15,925,000 (nil)	159.25	159.25	-
2. Equity Shares of Rs.10 each (fully paid up) of Bharat Oman Refineries Limited [*Rs.4000.00]	400 (nil)	*	*	-
		<u>159.25</u>	<u>159.25</u>	<u>-</u>
NON-TRADE				
QUOTED				
Government of India Securities [Market value Rs.0.88 million (Rs.0.88 million)]				
<u>Deposited with local Authorities</u>				
5½% Loan 1995		0.21	0.21	0.21
5½% Loan 1999		0.03	0.03	0.03
5½% Loan 2000		0.01	0.01	0.01
5¾% Loan 2001		0.16	0.15	0.15
5¾% N.D. Loan 2001		0.01	0.01	0.01
5¾% Loan 2002		0.04	0.03	0.03
6% Loan 1993		-	-	*
*Rs.4745 Face Value : Rs.5,500				
6% Loan 1998		0.24	0.23	0.23
6½ Loan 2000		0.10	0.09	0.09
7% Loan 2009		0.21	0.17	0.17
7½% Loan 2010		0.19	0.20	0.20
8% Loan 2011		0.03	0.02	0.02
		<u>1.23</u>	<u>1.15</u>	<u>1.15</u>
<u>On hand</u>				
5¾% Loan 2001		0.01	0.01	0.01
6% Loan 1998		0.05	0.05	0.05
		<u>0.06</u>	<u>0.06</u>	<u>0.06</u>
UNQUOTED				
1. Units of the Unit Trust of India, 1964 Scheme of Rs. 10 each	75,941,560 (54,243,860)	759.42 (542.44)	1,046.80	769.07
2. National Savings Certificates (deposited with local authorities, etc)		0.04	0.04	0.04
3. 5½ Years Kisan Vikas Patra (deposited with local authorities)	790 (790)	7.90	7.70	7.70
4. Debentures (fully paid up)				
- 6½% irredeemable debentures of the Bengal Chamber of Commerce and Industry	15 (15)	0.01	0.01	0.01
- 5% irredeemable debentures of East India Clinic Limited	1 (1)	0.06	0.06	0.06
5. Ordinary shares (fully paid up) of Sindhu Resettlement Corporation Ltd.	6 (6)	0.01	0.02	0.02
6. 10.5% tax free bonds of Konkan Railway Corporation Limited of Rs.1000 each	300,000 (nil)	300.00	285.00	-
		<u>1,067.44</u>	<u>1,339.63</u>	<u>776.90</u>
UNQUOTED (AT BOOK VALUE)				
6% debentures of Sholapur Spinning and Weaving Mills Ltd. (in liquidation)	578 (578)	0.06	@	@
Total		<u>1,228.04</u>	<u>1,500.09</u>	<u>778.11</u>

@ Written down to Re.1/-

SCHEDULE 'G' - INVENTORIES

(As taken, valued and certified by the Management)

	31/03/93	
	Rs. Million	Rs. Million
Stores and spares (at cost)*	870.98	777.15
Stores and spares in Transit (at cost)	62.08	30.99
Raw materials (at cost)**	3,692.58	7,731.86
Stock in process (at cost)	51.90	32.27
Finished products (at lower of cost or net realisable value)***	4,050.00	3,648.54
Packages (at lower of cost or net realisable value)	197.92	175.65
Total	8,925.46	12,396.46

* Includes lying with third parties
Rs.5.65 million (Rs.12.35 million)

** Includes Rs.2,099.69 million (net) for materials
given on loan (Rs.6,645.69 million (net))

*** Includes Rs.400.17 million (net) for products
given on loan (Rs.183.70 million (net))

SCHEDULE 'H' - SUNDRY DEBTORS

(Considered good unless otherwise stated)

	31/03/93	
	Rs. Million	Rs. Million
Over six months:		
Considered good*	490.51	198.39
Considered doubtful	57.63	8.77
Less: Provision	(57.63)	(8.77)
	490.51	198.39
Others*	2,020.33	1,738.62
Total	2,510.84	1,937.01

* These are secured to the extent of Rs.8.58 million
(Rs.11.79 million)

SCHEDULE 'I' - CASH AND BANK BALANCES

	31/03/93	
	Rs. Million	Rs. Million
Cash on hand (includes drafts and cheques on hand)	384.33	533.22
With scheduled banks:		
In current accounts	60.79	569.85
In deposit accounts	0.59	8.15
Remittances in transit	510.67	285.39
Total	956.38	1,396.61



SCHEDULE 'J' - OTHER CURRENT ASSETS

	Rs. Million	31/03/93 Rs. Million
Interest accrued on investments (including on bank deposits, loans and advances)	8.00	8.29
Total	8.00	8.29

SCHEDULE 'K' - LOANS AND ADVANCES

(Considered good unless otherwise stated)

	Rs. Million	31/03/93 Rs. Million
Secured loans:		
To companies	1.73	1.87
To staff*	1,122.90	843.32
To others	1.18	-
Unsecured loans :		
Advances recoverable in cash, or in kind or for value to be received	776.47	585.86
Other advances considered doubtful	6.05	5.97
Less : Provision	(6.05)	(5.97)
	1,902.28	1,431.05
Claims :		
Considered good	250.21	108.23
Considered doubtful	42.64	24.82
Less : Provision	(42.64)	(24.82)
	250.21	108.23
Deposits :		
With Customs/Excise/Port Trust etc.	115.40	198.03
Others	78.60	72.85
	194.00	270.88
Deposits considered doubtful	0.11	0.11
Less : Provision	(0.11)	(0.11)
	194.00	270.88
Total	2,346.49	1,810.16

* Include:

Due from Officers	: Rs.5.25 million (Rs.4.39 million)
Maximum balances	: Rs.5.48 million (Rs.4.88 million)
Due from Directors	: Rs.0.29 million (Rs.0.24 million)
Maximum balances	: Rs.0.32 million (Rs.0.26 million)

SCHEDULE 'L' - LIABILITIES

	Rs. Million	31/03/93 Rs. Million
Sundry creditors *	6,686.82	10,977.21
Deposits from customers	8.58	11.79
Deposits for containers	3,389.85	2,870.10
Unclaimed Dividend	0.01	-
Other liabilities	3,809.21	3,233.10
Interest accrued but not due on loans	82.40	63.11
Total	13,976.87	17,155.31

* Includes Rs.2,849.86 million (Rs.7,724.69 million) payable to other oil companies on settlement of crude oil and finished products given on loan basis.

SCHEDULE 'M' - PROVISIONS

	Rs. Million	31/03/93 Rs. Million
Provision for Taxation (Net of Tax paid)	250.21	149.68
Proposed dividend (Subject to deduction of tax at source)	165.00	165.00
Unfunded retirement benefits	17.01	17.59
Total	432.22	332.27

SCHEDULE 'N' - SALE OF PRODUCTS

	Rs. Million	1992-93 Rs. Million
Sales turnover	114,474.12	101,772.93
Net recovery from/(Payment to) Industry Pool Accounts	(50,195.02)	(41,828.70)
Total	64,279.10	59,944.23



SCHEDULE 'O' - MISCELLANEOUS INCOME

	<u>Rs. Million</u>	<u>1992-93</u> <u>Rs. Million</u>
Interest on bank deposits and others	112.11	88.15
Income from investments :		
Interest (gross)		
Tax deducted at source - Rs.1.57 million (Rs.nil)	9.66	1.05
Dividend (gross)	141.03	118.81
Tax deducted at source - Rs.34.87 million (Rs.29.38 million)		
Profit/(loss) on sale/write off of fixed assets (net)	0.24	-
Excess provision written back	5.05	8.30
Profit on maturity of Investment *Rs.754.75	*	-
Other income	460.44	360.23
Total	<u><u>728.53</u></u>	<u><u>576.54</u></u>

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

	<u>31/3/93</u>	<u>Rs. Million</u>	<u>1992-93</u> <u>Rs. Million</u>
Value of closing stock of			
Stock in process	51.90	32.27	
Finished goods	<u>4,050.00</u>	<u>3,648.54</u>	
	<u>4,101.90</u>	<u>3,680.81</u>	
Less :			
Value of opening stock of			
Stock in process	32.27	33.39	
Finished goods	<u>3,648.54</u>	<u>2,783.51</u>	
	<u>3,680.81</u>	<u>2,816.90</u>	
Total		<u><u>421.09</u></u>	<u><u>863.91</u></u>



SCHEDULE 'Q' - CONSUMPTION OF STORES SPARES AND MATERIALS

	<u>Rs. Million</u>	<u>1992-93 Rs. Million</u>
Stores, spares and materials	1,186.27	1,196.83
Less: Charged to other accounts	274.66	279.06
Total	<u>911.61</u>	<u>917.77</u>

SCHEDULE 'R' - POWER AND FUEL

	<u>Rs. Million</u>	<u>1992-93 Rs. Million</u>
Power and Fuel	692.09	608.05
Less: Consumption of fuel out of own production	565.95	523.42
Total	<u>126.14</u>	<u>84.63</u>

SCHEDULE 'S' - EMPLOYEES' REMUNERATION AND OTHER BENEFITS

	<u>Rs. Million</u>	<u>1992-93 Rs. Million</u>
Salaries and wages	752.94	736.63
Contribution to provident fund and other funds	75.33	58.62
Contribution to gratuity fund	9.73	15.40
Welfare expenses	193.26	179.01
Total	<u>1,031.26</u>	<u>989.66</u>

SCHEDULE 'T' - INTEREST

	<u>Rs. Million</u>	<u>1992-93 Rs. Million</u>
On fixed loans	272.96	255.63
Others	194.24	127.49
Total	<u>467.20</u>	<u>383.12</u>

SCHEDULE 'U' - OTHER OPERATING AND ADMINISTRATION EXPENSES

	1992-93	
	Rs. Million	Rs. Million
Repairs and maintenance		
Machinery	340.83	272.15
Building	72.80	52.72
Others	163.37	131.43
	<u>577.00</u>	<u>456.30</u>
Insurance	85.60	82.92
Rent	143.22	147.00
Rates and taxes	52.59	41.75
Charities and donations	8.33	3.35
	<u>1992-93</u>	
Remuneration to Auditors		
Audit fees	0.27	0.22
Certification fees	0.01	0.01
Out of pocket expenses	0.05	0.05
	0.33	0.28
Loss/(Profit) on sale of investment (net)		*
* Rs.3145/-		
Public utilities	86.69	61.81
Bad debts and claims written off	0.07	0.50
Materials/products written off	0.30	22.07
Provision for doubtful debts etc.	66.77	8.09
(Profit)/loss on sale/write off of Fixed Assets (net)	-	9.30
Charges paid to other oil companies	86.13	96.19
Travelling and conveyance	129.35	105.54
Telephones, telex, cables, postage etc.	70.01	53.71
Brokerage on Public Deposits	10.25	7.85
Other expenses	481.26	685.95
Total	<u>1,797.90</u>	<u>1,780.61</u>

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

	1992-93	
	Rs. Million	Rs. Million
Sale of products	(0.66)	(6.52)
Miscellaneous Income	-	14.52
Duties, taxes etc, and other product charges	1.17	(5.16)
Transportation	0.44	(1.48)
Consumption of stores, spares and materials	-	3.64
Employees' remuneration and other benefits	(3.34)	-
Insurance	6.63	-
Rent	(1.33)	(0.49)
Interest	0.67	(1.51)
Interest on Bank Deposits and others	(3.00)	-
Depreciation	0.06*	(0.77)
Other operating and administration expenses	(7.47)	28.75
Total	<u>(6.83)</u>	<u>30.98</u>

* Net of adjustments on withdrawal of excess capitalisation Rs.1.02 million and charge relating to prior year Rs.0.96 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.50 million 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 other Fixed Assets 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 Base Oil is valued at cost.

4.3 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.

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

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



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- 4.6 Stores and Spares are valued at cost less amounts written off on account of slow moving/surplus items identified as surplus for disposal.
- 4.7 In sub paras 4.2, 4.4 to 4.6 'Cost' is reckoned as the weighted average cost.

5. CLAIMS AND PROVISIONS

Claims on Oil Co-ordination Committee are booked on acceptance in principle thereof. Claims and provisions 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. 0.10 million in each case.

Prepaid expenses upto Rs. 0.01 million in each case, are charged to Revenue as and when incurred.

Individual liabilities upto Rs. 0.01 million 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/Custom 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



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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. 0.10 million in each case.

SCHEDULE 'W' (Continued)

B. NOTES FORMING PART OF ACCOUNTS

1. (a) The value of raw materials consumed is net of surrender to/claim from Industry Pool Accounts. Consequent to decontrol of lubricants from 1st November 1993, the Base Oil consumed is valued at cost.
- (b) Purchase of products for resale includes payments to third parties for processing fees **Rs.36.82 million** (Rs.40.08 million).
2. The Corporation has numerous transactions with the other oil companies, which are reconciled on an ongoing basis and are subject to confirmation. Adjustments, if any, arising therefrom are not likely to be material.
3. 3.1 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.566.97 million**. (Rs.601.58 million). This has no impact on the profit for the year.
- 3.2. Effective 1st March 1994, differential excise duty on duty paid stocks of Liquefied Petroleum Gas (LPG) and Superior Kerosene Oil (SKO) is dependent on the end use, and hence it is not practicable to quantify such duty payable on closing stock of LPG and SKO. Accordingly, no provision is made in respect of such stock held at the year end, the quantum of which calculated at maximum rates works out to **Rs.52.57 million** (Rs. nil). This has no impact on the profits for the year.
- 3.3 Effective 1st March 1994, excise modvat credits have been extended to Petroleum Products and the same have been adjusted to the extent credits have been utilised.
4. Provision for Taxation in the Profit & Loss Account includes **Rs.1.00 million** (Rs.1.50 million) towards provision for Wealth Tax relating to assessment year 1994-95.
5. During the year **Rs.0.04 million** (Rs. 0.04 million) has been paid against outstanding liability towards tax audit fees for 1992-93 to one of the joint statutory auditors appointed as tax auditor after the finalisation of accounts of the said year.
6. Central India Refinery Project is being executed by Bharat Oman Refineries Limited. (BORL), a joint venture company promoted by the Corporation and Oman Oil Company. The Corporation has disbursed funds aggregating to **Rs 49.67 million** (Rs. Nil) towards this project which is recoverable from BORL (included in Schedule K - Loans and Advances under "Advances recoverable in cash or in kind or for value to be received.") Further, the Corporation has been allotted land on permanent lease towards the above.
7. Consequent to the amendment to schedule XIV of the Companies Act 1956, vide notification no. GSR No.756E dated 16/12/1993, Depreciation for the year has decreased by **Rs.57.59 million** with consequential effect on the Profit for the year and Net Fixed Assets.

8. During the year, the Corporation has raised funds by issuance of commercial paper amounting to Rs.500 million and no balance is outstanding as at 31.3.1994.

9. CAPITAL COMMITMENTS & CONTINGENT LIABILITIES :

	31/03/93	
	<u>Rs. Million</u>	<u>Rs. Million</u>
A. CAPITAL COMMITMENTS :		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for.	2,419.02	2,027.00
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 31.03.1994 is unascertainable.		
B. CONTINGENT LIABILITIES :		
a) In respect of taxation matters of prior years.	36.13	41.45
b) Other Matters :		
i) Surety Bonds executed on behalf of Other Oil Companies for Excise/Customs Duties for which BPCL has signed as surety.	260.81	252.25
ii) Claims against the Corporation not acknowledged as debts. These include : Rs.541.42 million (Rs.532.77 million) against which the Corporation has a recourse for recovery; Rs.82.97 million (Rs.136.39 million) on Capital Account.	1,368.84	1,060.76
iii) Claims on account of wages, bonus/ex-gratia payments, in respect of pending court cases.	105.63	73.62
iv) The Corporation has filed an appeal in the Honourable Supreme Court of India against the order of 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 31.3.1994 is unascertainable.		

10. MANAGERIAL REMUNERATION :

	31/03/93	
	<u>Rs. Million</u>	<u>Rs. Million</u>
Salary and allowances	0.75	0.64
Contributions to provident fund and other funds	0.05	0.05
Other benefits	0.17	0.16
	<u>0.97</u>	<u>0.85</u>

11. Licenced Capacity, Installed Capacity (as certified by the Management) and actual production in respect of goods manufactured:

	Licenced Capacity	Installed Capacity	Actual Production
a) Fuel Refinery			
(i) In M.M.T.P.A.	6.00 (6.00)	6.00 (6.00)	7.21 (7.24)
(ii) Production in KL			
Light Distillates	-	-	2,696,574 (2,725,098)
Middle Distillates	-	-	4,632,141 (4,661,893)
Others	-	-	1,315,147 (1,266,349)
b) Aromatics			
(i) Benzene in MT	98,300 (98,300)	85,000 (85,000)	22,037 (56,612)
(ii) Toluene in MT	17,600 (17,600)	17,600 (17,600)	7,047 (11,070)
c) Lubricants in MT	96,384 (96,384)	90,000 (90,000)	74,154 (82,911)
d) Sulphur in MT	5,700 (5,700)	10,950 (10,950)	456 (28)
e) Drums in Nos.	Nil (Nil)	Nil (Nil)	Nil (440,047)*

* The fabrication of bitumen drums for captive consumption has been entrusted from December '92 to M/s Balmer Lawrie & Co. Ltd. by disposing of the Drum manufacturing facilities to them.

12. Raw materials consumed (on derived basis) :

	Unit	Consumption	
		Quantity	Rs. Million
Crude oil (net of surrender to/claim from Industry Pool Accounts)	MT	7,205,558 (7,235,311)	13,757.43 (13,837.63)
Base oils	KL	96,658 (108,384)	1,742.93 (1,189.16)
			15,500.36 (15,026.79)

- a) Raw materials imported through canalising agents have been treated as indigenous purchases.
b) Consumption of Base oil excludes own consumption and samples Rs.nil (Rs.0.01 million).
c) Excludes Rs.325.58 million (Rs.nil) being surcharge on feed stock stream of free trade products



13. Finished goods purchased, sold and stocked :

Petroleum Products	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity KL	Value Rs.Million	Quantity KL	Value Rs.Million	Quantity KL	Value Rs.Million	Quantity KL	Value Rs.Million
Light Distillates	353,100 (209,910)	767.84 (489.91)	3,242,672 (3,150,866)	7,669.61 (7,454.15)	6,215,173 (6,000,497)	19,127.85 (18,016.97)	261,569 (353,100)	712.58 (767.84)
Middle Distillates	1,015,996 (630,514)	2,275.95 (1,768.47)	9,762,126 (9,286,482)	22,305.94 (20,955.70)	14,381,531 (13,743,590)	37,286.03 (34,775.31)	1,000,158 (1,015,996)	2,349.25 (2,275.95)
Others	103,124 (128,547)	604.75 (525.12)	1,310,966 (1,257,430)	2,466.02 (2,190.86)	2,459,810 (2,386,347)	7,864.56 (7,145.43)	147,887 (103,124)	988.17 (604.75)
		3,648.54 (2,783.50)		32,441.57 (30,600.71)		64,278.44 (59,937.72)		4,050.00 (3,648.54)

- (a) Purchases exclude inter-product transfers.
- (b) Applicable conversion factors are used to convert quantities in metric tonnes to kilolitres for products purchased/sold by weight.
- (c) Stocks include products given on loan basis to other oil companies and exclude products received on loan basis from other oil companies.
- (d) Purchases of petroleum products exclude payments to third parties for Processing Fees **Rs.36.82 million** (Rs.40.08 million) but include own consumption and samples **Rs.25.98 million** (Rs.42.64 million).

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

	<u>Rs. Million</u>	<u>1992-93 Rs. Million</u>
a) Components and spare parts (including packages, chemicals & catalysts)	156.18	129.48
b) Capital goods	156.81	23.76

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

	<u>Rs. Million</u>	<u>1992-93 Rs. Million</u>
a) Knowhow	11.66	1.92
b) Interest	5.15	6.59
c) Other matters	11.56	5.91

16. Value of spare parts & components consumed (on derived basis) :
(including packages, chemicals & catalysts)

	Value		1992-93	
	<u>Rs. Million</u>	<u>%</u>	<u>Rs. Million</u>	<u>%</u>
Imported	274.06	16.00	198.41	11.23
Indigenous	1,438.51	84.00	1,568.53	88.77
	1,712.57	100.00	1,766.94	100.00

17. Earnings in foreign exchange :

	1992-93	
	<u>Rs. Million</u>	<u>Rs. Million</u>
Exports at F.O.B. value on own account #	2,361.85	2,041.60

Include receipts of Rs.2,119.70 million (Rs.2014.78 million) in Indian Currency out of the repatriable funds of foreign airline customers and Rs.242.15 million (Rs.26.82 million) in equivalent foreign currency.

18. Expenditure on social overheads :

	1992-93	
	<u>Rs. Million</u>	<u>Rs. Million</u>
(a) Expenditure on township [net of recovery Rs.1.98 million (Rs.1.58 million)]	3.01	2.19
(b) Medical facilities over and above statutory requirements	0.62	1.10
(c) Social & Cultural activities	3.36	5.79
(d) Depreciation on capital assets (as indicated in Schedule 'D')	4.24	3.11

19. Profit & Loss Account includes expenditure on :

	1992-93	
	<u>Rs. Million</u>	<u>Rs. Million</u>
(a) Entertainment	0.93	0.90
(b) Public relations & publicity	19.32	3.69
(c) Remuneration to staff employed for public relations work	0.82	0.70
(d) Research & development	4.11	4.38

	1992-93	
	<u>Rs. Million</u>	<u>Rs. Million</u>
20. Value Added :	9,350.13	8,886.17



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21. In accordance with the approval from Department of Company Affairs, Ministry of Law, Justice and Company Affairs, vide approval 46/30/94-CL.III dt. 4.2.1994 the figures have been shown in Rupees Million.
22. Figures of the previous year have been regrouped wherever necessary. Figures in bracket relate to previous year.

Signatures to Schedule "A" to "W"

For and on Behalf of the Board of Directors

Sd/-

R. K. SUKHDEVSINHJI
Chairman and Managing Director

Sd/-

U. SUNDARARAJAN
Director (Finance)

Sd/-

K.S. MANIKASHETTI
Company Secretary

Place : Bombay
Date : 24th May, 1994

ADDENDUM TO THE DIRECTORS' REPORT

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT PETROLEUM CORPORATION LIMITED, BOMBAY FOR THE YEAR ENDED 31ST MARCH 1994.

ADDENDUM

The Directors have received the comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the Annual Account for the year ended 31st March, 1994 vide letter no. MAB-II/T-2-248/BPCL-a/c/93-94/254 dated 23rd July, 1994. The reply of the Board of Directors is as under.

COMMENT

**BALANCE SHEET
APPLICATION OF FUNDS
CURRENT ASSETS, LOANS AND
ADVANCES**

**Inventories (Schedule 'G')
Rs. 8925.46 million**

Inventory includes raw materials (crude oil and base oil) valued at Rs.2099.69 million and finished products valued at Rs.400.17 million given on loan to other oil companies and not physically in the possession of the Company. On the other hand, raw materials valued at Rs.2202.58 million and finished products valued at Rs.341.09 million received on loan from other oil companies and physically in the possession of the Company have not been included in the inventory or disclosed in the accounts.

REPLY

As the inventories given on loan are owned by the Corporation, it has been included in the closing stock. On the other hand, inventories taken on loan are not owned by the Corporation and therefore, it has been excluded from the closing stock. The treatment of inter-oil company transactions, on loan basis has been disclosed in Schedule 'G' on Inventories and by way of note No.13 in Schedule 'W'. This industry practice has been consistently followed by the Corporation. However, these procedures will be reviewed and action, if any arising out of such a review, will be taken during the year 1994-95.

For and on behalf of the Board of Directors

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

Sd/-
R. K. SUKHDEVSINHJI
 Chairman and Managing Director

Bombay
 23rd July, 1994

New Delhi
 25th July, 1994

ANNEXURE TO THE DIRECTORS' REPORT DATED 31st MARCH 1994

Review of the Accounts of Bharat Petroleum Corporation Limited for the year ended 31st March, 1994, by the Comptroller and Auditor General of India.

1. FINANCIAL POSITION

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

	(Rs. Million)		
	1991-92	1992-93	1993-94
Liabilities			
(a) Paid-up Capital	500.00	500.00	500.00
(b) Reserves & Surplus			
(i) Free Reserves & Surplus	6619.84	8173.77	10199.18
(ii) Committed Reserves	854.89	836.65	821.32
(c) Borrowings from			
(i) Government of India*	570.50	512.26	450.83
(ii) Long Term Loans	398.46	323.45	843.38
(iii) Short Term Loans	1543.28	1495.20	1362.92
(iv) Public Deposits	988.47	924.87	1399.85
(v) Interest accrued & due	0.13	0.30	1.37
(d) Current Liabilities & Provisions			
(i) Sundry Creditors	2925.25	10977.21	6686.82
(ii) Provision for Dividend	150.00	165.00	165.00
(iii) Other Liabilities and Provisions	5095.78	6345.37	7557.27
Total	19646.60	30254.08	29987.94

* Relending of World Bank Loan

Assets			
(e) Gross Block	15180.84	17710.60	20776.34
(f) Less : Cumulative Depreciation	7292.35	8638.53	9943.89
(g) Net Block	7888.49	9072.07	10832.45
(h) Capital Work-in-progress	2348.75	2855.37	2908.23
(i) Investments	384.31	778.11	1500.09
(j) Current Assets, Loans & Advances			
(i) Inventories	4880.16	12396.46	8925.46
(ii) Sundry Debtors	1038.12	1937.01	2510.84
(iii) Cash & Bank balances	1032.93	1396.61	956.38
(iv) Loans & Advances	1838.98	1810.16	2346.49
(v) Other Current Assets	234.86	8.29	8.00
Total	19646.60	30254.08	29987.94
(k) Working Capital (j-d)	854.02	60.95	338.08
(l) Capital Employed (g+j-d)	8742.51	9133.02	11170.53
(m) Net worth (a+b(i))	7119.84	8673.77	10699.18
(n) Net worth per Rupee of equity capital (Rs.) (m/a)	14.24	17.35	21.40

2. DEBT EQUITY RATIO

The debt equity ratio of the Company was 0.25 : 1 in 1993-94 as against 0.20 : 1 in 1992-93 and 0.27 : 1 in 1991-92. The ratio has marginally gone up compared to last year as a result of increase in long term loans.

3. RESERVES & SURPLUS

The reserves and surplus of the Company were 20 times its paid-up capital as on 31st March, 1994 as against 16 times as on 31st March, 1993 and 13 times as on 31st March 1992. The Company has since proposed to issue two bonus shares against each equity share.

4. DISINVESTMENT OF SHARES

During the year 1992-93 Government of India has disinvested shares reducing its holding to 70% of the paid-up capital of the Company. Further, during March, 1994, 5% of the shares have been offered to the employees of the Company @ Rs.550/- per share subject to a maximum of 200 shares per employee with a lock in period of 3 years. The book value per share as on 31st March, 1994 was Rs.214.00 (Rs.173.50 as on 31st March, 1993) and earning per share was Rs.43.08 (Rs.34.01 in 1992-93).

5. INVESTMENTS

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

(Rs. in Million)

<u>Particulars</u>	<u>Amount</u>	<u>Duration</u>	<u>Yield</u>
Deposits with Banks	100.00	46 days	7%
Public Sector Oil Companies	650.00	1 to 9 days	10% to 12%
Treasury Bills	79.23	34 days	7.88%

An amount of Rs.285.00 million was invested in 10.5% Tax-free Bonds of Konkan Railway Corporation Ltd.

The Company had also invested an amount of Rs.159.25 million and Rs.4000.00 in equity shares of joint venture companies Bharat Shell Ltd. and Bharat Oman Refineries Ltd. respectively.

Further, the Company subscribed to the rights issue of Unit-64 in the ratio of 2:5 to the existing holding at a price of Rs.12.80 per unit for an amount of Rs.277.73 million (No. of units 2,16,97,700). The Company received a dividend of Rs.141.03 million in July 1993 in respect of its holdings as at 30.06.93.

6. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs.4117.71 million from internal and external sources were utilised during the year as given below :

	(Rs. in Million)
Sources of Funds	
a) Addition to Reserves & Surplus	2010.08
b) Addition to Cumulative Depreciation	1305.36
c) Increase in Borrowings	802.27
	<u>4117.71</u>
Utilisation of Funds	
a) Addition to Gross Block	3065.74
b) Addition to Capital 'Work-in-progress'	52.86
c) Addition to Investments	721.98
d) Addition to Working Capital :	
Decrease in Current Liabilities and Provisions	3078.49
Less: Decrease in Current Assets, Loans and Advances	<u>2801.36</u>
	<u>277.13</u>
	<u>4117.71</u>

7. LIQUIDITY AND SOLVENCY

- a) The liquidity of the Company in terms of percentage of Current Assets to total net assets of the Company was 46 in 1991-92, 58 in 1992-93 and 49 in 1993-94.
- b) The percentage of Current Assets to Current Liabilities (including provisions) which is one measure of solvency was 102 in 1993-94 as against 100 in 1992-93 and 110 in 1991-92.
- c) The percentage of quick assets (sundry debtors, loans & advances and cash & bank balances) to current liabilities (excluding provisions) which is another measure of solvency was 42 in 1993-94 as against 30 in 1992-93 and 49 in 1991-92.

8. WORKING CAPITAL

- a) The Working Capital of the Company as on 31st March, of 1992, 1993 and 1994 was Rs.854.02 million, Rs.60.95 million and Rs.338.08 million respectively.
The increase in working capital during 1993-94 was mainly attributable to increase in sundry debtors, increase in loans & advances and decrease in Sundry Creditors.
- b) The percentage of working capital to Sales as on 31st March, 1992, 1993 and 1994 was 1.60, 0.11 and 0.57 respectively.
- c) The percentage of working capital to capital employed as on 31st March, 1992, 1993 and 1994 was 9.8, 0.7 and 3.0 respectively.



9. INVENTORY

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

	(Rs. Million)		
	1991-92	1992-93	1993-94
i) Raw Materials	1269.87	7731.86	3692.58
ii) Stores & Spares (including in transit)	663.33	808.14	933.06
iii) Stock in Process	33.39	32.27	51.90
iv) Finished Goods	2783.51	3648.54	4050.00
v) Packages	130.06	175.65	197.92

- a) The stock of raw materials at the close of each year was equivalent to about 2.8 months' consumption in 1993-94 as against 6.2 months' in 1992-93 and 1.1 month's in 1991-92. The reason for decrease in current year is due to decrease in crude oil given on loan to other oil companies.
- b) The stores and spares (including packages) at the end of 1993-94 represented 7.9 months' consumption as against 6.7 months' in 1992-93 and 6.3 months' 1991-92.
- c) Finished Goods at the end of the year amounted to about 0.8 month's sales during 1993-94 as against 0.7 month's in 1992-93 and 0.6 month's in 1991-92. The reasons for increase in current year is due to increase in loan of ATF at Palam given to HPC and increase in excise duty rates effective from 1st March, 1994.

10. SUNDRY DEBTORS

- a) The position of Sundry Debtors for the last three years ending 31st March, 1994 stood as follows :

Year	Sundry Debtors	(Rs. Million)	
		Debts considered doubtful & provided for	Percentage of Debtors to Sales
1991-92	1043.67	5.55	1.83
1992-93	1945.78	8.77	3.25
1993-94	2568.47	57.63	4.00

The increase in Sundry Debtors in 1993-94 was on account of higher DGS&D billings during March'94 and extension of credit to various customers.

- b) The following table indicates the debts outstanding for more than one year as on 31st March, 1994

	(Rs. Million)	
	Govt. Depts & Undertakings	Others
i) Debts outstanding for more than one year but less than two years	105.00	55.16
ii) Debts outstanding for more than two years but less than three years	41.22	25.63
iii) Debts outstanding for three years and more	7.01	-
	<u>153.23</u>	<u>80.79</u>

11. SUNDRY CREDITORS

The balance under this head was Rs.6686.82 million in 1993-94 as against Rs.10977.21 million in 1992-93 and Rs.2925.25 million in 1991-92. The decrease in 1993-94 was mainly on account of reduction in receipt of deposits from other oil companies for crude oil given on loan.

12. WORKING RESULTS

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

	(Rs. Million)		
	<u>1991-92</u>	<u>1992-93</u>	<u>1993-94</u>
a) Net Sales (excluding excise duty)	53306.01	55729.49	59751.57
b) Profit before tax	2554.61	2920.69	3623.83
c) Profit after tax	1484.61	1700.69	2153.83
d) Percentage of profit before tax			
i) to Sales	4.8	5.2	6.1
ii) to Capital employed	29.2	32.0	32.4
e) Percentage of profit after tax			
i) to Net worth	20.9	19.6	20.1
ii) to Capital employed	17.0	18.6	19.3

Profit for the year 1993-94 includes an amount of Rs.1260.22 million received from OCC on account of margin updation and other claims relating to previous years. The amount received from OCC from similar claims were Rs.738.92 million in 1992-93 and Rs.1187.90 million in 1991-92.

Overall growth rate of sales for 1993-94 was 6.05% as against 6.64% during 1992-93.

13. DIVIDEND

The Company has proposed a dividend of 33% for the year 1993-94. The dividend paid for 1992-93 and 1991-92 was 33% and 30% respectively. The dividend payout ratio, as a percentage of total dividend paid/proposed to profit after tax during the last three years ending 31st March, 1994 was 10.10, 9.70 and 7.66 respectively.

Bombay
23rd July, 1994

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



Bharat Petroleum Corporation Limited

(A GOVERNMENT OF INDIA ENTERPRISE)

Published by Mr. M.M. Somaya, Senior Corporate Communications Manager,
Bharat Petroleum Corporation Limited.

Designed and printed by Ogilvy & Mather Financial & Business Communications, at Silver Point.