



Bharat Petroleum Corporation Limited

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ON THE FAST TRACK OF SERVICE

We live in a time of great change. Change that is affecting our economy, technology, society and the nation. The forces of change have opened new avenues of challenges and opportunities.

The government's policy of liberalisation is changing our economy rapidly. In future, there will be more competition bringing along with it new products, brands and institutions.

The Indian consumer is becoming increasingly discerning. He now has a wider choice than ever before.

We at Bharat Petroleum are aware of these changes that are taking place. And are gearing up to face them.

Therefore it is crucial for us to develop a new way of approaching our business. From a company that sells products we have switched over to the fast track of service.

SERVICE



BPCL dispensers with price and quantity display units.

THE DISCRIMINATOR OF THE FUTURE

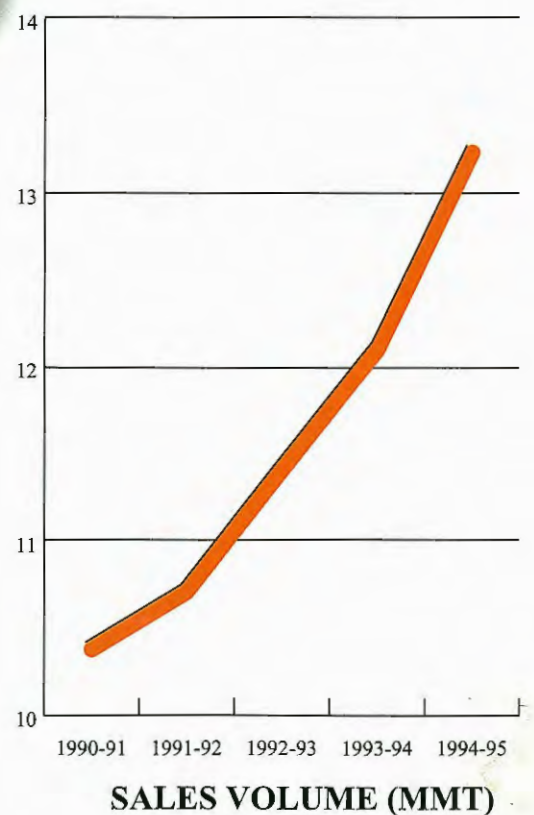


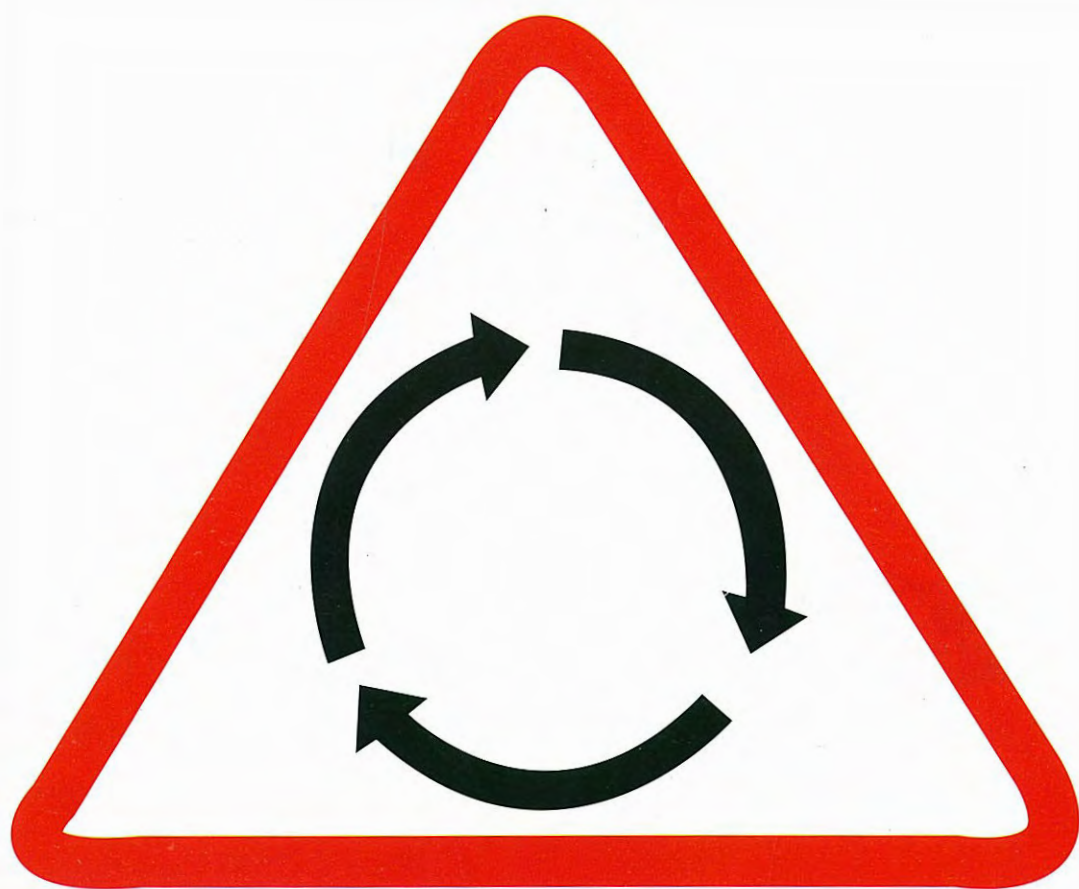
"We make petroleum products in our refineries. But our customers buy service."

This statement guides all aspects of our business: our products, the distribution and supply process. More importantly, it influences our attitude every time we interact with our customers.

The market is growing: an 8% annual growth for the industry; a 25% growth in the number of automobiles on Indian roads. These and other figures not only reflect the changing economic scenario but also suggest greater opportunities and greater challenges.

As competition intensifies, marketers who recognise service as the key discriminator are more likely to emerge successful.





CUSTOMERS

AT THE HEART OF EVERY ACTIVITY

INFRASTRUCTURE



"...our basic strategy is to
combine our strengths with
those of our partners"

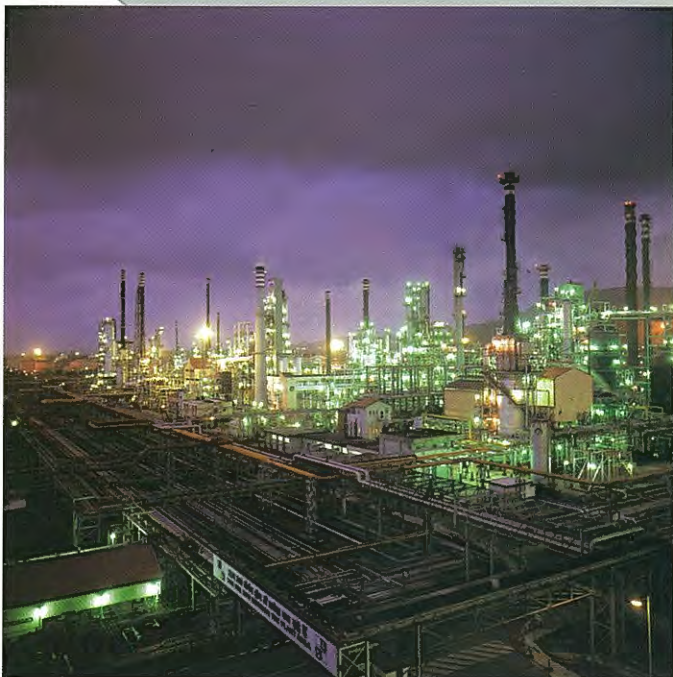
MEETING GROWING DEMANDS THROUGH JOINT VENTURES



PARTNERS IN PROGRESS

In order to meet the growing demands of a changing environment we are beefing up our infrastructure. The basic strategy is to combine our strength with that of our partners. And add muscle to our structure. We have the following new ventures in progress.

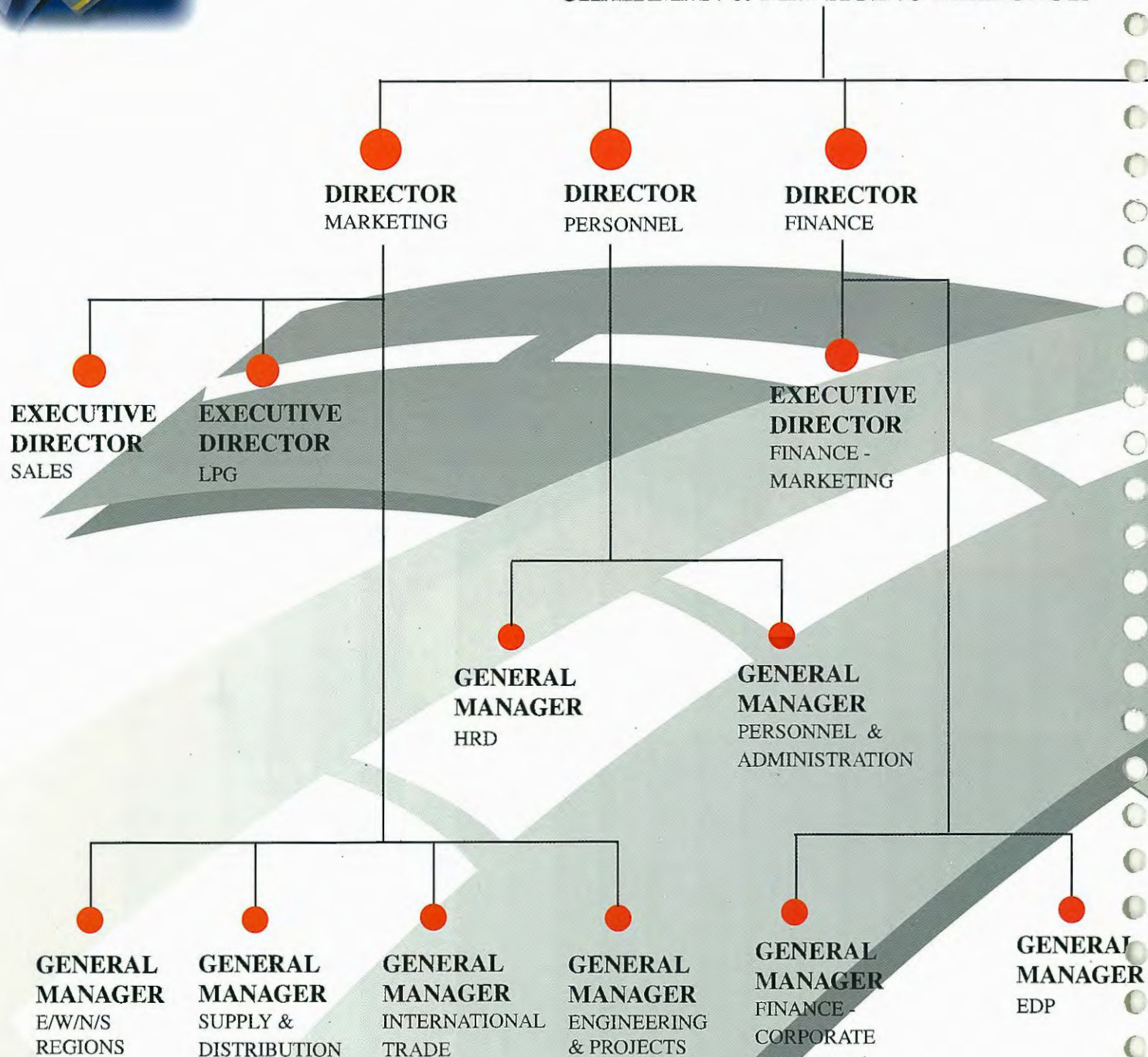
- **Bharat-Oman Oil Refinery:** A new refinery in Bina, M.P. in collaboration with Oman Oil Company to boost our independent capabilities.
- **Numaligarh Refinery Ltd.:** A new refinery in Assam with IBP Ltd. and the Government of Assam to process 3 million tonnes of crude oil per annum.
- **Bharat-Shell Ltd.:** A collaboration with Shell to market international brands of lubricants and bulk LPG to industrial customers.
- **Petroleum Infrastructure Ltd.:** A Joint Venture Company with M/s Gujarat Gas Co. Ltd. to set up port terminals for handling petroleum products including LPG.

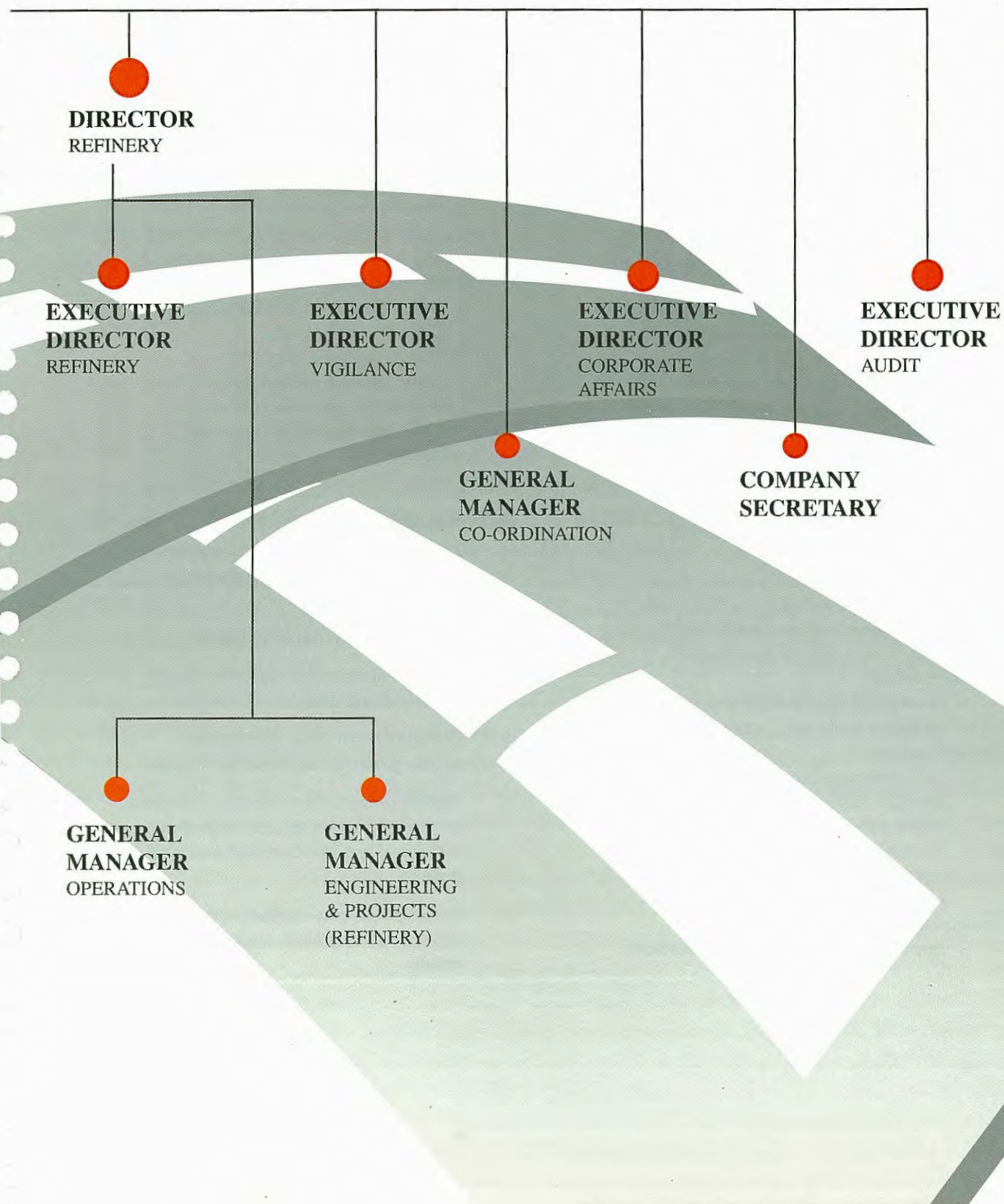




STRUCTURED FOR CHANGE

CHAIRMAN & MANAGING DIRECTOR







OBJECTIVES AND OBLIGATIONS

OBJECTIVES

- Serve the nation's vital interest in the oil and related sectors.
- Maintain continuity of supplies through refining and marketing network and provide appropriate technical assistance to the consumer to conserve and use petroleum products most efficiently.
- Earn a reasonable return on investment.
- Work towards achievement of self-reliance in the field of oil refining and distribution systems.
- Create a research and development base in the field of oil refining and stimulate research and development in developing new petroleum products so as to minimise their imports.
- Maximise utilisation of all facilities in order to improve efficiency and increase productivity.

OBLIGATIONS

Towards Customers and Dealers

- Provide prompt, courteous and efficient service and quality products at fair and reasonable prices.

Towards Suppliers

- Ensure prompt dealings with integrity, impartiality and courtesy and to promote ancillary industries.

Towards Employees

- Develop their capability and advancement through appropriate training and career planning.
- Redress grievances expeditiously.
- Deal fairly with recognised representatives of employees in pursuance of healthy trade union practice and sound personnel policies.

Towards Community

- Ensure quality products through proper distribution

at fair prices to the people.

- Develop techno-economically viable products for the benefit of the people.
- Encourage progressive indigenous manufacture of products and materials so as to substitute imports.
- Avoid and control environmental pollution in manufacturing plants and townships by taking suitable and effective measures.
- Improve the condition of Scheduled Castes/ Scheduled Tribes in pursuance of national policies.
- Help acceleration of all round development of villages by providing assistance to educated unemployed to earn a living etc.

FINANCIAL OBJECTIVES

- Ensure adequate return on the capital employed and maintain annual dividend of reasonable level on equity capital.
- Ensure optimum economy in expenditure.
- Generate sufficient internal resources for financing partly/wholly expenditure on new capital projects.
- Develop long term corporate plan to provide adequate growth of the activities of the Corporation.
- Continue to make an effort in bringing a reduction in the cost of production of the petroleum products manufactured by means of systematic cost control measures.
- Endeavour to complete all projects within the stipulated time and within the stipulated cost estimates.

OUR CORPORATE PHILOSOPHY

PEOPLE ABOVE OIL

OUR MISSION

- **EXCELLENCE IN SERVICE**
- **PROFITABLE OPERATION**
- **INTEGRITY IN THOUGHT AND ACTION**
- **CONCERN FOR PEOPLE AND HUMAN VALUES**



FINANCIAL HIGHLIGHTS

As of now, we are the second largest company in the petroleum industry in India in terms of sales volume. We are on our way to higher profits through strategic alliances, including international oil majors like Shell and Oman.

Our inherent strengths in the Refining and Marketing sectors have made us consistently profitable. The profit after tax and earnings per share have reflected a steady upward trend. We have achieved the highest return on capital employed in the oil industry. Our Corporation has shared its prosperity with shareholders by rewarding them with dividends which have also been on the increase.

Over the years, our Corporation has funded its capital expansion programmes mainly through internal resources. Hence external borrowings are very minimal. This gives us tremendous opportunity to raise money at low cost for funding mega projects, thereby adding to our competitive advantage.

We created a record on the Indian Stock Exchange when its Rs. 10 face value share opened in 1991 at Rs. 1,275/-, the highest opening amongst PSU's then. We are also the first public sector company to reward our shareholders with a liberal bonus share of 2:1 in 1994.

A liberalised economic policy has already powered us towards growth. Add to this our commitment to providing quality products and customer service. In years to come, our corporation promises growth and higher profits.

BOARD OF DIRECTORS



R. K. SUKHDEVSIHJI
CHAIRMAN & MANAGING DIRECTOR
UPTO 31.08.94



U. SUNDARARAJAN
DIRECTOR (FINANCE) UPTO 3.10.94
INCHARGE CHAIRMAN & MANAGING
DIRECTOR FROM 31.8.94
CHAIRMAN & MANAGING DIRECTOR
w.e.f. 3.10.94



S. K. BEDI
DIRECTOR (PERSONNEL)
w.e.f. 27.10.94



R. P. GARG
DIRECTOR (REFINERIES)
UPTO 6.02.95



R. K. VARMA
DIRECTOR (MARKETING)



DEVI DAYAL
JOINT SECRETARY
(MARKETING)



M. K. MISRA
ADVISOR (TRAFFIC
TRANSPORTATION)



NIRMAL SINGH
JOINT SECRETARY
(REFINERIES)

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

DALAL DESAI & KUMANA
BORKAR & MUZUMDAR

REGISTERED OFFICE

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

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to report the performance of your Corporation for the year ended 31st March, 1995.

FINANCIAL HIGHLIGHTS

Profit

The gross profit before interest, depreciation and tax was Rs. 7619 million - an increase of 40% over the previous year. The net profit at Rs. 2,888 million was up by 34% over the previous year.

The detailed financial results of the year are as follows:

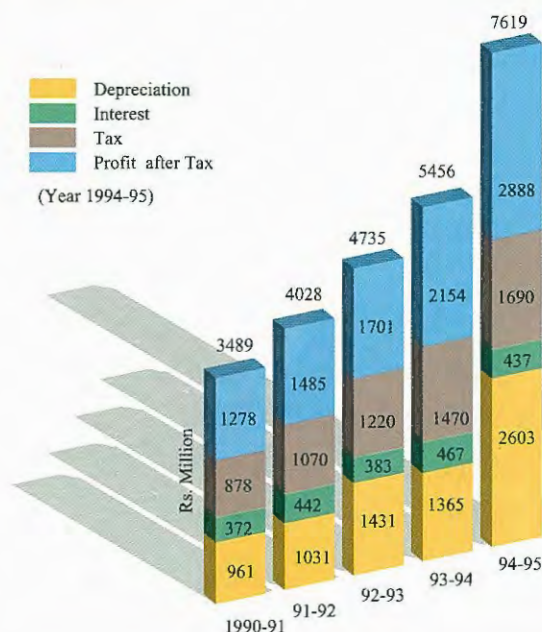
	1994-95 Rs. Million	1993-94 Rs. Million
Sales Turnover	1,31,910.64	1,14,384.68
Profit before depreciation amounted to	7,188.26	4,996.15
Deducting therefrom depreciation	2,603.01	1,365.49
Profit before Tax for the year is	4,585.25	3,630.66
Adding thereto Prior Year's Income/(Expenses) - Net	(6.77)	(6.83)
Profit before tax amounted to	4,578.48	3,623.83
Deducting therefrom provision for taxation	1,690.00	1,470.00
Profit after tax is	2,888.48	2,153.83
Excess/(Short) provision for taxation in earlier years written back/provided for (net)	33.28	21.25
Adding thereto transfer from investment allowance reserve	40.70	15.33
Balance brought forward from previous year	0.01	*
* Rs.1,000/-		
Amount available for disposal is	2,962.47	2,190.41
Which the Directors have appropriated as under :		
(a) Dividend	495.00	165.00
(b) General Reserve	2,467.46	2,025.40
Leaving a balance carried to Balance Sheet	0.01	0.01

Issue of Bonus Shares

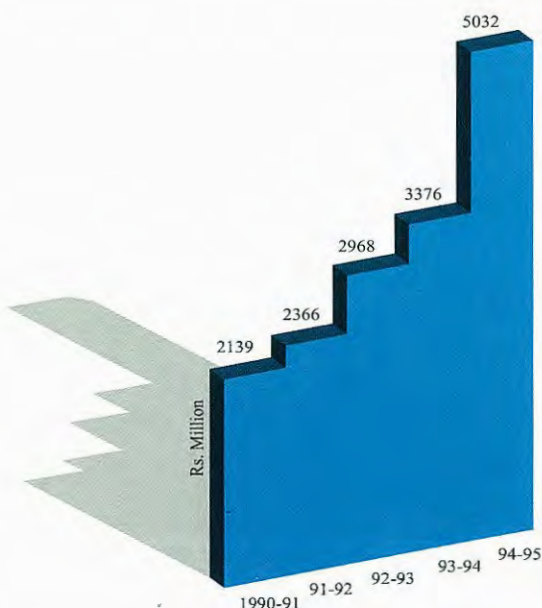
During the year, the Corporation issued two bonus shares for each share held. With this issue the paid-up equity capital increased from Rs.500 million to Rs.1,500 million.



Depreciation
 Interest
 Tax
 Profit after Tax
 (Year 1994-95)



**GROSS PROFIT
BEFORE DEPRECIATION,
INTEREST & TAX**



RESOURCES GENERATED

Dividend

During the last year, your Corporation declared a dividend of 33% on the paid-up capital of Rs.500 million. For the year 1994-95 also, your Directors are pleased to recommend that the rate of dividend be maintained at 33% on the enhanced paid-up equity capital of Rs.1500 million (subject to deduction of income tax as applicable). This will absorb an amount of Rs.495 million as against Rs.165 million during the previous year.

Earnings Per Share

The earnings per share (EPS) of Rs.19.26 after the issue of Bonus Shares in the ratio of 2:1 translates to a pre-bonus EPS of Rs. 57.77. This is 34.10% higher than the EPS in the previous year.

Generation Of Internal Resources

Internal cash generation during the year increased by 49% to Rs. 5,032 million as compared to Rs.3,376 million in 1993-94.

Net Worth

As at 31st March, 1995, the net worth of the Corporation after providing for dividend increased to Rs.13,955 million from Rs.11,521 million as at the end of the previous year.

Contribution To The Exchequer

Your Corporation contributed Rs. 28,479.05 million to the exchequer by way of taxes and duties.

Loans

With the repayment of Rs.144.03 million during the year, term loans, including Rs.389.41 million from the Government of India (relending of World Bank Loan by the Government of India), stood at Rs.900.24 million at the year end. The borrowings from banks and others declined to Rs.1213.03 million at the end of the year as compared to Rs.1,612.93 million in the previous year.

Public Deposits

As at 31st March, 1995, public deposits stood at Rs.1,962.40 million as compared to Rs.1,399.85 million at the end of the previous year. The amount of deposits matured but unclaimed at the end of the year was Rs.7.03 million which pertained to 284 depositors.

DISINVESTMENT OF SHARES BY THE GOVERNMENT OF INDIA

The shareholding of the Government of India (GOI) in your Corporation was 70% as on 31.3.1994. In July 1994, GOI sold 3.8% of the paid-up share capital to the eligible employees of your Corporation. Thus, its shareholding has reduced to 66.2% of your Corporation's paid-up capital at the end of March 1995.

REFINING

Crude Oil Throughput

During the year, the throughput of your Corporation's Refinery was 7.380 Million Metric Tonnes (MMT) as against 7.206 MMT processed during the previous year. Nine different types of crudes were processed during the year and Tapis crude was processed for the first time.

Production

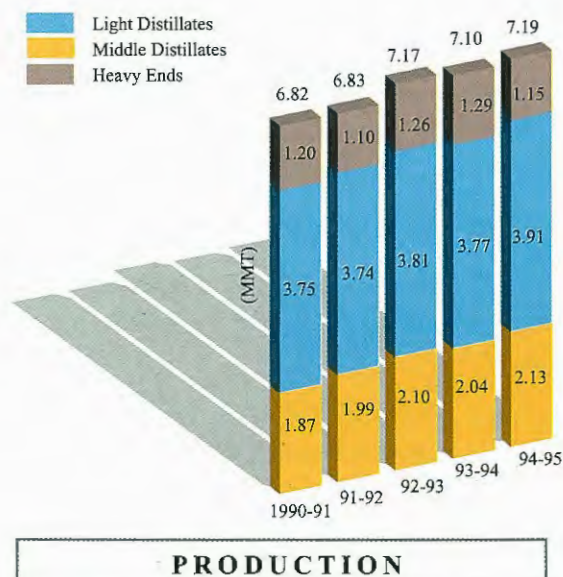
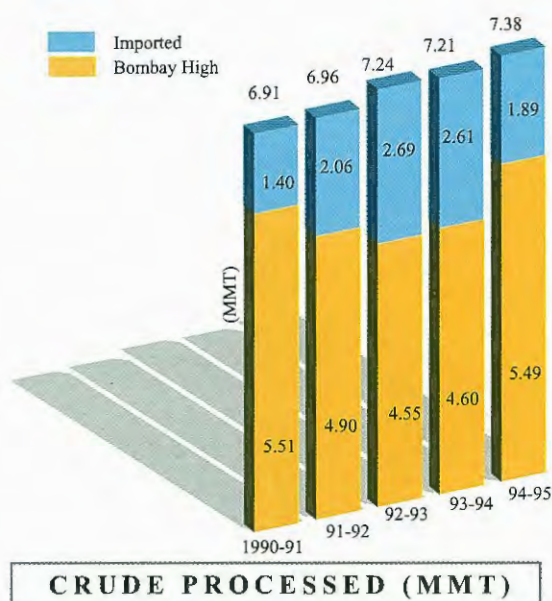
The total production of refined products during the year was 7.2 MMT. The production of aromatics increased from 29,084 tonnes in 1993-94 to 70,948 tonnes in 1994-95.

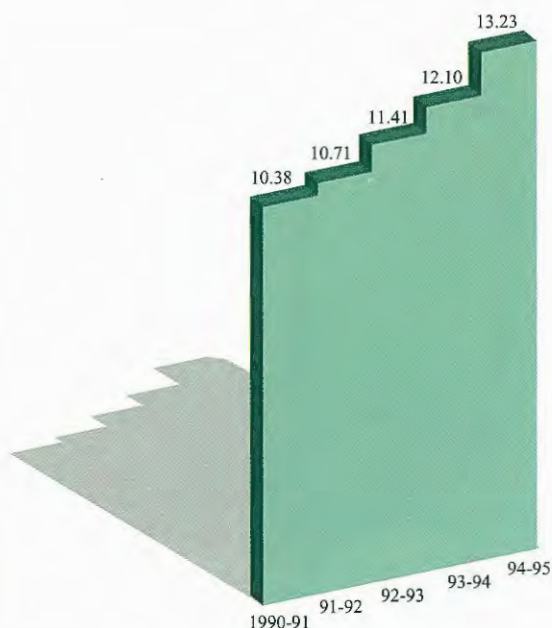
Production of low Lead Motor Spirit with the Lead content of 0.15 grams per litre (maximum) was commenced from June '94 onwards in your Corporation's Refinery. A batch of unleaded Motor Spirit was produced for the first time in the Refinery in March '95. An all time high production of 24,900 tonnes of Hexane and 13,400 tonnes of Toluene was achieved during the year.

MARKETING

Overall Performance

After growing at 6% annually in the 1980s, the country's growth in demand for petroleum products reduced by 3-4% in the initial years of 1990s. However, economic growth and enhanced industrial activity resulted in a higher growth rate of petroleum product demand of 7.8% in the year 1994-95 for the country. Your Corporation achieved an even higher growth of 9.4% during this year. A higher rate of growth than the Oil Industry has been achieved for LPG (16.0%), MS (9.8%), ATF (13.2%), HSD (13.3%), FO (8.5%), LSHS (6.4%), Benzene (159.9%), Toluene (83.6%) and SBP (17.2%). However, there was a decline in sales of Naphtha (11.7%), Lubricants (5.5%), Bitumen (1.2%) and MTO (7.7%). With the total market sales of 13.2 MMT and a market share of 20.2% as at 31.3.95,





SALES VOLUME (MMT)

your Corporation continues to surge forward in meeting the ever increasing demand for petroleum products.

Memoranda of Understanding (MOUs)/Fuel Supply Agreements (FSAs) were signed with five major customers covering supplies of Naphtha, Furnace Oil, Light Diesel Oil, High Speed Diesel Oil and MTO for Power, Pig Iron, Fertiliser and the Textile Industry.

Liquefied Petroleum Gas

With a growth of 16% over last year, your Corporation's LPG sales increased to 816 Thousand Metric Tonnes (TMT) in 1994-95. A market share of 23.8% was achieved at the end of the year.

With the enrolment of 5.85 lakhs new domestic consumers, your Corporation now serves 54 lakh customers. Your Corporation released 8.46 lakh second cylinders to the existing customers during the year. With this, the percentage of customers holding a second cylinder increased to 68.

Consumer Outlets And Expansion Of The Retail Network

During the year, your Corporation commissioned 124 retail outlets (ROs), the highest ever achieved in a year, and 10 Superior Kerosene Oil/Light Diesel Oil (SKO/LDO) dealerships. Of the 124 ROs, 25 were under the Financial Assistance Scheme to scheduled castes/scheduled tribes allottees. With this, the total number of ROs and SKO/LDO dealerships as at the end of the year stood at 4,214 and 938 respectively. In addition, 84 HSD Consumer Pumps were installed.

On the LPG front, 83 new distributorships were commissioned during the year, of which 10 distributorships were under the Financial Assistance Scheme to scheduled castes/scheduled tribes allottees. As at the end of the year, your Corporation has a network of 948 LPG distributorships and markets LPG in 520 towns.

Your Corporation expanded its aviation network by opening new Aviation Fuelling Stations at Goa and Trivandrum International Airports.

Customer Service

As a major thrust to prepare itself to face competition and to meet the customers expectations, your Corporation took the initiative to substantially upgrade its facilities. As a first step, a massive programme was launched to refurbish the image of the retail outlets in all major cities in the country, covering a total of 882 retail outlets. Towards the end of the year, in the second phase, 1500 high selling retail outlets, mainly on the highways, were taken up for not only improving the look but also providing additional facilities for the customers.

A highly successful Customers Communication Programme - "Talk to Us" - was initiated by your Corporation to understand, first hand, the customers' expectations of service. Over 28,000 valued customers sent in their suggestions/comments and the Corporation took immediate steps to implement the following three suggestions put forward by a majority of them:

- **Availability of Soft Drinks at Retail Outlets**

A Memorandum of Understanding has been signed on 11.3.1995 between your Corporation and Pepsi Foods Ltd., pursuant to which customers can drive up to select retail outlets for chilled Pepsi soft drinks. Your Corporation proposes to extend this facility to its outlets nationwide during the current year.

- **Acceptance of Plastic Money**

Co-branded Credit cards carrying your Corporation's and Bobcard logo will soon enable customers to buy products from your Corporation's retail outlets on credit. These co-branded credit cards, affiliated to Visa International, will be the country's first ever company branded credit cards and will soon be accepted at your Corporation's select retail outlets. The card has a special customer friendly feature i.e. in that card holders need not be personally present at the time of the transaction as they will be provided with pre-printed tear-off coupons for purchase of products at your Corporation's retail outlets. Because of this feature, the card can also be used by Corporate houses for their fuel requirements.

- **Quality Air Pressure gauges**

The "Talk to Us" campaign brought home the fact that the pressure gauges installed at the retail outlets were not accurate. Your Corporation realised that the correct tyre pressure would not only extend the life of the customers' tyres but would also go a long way in conserving fuel. It was essential, therefore, that retail outlets be provided with accurately calibrated pressure gauges. Accordingly, your Corporation, entered into a tie-up with Apollo Tyres to provide and maintain accurate air pressure gauges.

New Products Development

Your Corporation continued to manufacture and market high performance lubricants for the automotive sector. Market presence was further enhanced by launching the following new lubricating oils designed to meet consumer requirements:

- Gear Oil for Two Wheelers
- 2T Engine Oil for Three Wheelers
- 2T Engine Oil complying with the Japanese specification
- A tailor-made engine oil for use in heavy duty commercial diesel vehicles operating in severe hilly terrain. Trials have shown that this oil has doubled the engine oil life from the existing 8000 kms to 16000 kms.

Distribution Network

Your Corporation continued to strengthen its distribution infrastructure. During the year, 58,000 Kl of tankage was commissioned at various locations including two

Company Operated Depots at Banthara (Uttar Pradesh) and Mysore (Karnataka) and a pipeline Tap-off Point at Rajbandh (West Bengal). With these additions, the total tankages of your Corporation increased to 1,569,000 Kls. At the close of the year, your Corporation had 7 Coastal Installations, 2 Lubricants Blending Plants, 3 Inland Installations, 3 Bunkering Installations, 6 Pipeline Tap-off Points, 59 Company Operated Depots, 59 Commission Operated/Special Agreement Depots and 25 Despatch Units.

Facilities were commissioned for the Oil Industry for storage and handling of lead-free Motor Spirit at your Corporation's Budge Budge Installation at a cost of approximately Rs.4.7 million to cater to the entire demand of the city of Calcutta.

Priority has been accorded to improvement of LPG infrastructure in order to achieve optimum service level to a significantly larger customer base. With the augmentation of the installed bottling capacity by 132,000 tonnes per annum and gross tankage by 8,650 tonnes during the year, your Corporation's total LPG bottling capacity and total LPG gross tankage reached 866,000 tonnes per annum and 44,770 tonnes respectively.

Kerosene For Public Distribution

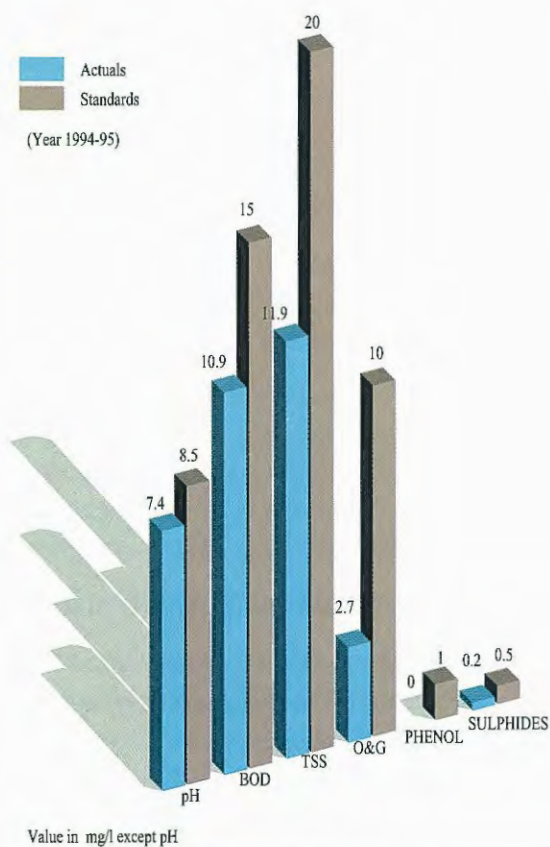
Your Corporation provided facilities at all its company operated depots for injection of blue dye in Kerosene to be supplied for the public distribution system (PDS). The blue dye enables the PDS Kerosene to be distinguished from the kerosene distributed by the private marketers and discourages its use for adulteration.

International Trade

Last year, your Corporation established an International Trade Division initially for assisting the parallel marketers, and, later, if opportunity arises, for dealing in imports and exports. During 1994-95, this Division handled 170,030 tonnes of SKO and 268,050 tonnes of Low Sulphur Waxy Residue both valuing Rs.215 million. Assistance was rendered to parallel marketers of SKO, by offering them storage facilities at some of the up-country storage points viz. Mangalia (Indore), Jaipur, Bhatinda and Hissar. This is in addition to the facilities being offered at the coastal Installations at Bombay, Cochin and Kandla. Similarly, assistance was rendered at Bombay for facilitating imports of LPG by parallel marketers.

HEALTH, SAFETY AND ENVIRONMENT

Your Corporation has always been conscious of the need to be a good corporate citizen.



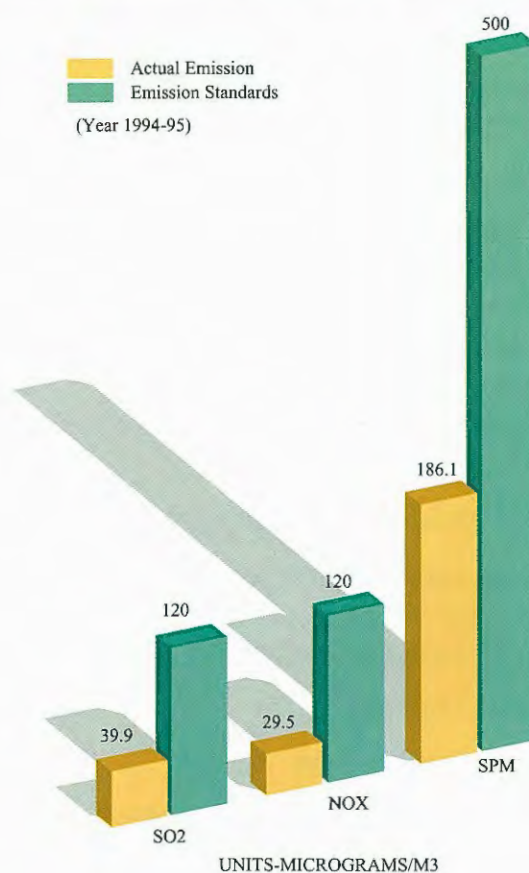
**EFFLUENT WATER
QUALITY VIS-A-VIS
STATUTORY STANDARDS
AT BPCL REFINERY**

In its constant endeavour towards preserving the environment, your Corporation continues to adopt improved technologies and take effective measures to monitor and control gaseous emissions and liquid effluents. Your Corporation also has a policy of providing extensive greenery not only at its refinery and the housing complexes, but also at all its depots and installations throughout the country.

During the year, your Corporation's Refinery achieved one million man-hours without Lost Time Accident (LTA) on two occasions and two million man-hours without LTA on one occasion. It also received the "Award of Merit" from National Safety Council, USA for 1993 for reduction in the incident rate. Moreover, in the Marketing Function,

one million man-hours without LTA was achieved once each in Western, Southern and Eastern regions and twice in Northern region. Also two million man-hours without LTA was achieved once in Western region.

On the LPG front, safety and conservation continued to be accorded high priority and your Corporation organised 675 safety clinics spread all over the country covering about 61,000 persons from different walks of life. Besides, 126 training courses were conducted



**TYPICAL AMBIENT AIR
QUALITY VIS-A-VIS
STATUTORY STANDARDS
AT BPCL REFINERY**

covering 1,646 of the LPG distributors' staff. Your Corporation was adjudged winner of the Oil Industry Safety Award for its safety performance being the best amongst all the "LPG Marketing Organisations".

CONSERVATION OF ENERGY

The efforts of your Corporation towards energy conservation continued to receive constant attention, both in terms of efficient operations as well as improved maintenance.

Refinery

Your Corporation is in the process of implementing several projects for energy conservation. A new plate type heat exchanger system was installed in the Aromatic Complex for energy conservation. The ongoing projects include modifications to the main fractionator and to the associated heat recovery system at CCU. High efficiency utility boilers are also being provided. These projects, being carried out at a capital cost of Rs.486 million, are expected to give a benefit of the order of 14,000 Standard Refinery Fuel Tonnes per annum in fuel savings.

Marketing

Greater emphasis is being laid on energy conservation as a part of corporate objective by carrying out a number of energy conservation activities in the Industrial, Domestic, Agricultural and Transport Sector. Stress was laid particularly on rural areas by deploying more mobile publicity vans. This year eight such programmes have been carried out by covering more than 200 villages in the States of Maharashtra, Madhya Pradesh, Punjab, Orissa, Goa and Andhra Pradesh. These programmes have been quite effective in attracting the attention of rural masses in adopting conservation activities. In addition, approximately 6,200 conservation activities have been carried out covering all aspects relating to petroleum products.

TECHNOLOGY ABSORPTION

In its constant efforts to upgrade and modernise the existing facilities your Corporation adopted the following new technologies during the year:

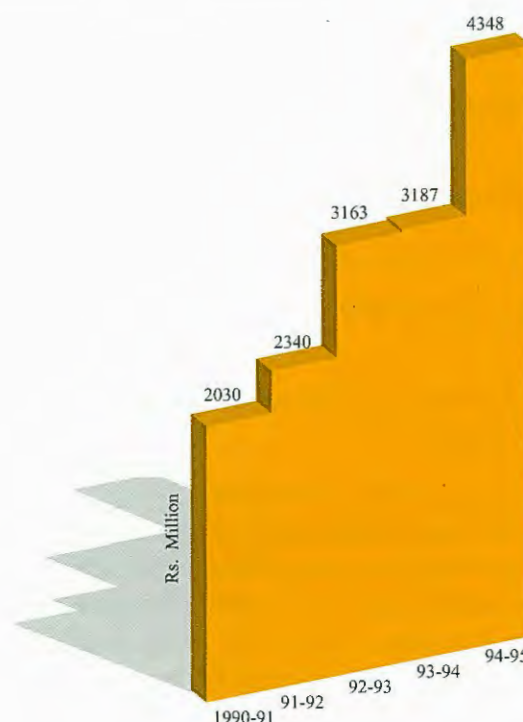
- Bi-metallic catalyst was used in the Catalytic Reforming Unit (CRU) of the Aromatic Complex with associated treatment facilities for feed to CRU.
- An advance control system using traditional cutpoint controlled technology in Heavy Crude Processing Unit (HCU) was installed.

- Your Corporation's Vishakhapatnam Installation was the first of its kind in the country, where total terminal automation was commissioned and proved.

Information required pursuant to Section 217 (1) (e) of the Companies Act, 1956 and the rules thereunder, regarding the particulars with respect to the conservation of energy and the technology absorption, are furnished in Form A and Form B respectively.

MEMORANDUM OF UNDERSTANDING

For the fifth successive year, your Corporation entered into a Memorandum of Understanding (MOU) with the Ministry of Petroleum & Natural Gas. The performance rating awarded to your Corporation was 'Excellent' for the year 1993-94. Based on an internal evaluation of performance for the year 1994-95 (in which emphasis was on financial performance), your Corporation once again merits, subject to ratification by the Government of India, an "Excellent" rating.



Entire Capital Expenditure was financed through internal resources.

CAPITAL EXPENDITURE



As per the MOU signed with the Government, a target of 0.13% product loss for Dangerous Petroleum was set for your Corporation to qualify for an excellent rating in this category. Your Directors are happy to report that this target was achieved.

PROJECTS

The thrust of the capital expenditure programme was on building infrastructure to keep pace with your Corporation's continued growth and to ensure that service levels in future do not suffer for want of facilities. The total Capital Expenditure of your Corporation for the year amounted to a record Rs.4,348 million. Since its takeover by the Government in 1976, your Corporation has incurred a Capital Expenditure of Rs.28,205 million, out of which Rs.26,397 million has been met out of internal resources.

Major Projects Completed

Modernisation Of Refinery Units

Catalytic Reforming Unit (CRU)

Facilities for treatment of feed to the CRU to enable the use of bi-metallic catalyst were commissioned at a cost of Rs.290 million.

Plate type Exchangers were installed in CRU. This will contribute towards conservation of energy.

Catalytic Cracker Unit

The Air blower was replaced in March 1995 at a cost of Rs.359 million.

Augmentation of Marketing Infrastructure

POL Tankage

Additional product tankage of over 58,000 Kls was commissioned at various locations at a cost of Rs.336 million.

LPG storage/bottling capacity and despatch facilities

Besides Tuticorin, Trivandrum, Bhitoni, Mangalore and Jalgaon, where additional capacity of 3,250 MTs was created, LPG storage of 5,400 MTs was constructed at Uran. Carousels were added at Coimbatore, Jalgaon, Tuticorin, Sholapur, Mangalore & Trivandrum to augment the bottling capacity by 132,000 MTPA. The full rake LPG Tank Wagon Gantry commissioned at the Uran plant in December 1994 has state-of-the-art technology and is the first in the Industry to have automated loading facilities.

Major Projects In Progress

Refinery Units

Catalytic Cracking Unit

Modification to Reactor/Regenerator System

The existing Dense Bed Catalytic Cracking Reactor is being replaced at an estimated cost of Rs. 326 million with a modern Riser Cracker based on the latest technology from Shell International Petroleum Co. This will improve the distillate yields, resulting in higher value addition and reduction in imports of deficit products.

Modification to Fractionator System

The modification of the existing fractionator system is being carried out to improve heat recovery and product separation in the unit. The approved cost of the project is Rs.166 million.

High Efficiency Utility Boilers

The existing utility boilers are being replaced with modern high efficiency boilers along with other associated facilities in order to improve the reliability of steam generation capacity. The approved cost of this project is Rs.320 million and the scheduled completion date is September 1997.

Facilities for Production of Lead Free Motor Spirit

As a part of pollution abatement measures and to meet the future demand of lead free motor spirit, facilities are being installed at an estimated cost of Rs.327 million for manufacture of Methyl Tertiary Butyl Ether (MTBE) which is an octane booster. This project is scheduled for mechanical completion by November '95.

Marketing

Bombay Manmad Product Pipeline

The proposal to lay an 18" dia. 250 km long cross country pipeline for transportation of white oils from Bombay to Manmad, at an estimated cost of Rs.3,986 million has received the approval from the Government of India. With an initial throughput of 3.3 MMTPA, this project will greatly reduce the traffic congestion in Bombay and its attendant pollution.

Project management consultancy services contract has been awarded and land acquisition and tendering are in progress. The project is expected to be completed by April 1998.

Augmentation of Facilities at Depots and Installations

Provision of facilities for road despatches at New Oil Terminal at Irumpanam near Cochin, is being taken up at a cost of Rs.195 million. Additional product tankage of about 290,000 Kls is also being put up at various other locations at a total estimated cost of Rs.1,397 million.

Augmentation of LPG Bottling Capacity

Besides augmentation of capacity at existing plants, new LPG bottling plants at Udaipur, Kurnool and Calcutta are under construction for augmentation of bottling capacity to the tune of 64,000 MTPA at an estimated cost of Rs.550 million.

MAJOR PROJECTS PLANNED

The following infrastructure projects are awaiting approval of the Government of India for implementation :

Gas Oil Desulphurisation Facilities

These facilities are being planned to meet the stringent stipulation on sulphur content in HSD with a view to controlling air pollution. The estimated cost of this project is Rs.4,500 million. The Detailed Feasibility Report (DFR) is being prepared and the project is scheduled to be commissioned within 36 months from the date of Government approval.

Cochin-Karur Product Pipeline

Your Corporation proposes to lay a 16" dia. 322 km long pipeline along with associated infrastructure facilities, at an estimated cost of Rs.4,755 million, for initially transporting 3.0 MMTPA of white oils - MS/SKO/HSD - from Cochin to Karur via Shoranur and Coimbatore. This project, which will provide efficient transportation of petroleum products through difficult terrain, is scheduled for completion within 36 months from the date of Government approval or land acquisition whichever is later.

Bina-Kanpur Product Pipeline

This proposal envisages laying of a 16" dia. product pipeline from Bina to Kanpur via Jhansi at an estimated cost of Rs.5,178 million for initially transporting 2.8 MMTPA of MS/SKO/HSD that would be received from your Corporation's Joint Venture Company - Bharat Oman Refineries Ltd. - at Bina. This project, which is scheduled to be completed in 36 months from the date of Government approval or land acquisition whichever is later, will help meet the growing demand in Uttar Pradesh.

Marketing Facilities at Central India Refinery, Bina, Madhya Pradesh

This proposal envisages construction of a Product Terminal at Bina with associated facilities for pipeline/rail/road despatch of products that will be available from the 6 MMTPA Bharat Oman Refineries Ltd. This project is estimated to cost Rs.4,055 million and would be completed by Sept. 1998, synchronous with the refinery going onstream.

JOINT VENTURES

Bharat Oman Refineries Limited (BORL)

Last year, your Corporation entered into a joint venture agreement with Oman Oil Company Ltd. for setting up a 6 MMTPA grassroots Refinery at Bina in Madhya Pradesh. The project will include a Single Point Mooring (SPM), and a Crude Oil Terminal (COT) at Vadinar, Gujarat, along with a cross country crude pipeline from Vadinar to Bina at an estimated cost of Rs.52,770 million, (including a foreign exchange component of Rs.16,860 million). Your Corporation would be investing 26% of the Equity of BORL which is estimated at Rs.5,490 million based on a Debt : Equity ratio of 1.5 : 1.

The environmental clearance for the SPM/COT and for the pipeline is awaited. Once this is received, the actions required for obtaining the approval of the Government of India permitting your Corporation to contribute to the equity capital of BORL will be progressed. The licensors for the process package are to be finalised shortly and the refinery is scheduled to be completed within 48 months from the date of Government's approval.

Bharat Shell Limited

Bharat Shell Ltd. (BSL) - promoted by your Corporation and Shell Overseas Investments B.V., Netherlands, for marketing Shell branded lubricants in the country - was incorporated during 1993-94. Shell branded lubricants were launched all over the country and were well received by the market. In order to cater to the growing demand for these lubricants, a state-of-the-art blending plant has been planned at Taloja near Bombay, at a cost of Rs. 800 million, for which land has already been acquired. Detailed engineering is being carried out. Your Corporation has received approval of the Government of India for enhancing its share of the paid-up capital from Rs.159 million to Rs.490 million.

During the year, BSL also entered into the field of parallel marketing of bulk LPG to industrial customers. The response to Bharat Shell's entry into this line of business has been good but limitations on LPG import infrastructure in the country have restricted its growth in this field.



Petroleum Infrastructure Limited

During the year, your Corporation received the approval of the Government of India for setting up a Joint Venture Company with M/s. Gujarat Gas Company Limited (GGCL) - Petroleum Infrastructure Ltd. - which was recently incorporated at Ahmedabad with an authorised capital of Rs.150 million. Your Corporation and GGCL each will contribute 50% of the equity in this joint venture. Subject to the shareholders' approval, the Corporation will invest Rs.75 million in the equity of the JVC. The new company will set up port terminals for handling of petroleum products including LPG. The first terminal of this JVC for import of LPG at Okha, Gujarat, is expected to be operational by the second quarter of 1996.

Numaligarh Refinery Limited

A refinery with a capacity to process 3 million tonnes of crude oil per annum is being set up at Numaligarh in Assam. In June 1995, your Corporation received the approval of the Government of India for its equity participation in Numaligarh Refinery Ltd. (NRL). Your Corporation would subject to approval of shareholders contribute 32%, while IBP Ltd. and the Government of Assam would contribute 19% and 10% respectively to the equity of NRL.

Colombo Gas Company Ltd., Sri Lanka

Colombo Gas Company Ltd. (CGCL) is fully owned by the Government of Sri Lanka and is presently a monopoly supplier of LPG in Sri Lanka. The Government of Sri Lanka is disinvesting a strategic stake of 51% in CGCL. As acquiring a 51% stake in CGCL would present opportunities for expanding its LPG business, your Corporation is in the process of submitting the bid for acquiring 51% equity of CGCL with the approval of Govt. Shareholders' approval is also sought for the same.

Oil Exploration And Production

Responding to the liberalisation policies of the Government of India, and availing of the opportunities in the upstream sector, your Corporation signed a Memorandum of Understanding with Indian Oil Corporation Limited and Hindustan Petroleum Corporation Limited for the formation of a Joint Venture Company, subject to all Government and statutory approvals, for oil exploration and production. A project committee comprising members from all the promoter companies has been formed to study all aspects of this proposed venture. Entry into upstream sector will offer enormous advantages to your Corporation in terms of backward integration apart from reducing dependence on oil

imports. Shareholders' approval is also being sought to amend the Memorandum of Association of your Corporation to include these activities.

IMPORTS & EXPORTS

In addition to supplying Aviation Turbine Fuel to foreign airlines, your Corporation exported 586,084 tonnes of Naphtha during the year, canalised through Indian Oil Corporation Ltd., earning valuable foreign exchange for the country. Naphtha export tankers were loaded ex- Irumpanam Installation, Cochin for the first time in March 1995.

Your Corporation also exported 4,811 tonnes of Benzene and 13 tonnes of Methanol at a value of Rs.47 million and Rs. 0.2 million respectively.

FOREIGN EXCHANGE EARNINGS / OUTGO

	(Rs. Million)	
	1994-95	1993-94
Earnings in Foreign Exchange	2,724.23 #	2,361.85
Foreign Exchange Outgo*	428.13	341.36

includes receipt of Rs. 2,272.64 million (Rs. 2,119.70 million during the previous year) in Indian currency out of the repatriable funds of foreign airlines customers.

*on account of purchase of capital goods, chemicals, catalyst, spare parts etc.

COMPUTERISED INFORMATION/ DECISION SUPPORT SYSTEMS

During the year, your Corporation commissioned the state-of-the-art alpha processor based DEC 7000/610 computer system and stabilized the operations using Ingres data base software. The advanced features of this system including its very high processing speed have made it possible to reduce the operations in the computer room from 3 shifts to 2 shifts.

Your Corporation continued its efforts to increase the pace of computerisation at its storage and supply locations including contractor operated depots, which has resulted in speedier and more accurate processing of the data. A Wide Area Network has been established by the Corporation in the four metropolitan cities of Bombay/Calcutta/Delhi/

Madras and an E-Mail system has been implemented to improve communications between the departments.

A Sales Data Base system has been made operational which allows users to access sales data of various petroleum products sold in the country. A prototype client server system utilising this data source has been developed for carrying out sales projections and trend analysis.

In order to provide easy access to information on various subjects, a client server system has been developed to store information on the Alpha Computer System in an indexed format.

HUMAN RESOURCES

Training & Development

In line with its corporate philosophy "People above Oil", your Corporation recognises the need to develop people at all levels. Your Corporation has introduced a number of innovative training programmes to ensure a well trained, motivated and cohesive team to carry out your Corporation's growth objectives.

It was felt that the dealers fraternity of the organisation also have to be equipped to meet the challenges arising out of liberalisation of oil sector. Consequently, a number of programmes covering both dealers and distributors were successfully organised during the year.

Your Corporation co-ordinated and conducted a programme on "International & National Energy Scenario" for Senior Executives of the Oil Industry. The Secretary to the Ministry of Petroleum and Natural Gas, Government of India, delivered the keynote address for this prestigious programme held in Delhi.

Details of need based in-house programmes conducted during the last three years is as follows :

Year	No. of Courses conducted		No. of Staff covered	
	Management	Workmen	Management	Workmen
1992-93	197	170	2776	2334
1993-94	208	195	3168	2538
1994-95	246	237	3552	3468

As part of the efforts to make training relevant and useful, your Corporation commissioned the Administrative Staff College of India (ASCI) to conduct an in-depth study on the effectiveness of training in your Corporation. The various recommendations made by ASCI are under active consideration of your Corporation.

Some of your Corporation's management staff were also sent to reputed institutes like ASCI, XLRI, TMTC and the IIMs for advanced training programmes.

Recruitment

During the year 1994-95, 47 persons were recruited in the management cadre of which 8 belonged to Scheduled Castes (SC), 2 to Scheduled Tribes (ST) and 8 to Other Backward Communities (OBC). Twelve engineering graduates from Jammu & Kashmir were recruited pursuant to the Government policy. In the non-management cadre, out of the 105 persons recruited, 26 belonged to SCs, 13 to STs and 26 to OBCs.

The information regarding employees' particulars required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is attached.

Industrial Relations

By and large, industrial relations continued to be cordial. A major achievement in the Marketing was the signing of a Memorandum of Understanding (MOU) on wage revision on 9.3.1995 at Calcutta with the Unions, on an all-India basis. This MOU was later converted into a Settlement in conciliation before the Chief Labour Commissioner (Central). This was achieved after prolonged negotiations conducted in several rounds of discussions. A significant highlight of this settlement is that it introduces clauses on enhancement of productivity and elimination of wasteful work practices in a time-bound manner.

Sponsorship Of Sports

Your Corporation continued its commitment to sports by sponsoring various sports events. The Corporation was awarded the Petroleum Minister's trophy for overall excellence in sports for the year 1993-94.

COMMUNITY DEVELOPMENT

In keeping with its image as 'A Company That Cares', your Corporation constructed 112 houses for earthquake affected persons in just 2 1/2 months at Sirsal, District Latur, Maharashtra on behalf of your Corporation and other oil industry members.



OFFICIAL LANGUAGE IMPLEMENTATION

For effective propagation and popularisation of Hindi, 33 Official Language Implementation Committees continue to work and review the progress made thereof. Staff continued to be nominated to attend Intensive Hindi Courses conducted by Rajbhasha Vibhag. Hindi Software 'AKSHAR' has been installed at 70 locations with a view to increase Hindi Correspondence. Your Corporation has decided to provide Personal Computers exclusively for Hindi at various locations. The Chairman's Inter Region Rajbhasha Rolling Trophy continues to be in force.

The Parliamentary Committee on Official Languages visited your Corporation's various offices and plants and commended the efforts made by your Corporation in implementation of Official Language Policy during the year.

DIRECTORS

During the year under review, Shri R.K. Sukhdevsinhji, C&MD retired on 31.8.1994, consequent upon his attaining the age of superannuation. Shri U. Sundararajan, Director (Finance) took over from Shri R.K. Sukhdevsinhji as In-charge C & MD effective 31.8.1994. Subsequently on his appointment under Article 77 (1) (a) by the President of India, he took over as C & MD with effect from 3.10.1994. Shri R.P. Garg, Director (Refineries), resigned on 6.2.1995. The Board has placed on record its appreciation of the valuable services rendered to your Corporation by both Shri R.K. Sukhdevsinhji as C & MD & in other capacities and Shri R.P. Garg as Director (Refineries) & in other capacities.

Shri S.K. Bedi was appointed by the Board as Additional Director, as per the provisions of Article 77A of the Articles of Association of your Corporation, effective 27.10.1994. He has also been appointed as Director (Personnel). Shri S.K. Bedi holds office till the ensuing Annual General Meeting and is eligible for reappointment as Director at the said Meeting.

As per the provisions of Section 256 of the Companies Act, 1956, Shri Devi Dayal, Joint Secretary (Marketing) MOP&NG, and Shri R.K. Varma, Director (Marketing) will retire by rotation at the ensuing Annual General Meeting and they are eligible for re-appointment as Directors at the said Meeting. However, Shri R.K. Varma has been nominated by your Corporation, to be the Managing Director of BORL, which is a Joint Venture Company incorporated in collaboration with Oman Oil Company Ltd. for setting up of a 6 million metric tonnes per annum Refinery at Bina, Madhya Pradesh. Accordingly he

has been appointed as the M.D. of BORL. He has therefore submitted his resignation to take up the new assignment, which is pending approval of the President of India under Article 77 (1) (d).

AUDITORS

On the advice of the Comptroller & Auditor General of India, Messrs. Dalal Desai & Kumana and Messrs Borkar & Muzumdar, Chartered Accountants, Bombay were appointed by the Department of Company Affairs, Ministry of Law, Justice and Company Affairs as Auditors for the year 1994-95 under Section 619 (2) of the Companies Act, 1956. They 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 1995-96.

ACKNOWLEDGEMENT

The Directors convey their sincere appreciation of the valuable services rendered by the employees at all levels; without their valuable contribution the excellent performance of your Corporation would not have been possible. The Directors are confident that with the employees' continued enthusiasm, initiative and dedicated efforts, your Corporation will be ready to face the new challenges and opportunities arising out of the opening up of the Oil Industry and to further improve both its services to its customers and its overall performance.

The Directors also convey their appreciation of the services rendered and support given by the Dealers and Distributors all over the country to improve the services to the customers.

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 after the changed environment due to the liberalised policy from the Central & State Governments and Union Territory Administrations.

For and on behalf of the Board of Directors

Sd/-

U. SUNDARARAJAN
CHAIRMAN & MANAGING DIRECTOR

Place : Bombay
Date : 1st August, 1995

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

A. POWER & FUEL CONSUMPTION	1994-95	1993-94
1. Electricity		
a. Purchase		
Unit Million KWH	18.30	19.41
Total Amount (Rs. million) *	85.20	73.37
Rate/Unit (Rs./KWH)	4.66 ++	3.78
b. Own Generation		
(i) Through Diesel Generator		
Units per ltr. of Diesel (cost/unit)	Nil	Nil
(ii) Through Steam Turbine/Generator		
Units Million KWH	2.19	4.85
(iii) CPP		
Power Generator Units Net (Million KWH)	163.95	157.81
Fuel Consumption (Qty-MT)		
Bombay High Associated Gas (BHAG)	56916	56354
Gas Oil	1581	15494
Ref. Gas	16930	Nil
Cost /Unit (Rs. / KWH)	0.99	0.98
2. Coal	Nil	Nil
3. Furnace Oil/Liquid Fuel (LSHS)		
Qty-MT	160175	122639
Total Amount (Rs. million)	240.70	172.00
Avg. Rate (Rs./Unit)	1502.76	1402.52
Gas Oil		
Qty-MT	1581	15494
Total Amount Rs. million	4.41	37.53
Avg. Rate (Rs./Unit)	2791.87	2422.53
4. Other Internal Generation		
Refinery Gas Qty. (MT)	86032	89452
Total Cost (Rs. million)	151.18	146.70
Rate (Rs./Unit)	1757.21	1640.00
BHAG Qty-(MT) #	1423	20473
Total Cost (Rs. million)	3.25	39.35
Rate (Rs./Unit)	2285.25	1922.25

* Includes maximum demand charges of Rs.44.96 million for 1994-95 and Rs.34.22 million for 1993-94.

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

Excludes BHAG quantity of 56916 MT in 1994-95 and 56354 MT in 1993-94 for CPP.



B. ENERGY CONSUMPTION PER UNIT OF CRUDE PROCESSED

	Units	1994-95	1993-94
Electricity	Kg/mt	5.76	5.79
Furnace Oil/LSHS	Kg/mt	21.67	17.02
Coal		—	—
Refinery Gas (Excluding CPP)	Kg/mt	11.65	12.41
BHAG (Excluding CPP)	Kg/mt	0.19	2.84
TOTAL		<u>39.27*</u>	<u>38.06</u>

* Higher energy consumption as Kg per unit of crude during 1994-95 was due to increase in throughput of Aromatics Units and increase in liquid fuel consumption (lower calorific value) as a result of lower availability of BHAG (higher calorific value).

(See Rule 2)

Form of Disclosure of Particulars with Respect to Technology Absorption

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R & D carried out by Company:

A. AT REFINERY

- a) Research Study with IIP (Dehradun) on production of Bitumen from Bombay High Feed Stock in admixture with ME feed stock has been completed.
- b) Other Research Projects are in progress with IIP, Dehradun, which are application oriented mainly aimed at improving existing operation in the Aromatics Unit and developing better techniques for improvement of product yields from the Refinery. Development of catalyst for sweetening of finished products (LPG, Gasoline, ATF) has also been taken up.
- c) 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 by getting a better insight into the assessment of remaining life of equipment and ensuring the integrity of plant and machinery.

B. AT MARKETING

Corporation has developed following Oils:

- a) High Performance Rail Road Engine Oil, Bharat Rail Road Oil 940, meeting Generation 4 Specification of LMOA. It has been approved by RDSO for using in Diesel Locos of the Indian Railways.
- b) Environment Friendly Low Smoke 2T Oil, Bharat Super 2T EF Ce, meeting latest JASO FC Specification. It has been registered with M/s. JASO Two Cycle Oil Standards Implementation Panel, Japan.
- c) Bharat Filmbear 100 for lubrication of roll neck bearings of Steel Mills meeting IPSS-1-09-001 Specification.
- d) Genuine Oil for lubrication of screw compressors for one of the major manufacturers.
- e) Pneumatic Tool Oil, Bharat Metamol R-181 for Indian Railways & received approval from RDSO.
- f) High Performance Diesel Engine Oil, Bharat Ultra Top 30 & 40, exceeding the MIL-L-2104-C Specification for vehicles operating in Ghat Sections.

2. Benefits derived as a result of the above R&D:

A. AT REFINERY

- a) It has been found feasible to blend Bombay High Feed Stock up to 10-15% for production of paving grade Bitumen and the same has been adopted at plant level. This will enhance Bitumen feed stock availability.
- b & c) Will be evaluated after completion of the studies/programme.



B. AT MARKETING

Benefits are given in seriatim for above Oils:

- For the first time, Corporation broke the monopolistic engine oil market for diesel locos, which is the single largest consumable lubricant of Indian Railways.
- This would be the future 2 Stroke Oil to meet emerging stringent emission norms. It is expected to substantially reduce visible exhaust smoke emissions besides reducing spark plug fouling and port/silencer deposits.
- This oil has not only solved a major bearing failure problem of one of the largest Steel Plants but also resulted into substantial financial savings to the customer through increase in bearing life & reduction in down time/oil consumption.
- By getting a Genuine oil approval for the first time, Corporation has captured the entire lubricants business for the compressors being manufactured/marketed by one of the reputed organisations.
- For the first time Corporation has got the accessibility to potential pneumatic tool lubricant business of Indian Railways.
- Under severe operating conditions in the hilly region, this oil has doubled the engine oil life from existing 8,000 kms to 16,000 kms. in the trials with one of the reputed STUs resulting into substantial reduction in oil consumption.

3. Future Plan of Action:

A. AT REFINERY

Research work on development of process "Upgradation of Recycle Oils in Fluid Catalyst Cracking Unit (FCC)" will be taken up with M/s. IIP (Dehradun). This R&D work will be oriented towards improved product yields for FCC and generation of value added product like Carbon Black Feed Stock. Application of advanced control and optimisation technology in process units will be pursued further.

B. AT MARKETING

Corporation has taken up the development of following Oils:

- Multigrade Rail Road Engine Oil
- Partially Synthetic 2T Oil for 2/3 Wheelers
- Super High Performance Diesel Oil (SHPDO) for heavy duty commercial vehicles
- Two Stroke Diesel Engine Oil meeting API CF-2 specification

4. Expenditure on R&D (During 1994-95):

	Refinery (Rs. in Million)	Marketing (Rs. in Million)	Grand Total (Rs. in Million)
Capital Expenditure	NIL	10.09	10.09
Recurring Expenditure	2.56	2.68	5.24
Total	2.56	12.77	15.33
Total R&D expenditure as a % of total turnover	Negligible	Negligible	Negligible



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TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

A. AT REFINERY

1. **Efforts, in brief, made towards technology absorption, adaptation and innovation:**
 - (a) Bimetallic catalyst was loaded in Catalytic Reforming Unit (CRU) along with necessary modification in CRU and installation of new Hydrodesulphurisation Unit.
 - (b) Advanced Control and Optimisation using traditional cutpoint control technology for Heavy Crude Processing (HCU) was commissioned.
2. **Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.:**

Benefits derived as a result of the above efforts are yield/quality improvement, operating cost reduction, optimisation of plant performance etc.
3. **In case of imported technology (imported during last five years reckoned from the beginning of the financial year), following information may be furnished:**
 - a) **Technology imported:**
 - i) MINAS Technology from M/s. Zimpro Passivant Inc., USA to meet the Minimal National Standards on Effluent.
 - ii) Dynamic Matrix Control (DMC) Technology from M/s. DMCC, USA for Advanced Control and Optimisation in one of the Cracking Units.
 - iii) Bimetallic Catalyst (from M/s. Procatalyse, France) usage and single plate type heat exchanger (from M/s. Packinox, France) in Catalytic Reforming Unit (CRU).
 - b) **Year of Import:**
 - i) MINAS Plant : 1990
 - ii) Dynamic Matrix Control Technology : 1993
 - iii) Bimetallic Catalyst and plate type Heat exchanger in CRU : 1994
 - 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.



ADDENDUM TO THE DIRECTORS' REPORT

COMMENTS IN THE AUDITORS' REPORT DATED
19.5.1995

ITEM 4 OF THE AUDITORS' REPORT TO THE SHAREHOLDERS:

COMMENT

The Company has availed the Rights offer under Unit-64 Scheme of Unit Trust of India in December, 1994. This investment is in contravention of the guidelines issued by the Department of Public Enterprises, Ministry of Industry vide its letter No. DPE/4/6/94-Fin. dated 14th December, 1994.

REPLIES OF THE BOARD OF DIRECTORS

Unit Trust of India (UTI) had announced a Rights offer under its Unit-64 Scheme of one unit for every five units held at a price of Rs. 14.80 per unit. The offer was open during the period from 1st December, 1994 to 31st December, 1994. The repurchase price of these units for December, 1994 was Rs. 17.75 per unit. The Corporation availed this Rights offer of 1,51,88,320 units @ Rs. 14.80 per unit amounting to Rs. 22,47,87,136/-. The said investment was made taking into account the following factors:

- 1) Units are highly liquid with an active secondary market.
- 2) Units have an in-built safety due to repurchase by UTI.
- 3) Units have been declared as liquid asset within the meaning of Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.

There was no renunciation facility provided by UTI for the Rights offer. As such it could not be disposed of in the market. Non-availment of the units offer would have resulted in a financial loss to the Corporation to the tune of Rs.4.48 crores being the difference between the then repurchase price of Rs.17.75 per unit and the offer price of Rs.14.80 per unit. Further this investment was an extension of the existing investment in units. Hence, it is commercially prudent to invest in the Rights offer of Unit-64 Scheme of UTI. It may also be added that the risk in these investments are very minimal.

For and on behalf of the Board of Directors

Sd/-

Bombay
1.8.95

U. SUNDARARAJAN
CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE TO DIRECTORS' REPORT



**Bharat
Petroleum**

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NAME	QUALIFICATION	AGE	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMEN- CEMENT OF EMPLOYMENT	TOTAL NO. OF YEARS EXPERIENCE	REMUNERATION (RS.)	PARTICULARS OF LAST EMPLOYMENT	PERIOD - YEARS
BALAKRISHNAN T V	B.COM	58	SR. OPS. OFFICER	26/12/56	39	1,03,601	STENO - SUNDARDAS TRADING & MFG. CO.	3 MONTHS
BALSARA J P	BA (HONS)	58	GM (P&A) CO	20/10/61	37	2,52,286	SALES REPRESENTATIVE W A BEARDSSELL	6 MONTHS
BATTACHARYA ANIMESH	MATRIC INTER SCIENCE	58	DY. MANAGER (SPL DUTIES) NR	11/03/57	37	1,47,313	DIRECTOR-UNESCO SCIENTIFIC EXHIBITION	1 MONTH
GONSALVES IVAN	SSC	58	DY. MANAGER PRODUCT DESPATCH	10/01/55	40	1,85,422	NOT APPLICABLE	
GORE R V	BA	58	SR. AREA MATS MGR BOMBAY	09/11/55	41	1,65,923	CLERK TIMES OF INDIA CO-OP SOCIETY	2
GOTLA N C	SSC, D.COM IMC. SECL	58	DY. MANAGER (AS&F) CO	09/07/56	38	1,19,774	NOT APPLICABLE	
GUPTA C S	B.COM ACA LLB	39	DCM (PRICING & STOCKS)	01/07/81	14	99,538	ACCOUNTS OFFICER SEARLE INDIA LTD.	2
KAMAT P U KRISHNAN V	MA, BL BA	58	GM (S&D) CO SR. MANAGER LPG LOGISTICS, CO	02/07/56 19/09/57	38 37	2,15,484 1,73,589	NOT APPLICABLE NOT APPLICABLE	
LAL JOSEPH M	B.COM	35	SR. ACCOUNTS OFFICER, REFINERY	19/04/82	13	51,813	CLERK TYPIST M/S. GENON DUNDE & CO. LTD.	1



NAME	QUALIFICATION	AGE	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMEN- CEMENT OF EMPLOYMENT	TOTAL NO. OF YEARS EXPERIENCE	REMUNERATION (RS.)	PARTICULARS OF LAST EMPLOYMENT	PERIOD - YEARS
MASCARENHAS A F	B.E. TECH (MECH)	39	SR. MANAGER (E&C)	01/04/80	14	60,549	NOT APPLICABLE	
MATHUR G P	B.SC, LLB	58	CH. SUPPLY MANAGER CO	20/01/56	39	1,97,066	NOT APPLICABLE	
PENGAL P S	SSLC	58	MANAGER TRANS. MAINT.	15/11/54	39	2,05,193	KARNATAKA POLYTECH MANGALORE	2
PRABHU S M	SSC	58	MANAGER RETAIL MKTG. SERVICES	16/05/56	38	87,323	NOT APPLICABLE	
PUROHIT K S	SSC	58	SR. MAINT. OFFICER	05/06/57	37	1,02,690	NOT APPLICABLE	
ROY S	BA	58	MANAGER MATERIALS NR	01/11/55	39	1,21,939	NOT APPLICABLE	
SADAGOPAN S	B.SC	58	DGM (LPG SALES)	18/02/57	37	2,23,668	NOT APPLICABLE	
SAMPATH RAGHAVAN V	B. COM	58	SR. MANAGER MADRAS DIVISION	25/02/57	38	1,57,404	NOT APPLICABLE	
SHENDE P D	B. E (MECH) AMIE (CHEM)	45	CH. OPS MANAGER (UTILITY)	11/06/82	23	58,090	MECH ENGR (DESIGN) ZUARI AGRO CHEMICALS ZUARINAGAR, GOA	3 MONTHS
SHIRUR B D	SSC	58	DY. MGR. AVIATION	04/06/56	39	1,46,022	NOT APPLICABLE	
SINGH S K	B. SC (HONS)	58	DELHI REPRESENTATIVE	07/10/57	37	2,42,530	NOT APPLICABLE	
SINGHAL M L	B. TECH (CIVIL)	58	DGM (SP DUTIES)	12/04/61	33	2,46,766	NOT APPLICABLE	
SUKHDEV/SINHI R K	BA	58	CHAIRMAN AND MANAGING DIRECTOR	26/08/57	37	1,89,724	NOT APPLICABLE	



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NAME	QUALIFICATION	AGE	DESIGNATION/ NATURE OF DUTIES	DATE OF COMMEN- CEMENT OF EMPLOYMENT	TOTAL NO. OF YEARS EXPERIENCE	REMUNERATION (RS.)	PARTICULARS OF LAST EMPLOYMENT	PERIOD - YEARS
TRINIDAD P L	SSC	58	DY. MANAGER (SP. DUTIES) GOA DIVISION	16/09/57	37	1,04,966	NOT APPLICABLE	
VAIDYANATH C V	SSLC	58	SR. OPS. OFFICER PRODUCT DESPATCH	21/01/55	39	1,07,014	STENOGRAPHER GREAT EASTERN SHIPPING CO	8 MONTHS
VAIDYANATHAN T S	SSLC	58	DY. MANAGER CORPORATE PLANNING	19/11/56	38	1,27,546	STENOGRAPHER RESERVE BANK OF INDIA	6 MONTHS
VENKATESH K	M.TECH PRG IN COBOL	39	SR. MGR. PROCESS TECH	03/09/79	15	83,639	NOT APPLICABLE	

NOTE:

- All the above employees are employed for part of the year 1994-95 as either they retired/resigned or otherwise separated during the year.
 - The remuneration shown includes apart from regular salary, company's contribution to Provident & Pension Funds wherever applicable, the encashment of Leave due and Leave Fare Assistance paid during the year of separation, which are considered to work out at the rate of remuneration in the aggregate per month.
- There is no employee who is in receipt of remuneration in excess of that drawn by MD/Wholetime Director/Manager and holds not less than 2% of the Equity Shares of the Company.
- Nature of service in all cases was contractual.
- None of the aforementioned employees is related to a Director.

"NOT APPLICABLE" indicates BPCL as first employment.



ANNEXURE TO THE DIRECTORS' REPORT

Review of the Accounts of Bharat Petroleum Corporation Limited for the year ended 31st March, 1995 by the Comptroller and Auditor General of India

1. FINANCIAL POSITION

The table below summarises the financial position of the Company for the last three years:-

	1992-93	1993-94	(Rs. in Million) 1994-95
Liabilities			
(a) Paid-up Capital	500.00	500.00	1500.00 @
(b) Reserves & Surplus			
(i) Free Reserves & Surplus			
(a) Capital Reserve	0.00	0.00	7.99
(b) General Reserve	8173.77	10199.18	11666.64
(ii) Committed Reserves	836.65	821.32	780.62
(c) Borrowings from			
(i) Government of India*	512.26	450.83	389.41
(ii) Others			
Long term loans	323.45	843.38	510.84
Short term loans	1495.20	1362.92	1213.03
Public Deposits	924.87	1399.85	1962.40
Interest accrued & due	0.30	1.37	2.36
(d) Current Liabilities and Provisions			
(i) Sundry Creditors	10977.21	6911.48	9993.61
(ii) Provision for Dividend	165.00	165.00	495.00
(iii) Other Liabilities and Provisions	6345.37	7328.67	8853.81
Total	30254.08	29984.00	37375.71
Assets			
(e) Gross Block	17710.60	20776.34	24943.85
(f) Less: Cumulative Depreciation	8638.53	9943.89	12452.47
(g) Net Block	9072.07	10832.45	12491.38
(h) Capital Work-in-Progress	2855.37	2908.23	2963.12
(i) Investments	778.11	1500.09	2422.39
(j) Current Assets, Loans and Advances			
(i) Inventories	12396.46	8924.91	10879.07
(ii) Sundry Debtors	1937.01	2510.84	3806.77
(iii) Cash & Bank Balances	1396.61	956.38	2012.68
(iv) Loans & Advances	1810.16	2343.10	2772.39
(v) Other Current Assets	8.29	8.00	27.91
Total	30254.08	29984.00	37375.71



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(k) Working Capital (j-d)	60.95	338.08	156.40
(l) Capital Employed (g+j-d)	9133.02	11170.53	12647.78
(m) Net worth (a+b(i))	8673.77	10699.18	13174.63
(n) Net worth per Rupee of equity capital (Rs.) (m/a)	17.35	21.40	8.78 @ @
* Relending of World Bank Loan			

@ }
@ @ } After issue of bonus shares in the ratio of 2:1

The net worth for the current year was more than the capital employed which indicates that the Company has not effectively utilised its own funds in expanding the business of the Company.

2. DEBT EQUITY RATIO

The debt equity ratio of the Company was 0.22:1 in 1994-95 as against 0.25:1 in 1993-94 and 0.20:1 in 1992-93.

3. RESERVES & SURPLUS

The reserves & surplus of the Company were 8 times its paid-up capital as on 31st March, 1995 as against 20 times as on 31st March, 1994 and 16 times as on 31st March, 1993. The Company has issued two bonus shares against each equity share during the current year by capitalisation of general reserve.

4. INVESTMENTS

The Company's investments in securities increased from Rs. 1,500.09 million as at the end of 31st March, 1994 to 2422.39 million as at the end of 31st March, 1995. The increase is mainly due to fresh investments of:

- Rs. 224.78 million (face value Rs. 151.88 million) in 15,188,320 units under the Unit-64 Scheme of Unit Trust of India by subscription to Right Issue;
- Rs. 208.67 million (face value of Rs. 200 million) in 9.75 per cent tax free bonds of Power Grid Corporation Limited;
- Rs. 483.86 million (face value of Rs.500 million) in certificates of deposits with scheduled banks; and
- Rs. 5 million in equity capital of Bharat Oman Refineries Limited, a Joint Venture Company.

During the year, the Company earned the following yields on its short term placement of surplus funds:

Inter Corporate Deposits	2 to 93 days	10 to 12%
Deposits with Banks	46 days	7 to 8%
Certificates of Deposits	90 days	9.4 to 13.6%
Treasury Bills	10 to 70 days	5.9 to 12.7%

As against weighted average cost of borrowing of 14.05 per cent (7.73 per cent post tax), the weighted average yield on investments during the year was 20.58 per cent (11.11 per cent post tax).

5. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 5729.21 million from internal and external sources were realised as well as utilised during the year as per details given below:

Rs. in Million

Sources of Funds

Funds generated from
operation :

Profit after tax 2888.48



Add: Depreciation	2605.09	
Add: Loss on sale/ write off of fixed assets	12.81	5506.38
Sale/write off of fixed assets		161.87
Increase in loan funds		19.69
Receipts of grant		7.99
Write back of provision for taxation		33.28
		<u>5729.21</u>

Utilisation of Funds

Addition to fixed assets		4439.63
Addition to capital work-in-progress		53.96
Addition to Investments		922.30
Increase in working capital:		
Increase in current assets, loans and advances	4755.59	
Less: Increase in current liabilities and provisions (excluding provision for dividend)	<u>4607.27</u>	148.32
Dividend paid		165.00
		<u>5729.21</u>

6. LIQUIDITY

- The liquidity of the Company in terms of percentage of current assets to total net assets of the Company was 58 in 1992-93, 49 in 1993-94 and 52 in 1994-95.
- The percentage of current assets to current liabilities (including provisions) which is one of the measure of liquidity was 101 in 1994-95 as against 102 in 1993-94 and 100 in 1992-93.
- The percentage of quick assets (Sundry Debtors, Loans & Advances and Cash & Bank Balances) to Current Liabilities (excluding provisions) which is another measure of liquidity was 46 in 1994-95 as against 42 in 1993-94 and 30 in 1992-93.

7. WORKING CAPITAL

- The working capital of the Company as on 31st March, 1993, 1994 and 1995 was Rs. 60.95 million, Rs. 338.08 million and Rs. 156.40 million respectively. The decrease in working capital during the current year was mainly due to increased provision for dividend for the year 1994-95. The percentage of working capital to sales as on 31st March, 1993, 1994 and 1995 was 0.11, 0.57 and 0.22 respectively.
- The percentage of working capital to capital employed as on 31st March, 1993, 1994 and 1995 was 0.7, 3.0 and 1.0 respectively.



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8. WORKING RESULTS

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

	1992-93	1993-94	(Rs. in Million) 1994-95
(a) Net Sales (excluding excise duty)	55729.49	59662.05	71381.23
(b) Profit before tax	2920.69	3623.83	4578.48
(c) Profit after tax	1700.69	2153.83	2888.48
(d) Percentage of profit before tax			
(i) to Sales	5.2	6.1	6.4
(ii) to Capital Employed	32.0	32.4	36.2
(e) Percentage of profit after tax			
(i) to Net worth	19.6	20.1	21.9
(ii) to Capital Employed	18.6	19.3	22.8

Profit for the current year includes an amount of Rs.1281.52 million received from OCC on account of margin updation and other claims relating to previous years. The amounts received from OCC for similar claims were Rs. 1260.22 million in 1993-94 and Rs. 738.92 million in 1992-93.

Despite higher depreciation (mainly due to higher capitalisation) of Rs. 1237.52 million, the profit before tax had gone up by Rs. 954.65 million. This was mainly due to higher margins on increased throughput and sales and increases in other pool claims and miscellaneous income.

Overall growth rate of sales for 1994-95 was 9.3 per cent as against 6.1 per cent during 1993-94.

9. INVENTORY

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

	1992-93	1993-94	(Rs. in Million) 1994-95
(i) Raw materials	7731.86	3692.58	5981.46
(ii) Stores and spares (including in transit)	808.14	932.51	896.12
(iii) Stock-in-process	32.27	51.90	87.15
(iv) Finished goods	3648.54	4050.00	3741.54
(v) Packages	175.65	197.92	172.80
(a) The stock of raw materials at the close of each year was equivalent to about 4.0 months' consumption in 1994-95 as against 2.8 months' in 1993-94 and 6.2 months' in 1992-93. The reason for increase in current year as compared to that in 1993-94 is on account of increase in crude oil given on loan to other oil companies.			
(b) The stores and spares (including packages) at the end of 1994-95 represented 8.3 months' consumption as against 7.9 months' in 1993-94 and 6.7 months' in 1992-93.			
(c) Finished goods at the end of the year amounted to about 0.6 months' sales during 1994-95 as against 0.8 months' in 1993-94 and 0.7 months' in 1992-93.			



10. SUNDRY DEBTORS

- (a) The position of sundry debtors for the last three years ending 31st March, 1995 is as follows:

(Rs. in Million)			
Year	Sundry Debtors	Debts considered doubtful and provided for	Percentage of debtors to sales
1992-93	1945.78	8.77	3.25
1993-94	2568.47	57.63	4.00
1994-95	3906.19	99.42	5.15

The increase during current year was on account of DGS&D billings during March 1995 and extension of credit to various direct customers.

- (b) The following table indicates the debts outstanding for more than one year as on 31st March, 1995:

(Rs. in Million)		
	Government Department & Undertakings	Others
(i) Debts outstanding for more than one year but less than two years	162.98	137.83
(ii) Debts outstanding for more than two years but less than three years	38.55	34.47
(iii) Debts outstanding for three years and more	34.57	29.43
	<u>236.10</u>	<u>201.73</u>

11. DIVIDEND

The Company has proposed a dividend of 33 per cent for the year 1994-95 on the expanded capital after 2:1 bonus issue. The dividend paid for the years 1993-94 and 1992-93 was 33 per cent. The dividend payout ratio, calculated as a percentage of total dividend paid/proposed to profit after tax, during the last three years ending 31st March, 1995 was 9.7, 7.7 and 17.1 respectively.

Bombay
14th July, 1995

Sd/-
R.S. PRASAD
PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-II.

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 1995

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956 on the accounts of Bharat Petroleum Corporation Limited, Bombay for the year ended 31st March, 1995.

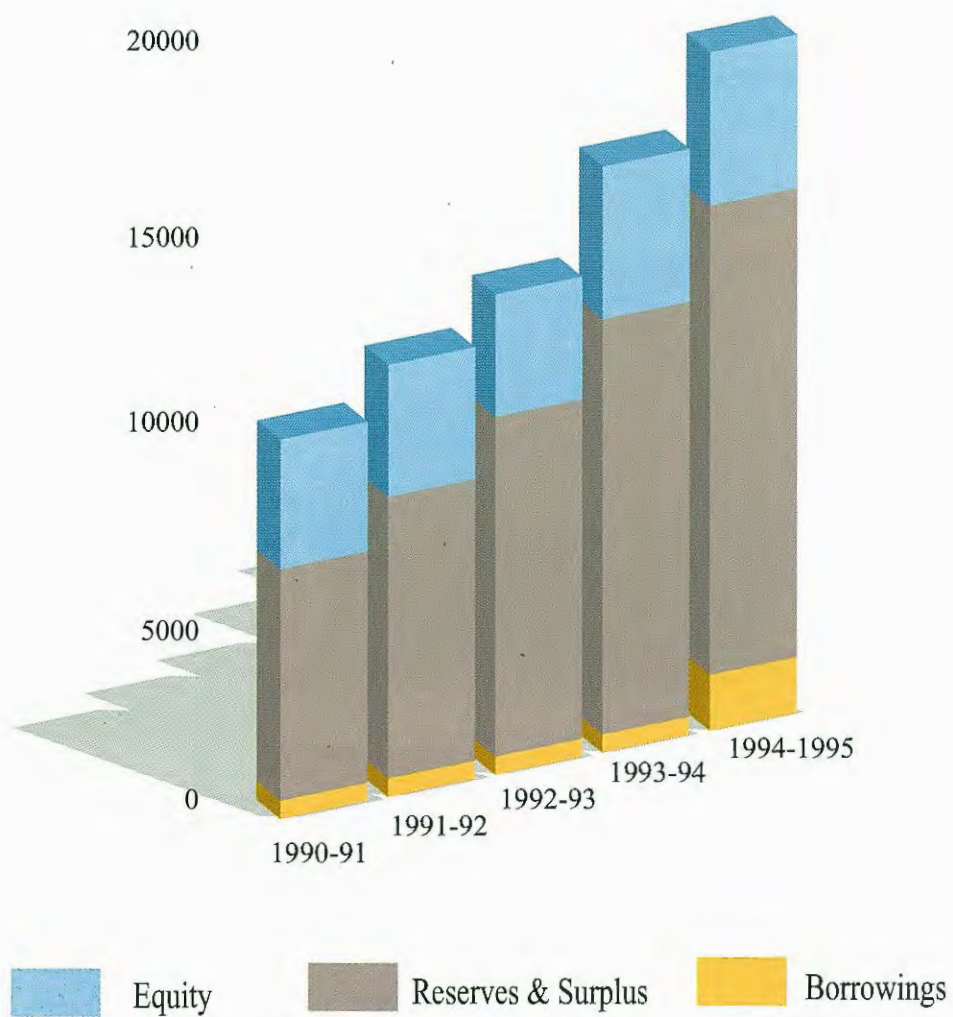
Bombay
14 July, 1995

Sd/-
R.S. PRASAD
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
& EX-OFFICIO MEMBER, AUDIT BOARD



TOTAL FUNDS EMPLOYED

Rs. Million

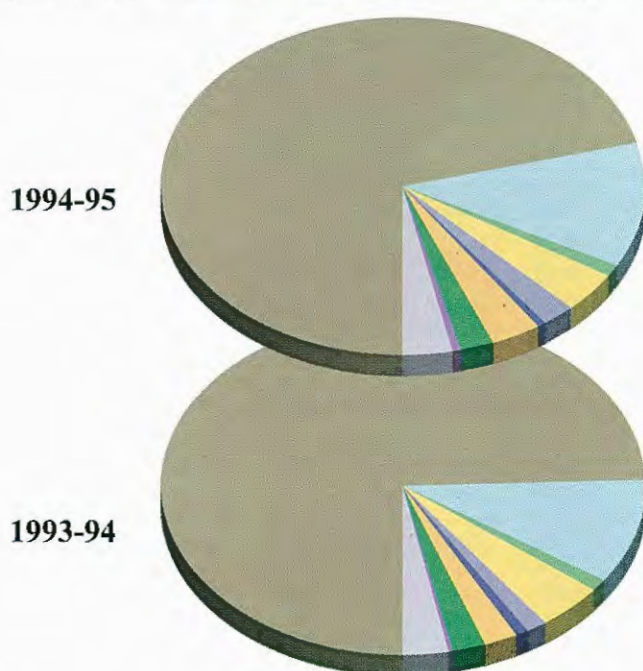




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DISTRIBUTION OF EACH RUPEE EARNED



1994-95
Paise

70.91	
11.94	
1.23	
3.92	
2.09	
0.57	
3.39	
2.20	
0.64	
3.11	

1993-94
Paise

74.60
9.87
1.28
4.33
1.58
0.71
2.09
2.25
0.25
3.04

Raw Materials, Purchase of Products
for Resale & Packages
Duties, Taxes, etc..
Transportation
Stores & Other Operating Expenses
Employees' Remuneration & Other Benefits
Interest on Borrowings
Depreciation
Income Tax
Dividend
Retained Profit



PERFORMANCE PROFILE

	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
1. Crude Oil Processed (000 Tonnes)								
Imported	1891	2610	2685	2062	1397	1008	623	1204
Indigenous	5491	4596	4550	4900	5514	6024	5535	5352
TOTAL	7382	7206	7235	6962	6911	7032	6158	6556
2. Production Quantity (000 KL)	8788	8644	8653	8372	8329	8525	7367	7858
Light Distillates %	32.29	31.20	31.49	32.29	30.87	31.09	29.29	27.83
Middle Distillates %	54.62	53.59	53.88	54.95	55.70	57.07	60.12	59.38
Heavy Ends %	13.09	15.21	14.63	12.76	13.43	11.84	10.59	12.79
3. Fuel and Loss as % of Crude Processed	5.4	4.7	4.2	4.2	4.5	4.5	5.6	5.6
4. Aromatics Production (MT)								
Benzene	57511	22037	56612	69564	68426	56499	59624	45928
Toluene	13437	7047	11070	9048	10877	8843	7494	8414
5. Market Sales (000 KL)	16740	15306	14443	13551	13101	12836	11720	10720
6. Lubricants Production (MT)	66681	74154	82911	95091	87459	94672	92725	84691
7. Market Participation %	20.2	20.0	19.5	18.8	18.9	18.9	18.7	18.5
8. Marketing Network								
Installations	16	16	14	12	10	10	10	9
Depots	118	117	98	94	83	78	69	69
Aviation Service Stations	16	14	14	13	13	13	12	11
Total Tankages (Million KL)	1.57	1.52	1.37	1.17	1.01	0.91	0.87	0.74
Retail Outlets	4214	4090	4040	4005	3965	3894	3822	3741
Number of LPG Bottling Plants	16	16	15	15	15	15	14	8
LPG Distributors	948	866	816	793	767	740	704	651
LPG Customers (No. Million)	5.37	4.78	4.35	4.05	3.77	3.61	3.31	3.03
9. Manpower (Nos.)	11207	11299	11167	11158	11029	10616	10578	10203
10. Sales and Earnings								
i) Sales and Other Income*	133203	115203	102349	88828	73951	60816	54762	50797
ii) Gross Profit before Depreciation, Interest & Tax	7618	5456	4735	4028	3488	3010	2424	1903
iii) Depreciation	2603	1365	1431	1031	961	1030	789	635
iv) Interest	437	467	383	442	372	314	334	338
v) Profit before Tax	4578	3624	2921	2555	2155	1666	1301	930
vi) Tax	1690	1470	1220	1070	877	440	258	150
vii) Profit after Tax	2888	2154	1701	1485	1278	1226	1043	780

* Figures from 1986-87 includes sales to Other Oil Companies.



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1986-87	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78 (15 Months)	1976
105 5467	67 6311	175 5279	468 4829	1384 3093	904 4090	1268 3603	1301 3540	1840 2866	3826 1803	3596 159
5572	6378	5454	5297	4477	4994	4871	4841	4706	5629	3755
6667 27.78 60.39 11.83	7574 28.08 59.35 12.57	6619 25.75 54.36 19.89	6427 25.77 55.21 19.02	5305 22.25 51.36 26.39	5962 24.76 53.06 22.18	5769 22.22 55.66 22.12	5750 21.91 56.74 21.35	5562 21.68 57.86 20.46	6516 19.77 55.33 24.90	4312 19.97 55.93 24.10
5.8	6.2	4.5	4.4	4.7	4.8	4.9	4.7	5.0	5.2	5.7
18603 4948	20112 4455	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0
9899	9410	8789	7711	7124	6541	6473	6136	5781	6483	4519
74763	72414	69425	63872	66153	55475	60813	56831	55074	57508	40939
18.3	18.7	18.3	17.5	16.8	16.4	17.2	16.7	16.3	16.4	15.3
9 65 9 0.75 3663 4 616 2.70	8 62 8 0.67 3567 2 518 2.32	8 60 8 0.66 3486 2 409 1.96	8 56 7 0.63 3410 1 315 1.61	8 59 4 0.68 3350 1 264 1.19	8 59 3 0.67 3317 1 163 0.83	7 57 3 0.66 3311 — 154 0.59	5 61 3 0.63 3302 — 143 0.58	5 61 3 0.63 3281 — 138 0.56	5 61 2 0.61 3271 — 128 0.51	5 61 2 0.61 3183 — 90 0.49
9397	8321	7894	7433	6971	6403	5808	5452	5212	4956	4847
44878	31650	26642	23326	20563	18516	15124	10727	8284	9055	6728
1843 816 342 685 82 603	1772 776 307 689 76 613	930 533 189 208 70 138	749 424 133 192 35 157	550 154 96 300 165 135	485 122 67 296 155 141	394 125 38 231 127 104	330 77 5 248 139 109	294 45 3 246 159 87	241 19 16 206 127 79	103 24 19 60 43 17



PERFORMANCE PROFILE (Contd.)

	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
11. What the Company Owned								
i) Gross Fixed Assets	27907	23685	20566	17525	15234	13246	11224	9549
ii) Net Fixed Assets	15455	13741	11928	10237	8940	7873	6832	5991
iii) Net Current Assets	2578	1838	839	1238	1139	802	314	142
Total Assets Net	18033	15579	12767	11475	10079	8675	7146	6133
12. What the Company Owed								
i) Share Capital	1500	500	500	500	500	500	279	279
ii) Reserves and Surplus	12455	11021	9010	7475	6140	4962	4057	3070
iii) Net Worth	13955	11521	9510	7975	6640	5462	4336	3349
iv) Borrowings	4078	4058	3257	3500	3439	3213	2810	2784
Total Funds Employed	18033	15579	12767	11475	10079	8675	7146	6133
13. Internal Generation	5032	3376	2967	2366	2139	2154	1855	1358
14. Value Added	11813	9261	8886	7863	6820	4813	4994	3873
15. Earnings in Foreign Exchange	2724	2362	2042	1600	1971	1361	1199	1100
16. Ratios								
i) Gross Profit before Depreciation, Interest & Tax as %age of Sales and Other Income	9.9	8.4	7.8	7.0	6.6	6.1	5.5	4.7
ii) Profit after Tax as %age of average Net Worth	22.7	20.5	19.5	20.3	21.1	25.0	28.4	26.7
iii) Profit after Tax as %age of Share Capital	192.6	430.8	340.1	296.9	255.6	245.1	391.7	273.0
iv) Average Net Worth as %age of Share Capital	849.2	2103.1	1748.5	1461.5	1210.2	979.8	1379.7	1021.5
v) Gross Profit before Depreciation, Interest & Tax as %age of Capital Employed	50.6	43.1	47.8	44.1	46.5	45.5	44.3	48.4
vi) Profit before Tax as %age of Capital Employed	30.4	28.6	29.5	28.0	28.7	25.2	23.8	23.7
vii) Profit after Tax as %age of Capital Employed	19.2	17.0	17.2	16.3	17.0	18.5	19.9	19.4
viii) Debt Equity Ratio	0.3	0.4	0.3	0.4	0.5	0.6	0.6	0.8
17. Earnings per share (Rupees)								
— Pre-Bonus	57.77	43.08	34.01	29.69	25.56	24.51	37.45	28.01
— Post-Bonus	19.26							
18. Book Value per share (Rupees)	93.04	230.42	190.21	159.49	132.80	109.24	155.69	120.23



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1986-87	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78 (15 Months)	1976
(Figures in Rs. Million)										
7518	6005	4947	3452	2092	1346	963	738	581	500	461
4276	3596	3292	2285	1337	736	471	366	282	246	226
908	1093	583	729	558	696	869	267	216	362	259
5184	4689	3875	3014	1895	1432	1340	633	498	608	485
279	279	166	166	145	145	145	145	145	145	145
2062	1496	1035	919	758	619	498	411	319	250	190
2341	1775	1201	1085	903	764	643	556	464	395	335
2843	2914	2674	1929	992	668	697	77	34	213	150
5184	4689	3875	3014	1895	1432	1340	633	498	608	485
1425	1350	650	585	294	243	212	168	115	79	26
3405	2922	2235	1865	1297	1123	1008	838	763	714	281
1156	1030	877	750	771	742	1	0	34	3	22
5.2	7.5	4.3	4.0	3.2	3.2	3.2	3.5	3.8	3.0	1.8
29.3	41.2	12.1	15.7	16.2	20.0	17.4	19.1	20.1	21.5	6.7
216.7	220.2	83.3	94.5	92.6	96.8	71.8	67.2	59.6	54.1	11.5
738.9	534.3	689.8	599.9	573.1	483.7	412.4	350.9	295.7	251.2	170.9
51.1	49.0	37.5	53.7	51.8	43.8	33.5	65.9	69.7	41.6	21.8
19.0	19.0	8.4	13.7	28.2	26.7	19.7	49.6	58.2	35.6	12.6
16.7	16.9	5.6	11.2	12.7	12.7	8.9	19.5	20.5	13.6	3.5
1.2	1.6	2.2	1.8	1.1	0.9	1.1	0.1	0.1	0.5	0.4
21.71	22.01	6.07	7.01	6.07	6.12	4.68	4.73	3.77	3.42	0.72
84.04	63.74	52.23	47.16	39.27	33.20	27.97	24.17	20.20	17.19	14.56



SOURCES AND APPLICATION OF FUNDS

	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88
SOURCES OF FUNDS								
OWN								
Profit after Tax	2888	2154	1701	1485	1278	1226	1043	780
Depreciation	2605	1366	1431	1031	961	1028	868	634
Shareholders' Investment	—	—	—	—	—	—	—	—
Excess/(Short) provision for taxation in earlier years written back/provided for (net)	33	21	—	—	—	—	—	—
BORROWINGS								
Loans (net)	20	802	—	62	226	403	25	—
LPG Deposits	788	520	254	373	176	285	214	222
Decrease in Working Capital	—	—	539	—	—	—	—	546
Adjustment on account of Deletion/Re-classification, etc.	38	8	41	12	2	26	19	5
	6372	4871	3966	2963	2643	2968	2169	2187
APPLICATION OF FUNDS								
Capital Expenditure	4348	3187	3162	2340	2030	2095	1728	2071
Dividend	495	165	165	150	100	100	56	56
Repayment of Loans (net)	—	—	245	—	—	—	—	60
Investment	922	722	394	67	275	21	10	—
Increase in Working Capital	607	797	—	406	238	752	375	—
	6372	4871	3966	2963	2643	2968	2169	2187



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										Rs. Million
1986-87	1985-86	1984-85	1983-84	1982-83	1981-82	1980-81	1979-80	1978-79	1977-78 (15 Months)	1976
603	613	138	157	135	141	104	109	87	79	17
861	776	535	429	159	122	128	77	46	19	24
—	—	—	20	—	—	—	—	—	—	171
—	—	—	—	—	—	—	—	—	—	—
—	240	746	937	324	—	620	44	—	62	115
276	328	260	206	116	67	12	8	14	6	11
—	—	—	—	21	107	—	—	132	—	—
—	27	3	2	2	1	1	—	2	4	(75)
1740	1984	1682	1751	757	438	865	238	281	170	263
1538	1107	1544	1375	757	389	231	161	84	43	26
39	39	23	—	—	20	20	18	18	18	15
71	—	—	—	—	29	—	—	179	—	—
—	—	6	2	—	—	—	—	—	—	1
92	838	109	374	—	—	614	59	—	109	221
1740	1984	1682	1751	757	438	865	238	281	170	263



SALES VOLUME ('000 KL)

	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>	<u>1990-91</u>
LIGHT DISTILLATES :					
Naphtha	928	1048	1133	1059	1095
LPG (Bulk & Packed)	1455	1259	1129	1052	970
Motor Spirit	1754	1604	1488	1489	1482
Special Boiling Point Spirit/Hexane	113	99	118	133	100
Benzene	74	26	74	108	89
Toluene	15	8	13	11	12
Polypropylene Feedstock	45	28	56	67	0
Others	1	1	0	0	0
Sub Total	4385	4073	4011	3919	3748
MIDDLE DISTILLATES :					
Aviation Turbine Fuel	592	522	448	440	508
Superior Kerosene	1983	1878	1837	1698	1680
High Speed Diesel	7515	6657	6049	5511	5161
Light Diesel Oil	205	199	184	187	169
Mineral Turpentine Oil	85	93	71	80	89
Sub Total	10380	9349	8589	7916	7607
OTHERS :					
Furnace Oil	673	623	659	547	554
Low Sulphur Heavy Stock	748	681	572	581	679
Bitumen	456	476	496	457	390
Lubricants	98	104	116	131	123
Sub Total	1975	1884	1843	1716	1746
GRAND TOTAL	16740	15306	14443	13551	13101



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PRODUCTION ('000 MT)

	<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>	<u>1990-91</u>
<u>LIGHT DISTILLATES :</u>					
Naphtha	1066	955	1034	919	924
LPG	241	244	224	221	247
Motor Spirit	653	723	663	637	542
Special Boiling Point Spirit/Hexane	74	71	80	97	79
Benzene	58	22	57	70	68
Toluene	13	7	11	9	11
Polypropylene Feedstock	25	16	31	37	1
Others	1	0	1	0	0
Sub Total	2131	2038	2101	1990	1872
<u>MIDDLE DISTILLATES :</u>					
Aviation Turbine Fuel	190	153	123	139	216
Superior Kerosene	757	806	830	809	788
High Speed Diesel	2807	2619	2646	2543	2569
Light Diesel Oil	93	120	156	189	107
Mineral Turpentine Oil	67	70	58	62	72
Sub Total	3914	3768	3813	3742	3752
<u>HEAVY ENDS :</u>					
Furnace Oil	215	516	455	314	354
Low Sulphur Heavy Stock	704	517	518	502	595
Bitumen	230	261	282	281	251
Sub Total	1149	1294	1255	1097	1200
GRAND TOTAL	7194	7100	7169	6829	6824

LUBRICANTS PRODUCTION (MT)

<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>	<u>1990-91</u>
66681	74154	82911	95091	87459

QUANTITY OF LPG FILLED IN CYLINDERS (MT)

<u>1994-95</u>	<u>1993-94</u>	<u>1992-93</u>	<u>1991-92</u>	<u>1990-91</u>
787010	670143	597315	545209	481218



HOW VALUE IS GENERATED

		Rs. Million
	1994-95	1993-94
Value of Production (Refinery)	19709	16383
Less : Direct Materials Consumed	17322	14397
Added Value	2387	1986
Marketing Operations	9426	7275
Value added by Manufacturing & Trading Operations	11813	9261
Add : Other Income (including P.Y.A.)	1286	811
Total Value Generated	13099	10072

HOW VALUE IS DISTRIBUTED

		Rs. Million
	1994-95	1993-94
1. OPERATIONS		
Operating & Servicing Costs	3871	3584
2. EMPLOYEES' BENEFITS		
Salaries, Wages & Bonus	1273	753
Other Benefits	337	278
	1610	1031
3. PROVIDERS OF CAPITAL		
Interest on Borrowings	437	467
Dividend	495	165
	932	632
4. INCOME TAX	1690	1470
5. RE-INVESTMENT IN BUSINESS		
Depreciation	2603	1365
Retained Profit	2393	1990
Total Value Distributed	13099	10072

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, 1995, and also the annexed profit and loss account of the Company 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 purpose of our audit;
2. In our opinion, proper books of account as required by law have been kept by the Company, 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. The Company has availed the rights offer under Unit-64 Scheme of Unit Trust of India in December 1994. This investment is in contravention of the guidelines issued by the Department of Public Enterprises, Ministry of Industry vide its letter No. DPE/4/6/94-Fin. dated 14th December, 1994.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to para 4 above and read with the Notes, particularly Note Nos. 6 to 8 and the significant accounting policies thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view—
 - (i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 1995
 - and
 - (ii) in the case of profit and loss account, of the profit for the year ended on that date.
6. 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 Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except for items like pipes, valves, meters, instruments and other similar items peculiar to a continuous process industry. 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) None of the fixed assets has 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.
 - (iv) The procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the Company 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 Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management as defined in Section 370 (1B) of the Companies Act, 1956.
- (viii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to companies under the same management as defined in Section 370 (1B) of the Companies Act, 1956.
- (ix) The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amount and interest, as per stipulations, except for advances to companies, in which the Company is a member where the terms and conditions are not prima facie prejudicial to the interest of the Company. Company has paid retirement dues on behalf of welfare trusts for which there is no stipulation for repayment.
- (x) In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of stores, raw materials, plant and machinery, equipment, other assets and for the sale of goods.
- (xi) According to the information and explanations given to us, there are no purchases of goods/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) The Company has made adequate provision in accordance with the procedure presently adopted for determination and write off of unserviceable and damaged stores and raw materials. However, the procedure needs to be reviewed.
- (xiii) In respect of the deposits accepted from the public, the Company 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 Company has maintained reasonable records for sale and disposal of realisable by-products and scrap.
- (xv) The Company has an adequate internal audit system commensurate with its size and nature of its business but its coverage needs to be extended.
- (xvi) We have broadly reviewed the books of account maintained by the Company 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, however, not made nor are required to make, any examination of these records with a view to determine whether they are accurate or complete.
- (xvii) The Company is generally regular in depositing Provident Fund and Employees' State Insurance dues with the appropriate authorities. There are no arrears at the year end.



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- (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, 1995, 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 have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- (xx) The Company is not a sick industrial company within the meaning of Clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xxi) In respect of Company'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

DALAL DESAI & KUMANA
Chartered Accountants

Sd/-

SHAUNAK R. DALAL

Partner

Delhi

Dated: 19th May, 1995

For and on behalf of

BORKAR & MUZUMDAR
Chartered Accountants

Sd/-

DILIP MUZUMDAR

Partner

Delhi

Dated: 19th May, 1995



BALANCE SHEET

AS AT 31ST MARCH, 1995

	SCHEDULE	Rs. Million	31/03/94 Rs. Million
I. SOURCES OF FUNDS			
1. Shareholders' funds :			
Capital	A	1,500.00	500.00
Reserves and surplus	B	12,455.25	11,020.50
		13,955.25	11,520.50
2. Loan funds :	C		
Secured loans		897.38	1,233.41
Unsecured loans		3,180.66	2,824.94
		4,078.04	4,058.35
TOTAL		18,033.29	15,578.85
II. APPLICATION OF FUNDS			
1. Fixed assets :	D		
Gross block		24,943.85	20,776.34
Less : Depreciation		12,452.47	9,943.89
Net block		12,491.38	10,832.45
Capital work-in-progress	E	2,963.12	2,908.23
		15,454.50	13,740.68
2. Investments	F	2,422.39	1,500.09
3. Current assets, loans and advances :			
Inventories	G	10,879.07	8,924.91
Sundry debtors	H	3,806.77	2,510.84
Cash and bank balances	I	2,012.68	956.38
Other current assets	J	27.91	8.00
Loans and advances	K	2,772.39	2,343.10
		19,498.82	14,743.23
Less : Current liabilities and provisions			
Liabilities	L	18,672.30	13,972.93
Provisions	M	670.12	432.22
		19,342.42	14,405.15
Net current assets		156.40	338.08
TOTAL		18,033.29	15,578.85
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

Sd/-
U. SUNDARARAJAN
Chairman and Managing Director

Sd/-
R. K. VARMA
Director (Marketing)

Delhi
Dated: 19th May, 1995

Sd/-
K. S. MANIKASHETTI
Company Secretary

For and on behalf of
DALAL DESAI & KUMANA
Chartered Accountants

Sd/-
SHAUNAK R. DALAL
Partner

Delhi
Dated: 19th May, 1995

For and on behalf of
BORKAR & MUZUMDAR
Chartered Accountants

Sd/-
DILIP MUZUMDAR
Partner

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 1995



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	SCHEDULE	Rs. Million	1993-94 Rs. Million
INCOME			
Sale of products	N	75,904.31	64,189.58
Miscellaneous income	O	1,292.30	818.05
Increase/(decrease) in Inventory	P	(273.21)	421.09
TOTAL		76,923.40	65,428.72
EXPENDITURE			
Purchase of products for resale		36,052.52	32,452.41
Raw materials consumed		18,051.95	15,825.94
Packages consumed		438.81	526.30
Duties, taxes and other charges applicable to products		9,183.64	6,457.47
Transportation		946.67	836.34
Consumption of stores, spares and materials	Q	808.58	911.61
Power and fuel	R	138.65	126.14
Employees' remuneration and other benefits	S	1,610.30	1,031.26
Interest	T	437.21	467.20
Other operating and administration expenses	U	2,066.81	1,797.90
Depreciation		2,603.01	1,365.49
TOTAL		72,338.15	61,798.06
Profit :		4,585.25	3,630.66
Prior years income/(expenses) net	V	(6.77)	(6.83)
Profit before tax :		4,578.48	3,623.83
Provision for taxation		1,690.00	1,470.00
Profit after tax :		2,888.48	2,153.83
Excess/(Short) provision for taxation in earlier years written back/provided for (Net)		33.28	21.25
Transfer from investment allowance reserve		40.70	15.33
Balance brought forward * Rs.1000/-		0.01	*
Disposable profit		2,962.47	2,190.41
Appropriations :			
Proposed dividend (Subject to deduction of tax at source)		495.00	165.00
Transfer to General reserve		2,467.46	2,025.40
Transfer from Capital reserve * Rs.2969/-		*	—
Balance carried to balance sheet :		0.01	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

Sd/-

U. SUNDARARAJAN

Chairman and Managing Director

Sd/-

R. K. VARMA

Director (Marketing)

Delhi

Dated: 19th May, 1995

Sd/-

K. S. MANIKASHETTI

Company Secretary

For and on behalf of

DALAL DESAI & KUMANA

Chartered Accountants

Sd/-

SHAUNAK R. DALAL

Partner

Delhi

Dated: 19th May, 1995

For and on behalf of

BORKAR & MUZUMDAR

Chartered Accountants

Sd/-

DILIP MUZUMDAR

Partner



SCHEDULE 'A' - CAPITAL

	Rs. Million	31/03/94 Rs. Million
Share Capital		
Authorised		
200 million (50 million) equity shares of Rs.10 each	2,000.00	500.00
	<u>2,000.00</u>	<u>500.00</u>
Issued, subscribed and paid-up		
150 million (50 million) equity shares of Rs.10 each fully paid-up *	1,500.00	500.00
Total	<u>1,500.00</u>	<u>500.00</u>

* Includes :

22.95 million shares of Rs. 10 each on which Rs. 7.20 per share was paid in cash and 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.

100.00 million shares of Rs.10 each which were allotted as fully paid bonus shares by capitalisation of general reserve.

SCHEDULE 'B' - RESERVES AND SURPLUS

	Rs. Million	31/03/94 Rs. Million
Capital reserve		
As per last balance sheet	—	—
Add : Additions during the year	7.99	—
Less : Transfer to profit and loss account * Rs.2969/-	*	—
	<u>7.99</u>	<u>—</u>
General reserve		
As per last balance sheet	10,199.17	8,173.77
Add : Transfer from profit and loss account	2,467.46	2,025.40
	<u>12,666.63</u>	<u>10,199.17</u>
Less: Amount capitalised during the year	(1,000.00)	—
	<u>11,666.63</u>	<u>10,199.17</u>
Investment allowance reserve		
As per last balance sheet	821.32	836.65
Add : Transfer from profit and loss account	—	—
	<u>821.32</u>	<u>836.65</u>
Less : Transfer to profit and loss account	(40.70)	(15.33)
	<u>780.62</u>	<u>821.32</u>
Surplus as per profit and loss account	0.01	0.01
Total	<u>12,455.25</u>	<u>11,020.50</u>



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SCHEDULE 'C' - LOAN FUNDS

	<u>Rs. Million</u>	<u>31/03/94 Rs. Million</u>
Secured Loans		
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.23.38 million due for repayment on or before 31st March, 1996 (Rs.23.31 million)]	370.13	393.24
Cash credit - secured by hypothecation of finished goods, raw materials, stock-in-process, stores, components and spares at selected locations	527.25	840.17
	<u>897.38</u>	<u>1,233.41</u>
Unsecured Loans		
From scheduled banks	685.78	522.75
Public deposits [includes Rs.459.99 million maturing on or before 31st March, 1996 (Rs.421.40 million)]	1,962.40	1,399.85
Interest accrued and due	2.36	1.37
Others [includes Rs.120.70 million due for repayment on or before 31st March, 1996 (Rs.370.85 million)]	530.12	900.97
	<u>3,180.66</u>	<u>2,824.94</u>
Total	<u><u>4,078.04</u></u>	<u><u>4,058.35</u></u>



SCHEDULE 'D' - FIXED ASSETS

Rs. Million

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01/04/94	ADDITIONS	DEDUCTIONS INCLUDING RETIREMENT/ RECLASSI- FICATIONS	AS AT 31/03/95	UP TO 31/03/94	THIS YEAR	DEDUCTIONS INCLUDING ON ACCOUNT OF RETIREMENT/ RECLASSI- FICATIONS	UP TO 31/03/95	AS AT 31/03/95	AS AT 31/03/94
1	2	3	4	5	6	7	8	9	10	11
1. LAND										
(a) Freehold	452.65	44.61	80.81	416.45	—	—	—	—	416.45	452.65
(b) Leasehold	133.92	0.48	—	134.40	15.53	2.35	—	17.88	116.52	118.39
(c) Advance payments	41.34	124.36	19.09	146.61	—	—	—	—	146.61	41.34
2. BUILDINGS	2,262.98	525.86	15.41	2,773.43	272.26	52.50	2.81	321.95	2,451.48	1,990.72
3. RAILWAY SIDINGS	260.55	176.93	0.73	436.75	47.88	15.29	0.46	62.71	374.04	212.67
4. PLANT & MACHINERY	6,044.44	713.98	42.35	6,716.07	2,695.50	285.50	20.44	2,960.56	3,755.51	3,348.94
5. TANKS & PIPELINES	4,110.22	554.95	39.09	4,626.08	1,206.89	235.07	15.98	1,425.98	3,200.10	2,903.33
6. FURNITURE & FITTINGS	167.80	18.84	1.80	184.84	54.88	13.44	0.65	67.67	117.17	112.92
7. VEHICLES	274.39	20.90	13.74	281.55	146.31	22.67	9.83	159.15	122.40	128.08
8. OTHER ASSETS										
(a) Dispensing pumps	645.58	150.18	1.48	794.28	148.58	33.86	0.26	182.18	612.10	497.00
(b) LPG cylinders and allied equipment	4,976.67	1,851.76	31.72	6,796.71	4,976.67	1,851.76	31.72	6,796.71	—	—
(c) Sundries	1,405.80	256.78	25.90	1,636.68	379.39	98.13	19.84	457.68	1,179.00	1,026.41
TOTAL	20,776.34	4,439.63	272.12	24,943.85	9,943.89	2,610.57	101.99	12,452.47	12,491.38	10,832.45
PREVIOUS YEAR	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

its net book value is shown under gross block column. The balance depreciation thereon is included under capital work-in-progress.

9. Additions to gross block (column 3) is net of adjustment of Rs. Nil (Rs. 46.24 million) received consequent to cancellation of forward foreign exchange contract and includes translation difference of year end liability of Rs.0.08 million (Rs.46.88 million).

10. Depreciation for the year (column 7) includes:

- charged to capital work in progress Rs. 0.93 million (Rs. 0.95 million).
- charged to profit and loss account Rs. 2603.01 million (Rs. 1365.49 million).
- charged to previous year expenses Rs. 6.63 million (Rs. 0.96 million).

11. Deductions from gross block (column 4) includes:

- write back of excess capitalisation Rs. 146.60 million (Rs. 9.56 million).
 - Rs. 0.55 million (Rs. 5.15 million) consequent to adjustment referred in para 8 above.
 - deletions during the year Rs. 124.97 million (Rs. 63.27 million).
 - asset transferred to work in progress nil (Rs. 0.54 million).
12. Deductions from depreciation (column 8) includes withdrawal of depreciation:
- on excess capitalisation Rs. 4.55 million (Rs. 1.02 million).
 - Rs. 0.55 million (Rs. 5.15 million) consequent to adjustment referred in para 8 above.
 - on deletions during the year Rs. 96.89 million (Rs. 55.67 million).

NOTES:

- Freehold 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.
- Freehold land includes Rs.47.83 million, capitalised for land at Cheralapalli depot.
- Cheralapalli LPG plant, Kurnool LPG plant, and Kaknada coastal terminal for which conveyances are yet to be executed.
- Leasehold land includes land taken on lease from CPT Haldia for Rs. 21.06 million for which the lease deed is yet to be finalised although the land is in the possession of the Corporation.
- Buildings include:
 - ownership flats of Rs. 35.46 million (Rs. 35.06 million) in proposed/existing co-operative housing societies.
 - value of shares of Rs. 0.04 million (Rs. 0.04 million). Of the above, the Corporation is yet to receive share certificates of the value of Rs. 0.01 million (Rs. 0.01 million).
- Transfer formalities relating to residential premises of Rs. 6.21 million (Rs. 6.21 million), registered in the name of a director, since retired, are in progress.
- Land, plant & machinery, tanks & pipelines, railway sidings and buildings jointly owned in varying extent with other oil companies/ Railways: gross block Rs.254.40 million (Rs.100.68 million), depreciation Rs. 49.45 million (Rs.38.10 million), net block Rs. 204.95 million (Rs. 62.58 million).
- Depreciation on project assets, to the extent capitalised against the completed capital projects, is adjusted against its original cost and

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

Rs. Million

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01/04/94	ADDITIONS	DEDUCTIONS INCLUDING RETIREMENT/ RECLASSI- FICATIONS	AS AT 31/03/95	UPTO 31/03/94	THIS YEAR	DEDUCTIONS INCLUDING ON ACCOUNT OF RETIREMENT/ RECLASSI- FICATIONS	UPTO 31/03/95	AS AT 31/03/95	AS AT 31/03/94
1	2	3	4	5	6	7	8	9	10	11
1. LAND										
(a) Freehold	0.78	—	—	0.78	—	—	—	—	0.78	0.78
(b) Leasehold	7.21	—	—	7.21	0.86	0.08	—	0.94	6.27	6.35
2. STAFF QUARTERS ETC. IN TOWNSHIP										
(a) Buildings	166.02	2.23	—	168.25	14.69	2.72	—	17.41	150.84	151.33
(b) Plant and Machinery	5.50	—	—	5.50	1.08	0.28	—	1.36	4.14	4.42
(c) Furniture and Fittings	0.21	—	—	0.21	0.09	0.01	—	0.10	0.11	0.12
(d) Other assets	10.71	2.97	0.06	13.62	3.78	1.98	—	5.76	7.86	6.93
3. SOCIAL & CULTURAL OVERHEADS										
(a) Buildings	3.03	0.99	0.04	3.98	0.41	0.06	—	0.47	3.51	2.62
(b) Plant and machinery	0.95	—	—	0.95	0.33	0.04	—	0.37	0.58	0.62
(c) Furniture and fittings	0.13	0.07	—	0.20	0.04	—	—	0.04	0.16	0.09
(d) Tanks and pipelines	0.02	—	—	0.02	0.02	—	—	0.02	*	*
(e) Other assets	4.25	0.02	—	4.27	0.96	0.21	—	1.17	3.10	3.29
TOTAL	198.81	6.28	0.10	204.99	22.26	5.38	—	27.64	177.35	176.55
PREVIOUS YEAR	182.37	16.63	0.19	198.81	18.03	4.24	0.01	22.26	176.55	164.34

* Rs. 1027



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SCHEDULE 'E' - CAPITAL WORK-IN-PROGRESS

(At cost)

		<u>Rs. Million</u>	<u>31/03/94 Rs. Million</u>
Capital work-in-progress			
Work-in-progress		2,317.30	2,122.55
Capital advances		111.90	155.73
Capital stores including lying with contractors		369.09	466.99
Capital goods in transit		127.77	127.40
Construction period expenses pending allocation			
		<u>31/03/94</u>	
Opening balance	35.56	38.51	
Add : Expenditure during the year			
Establishment charges	17.08	23.95	
Depreciation	0.93	0.95	
Others	12.96	17.53	
	<u>66.53</u>	<u>80.94</u>	
Less : Allocated to assets during the year	(29.47)	(45.38)	
Balance at the end of the year		<u>37.06</u>	<u>35.56</u>
Total		<u>2,963.12</u>	<u>2,908.23</u>



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SCHEDULE 'F' - INVESTMENTS

(At cost unless otherwise stated)

	<u>No.</u>	<u>Face Value</u> Rs. Million	<u>Book Value</u>	
			<u>Rs. Million</u>	<u>31/03/94 Rs. Million</u>
a) TRADE				
UNQUOTED				
1. Equity shares of Rs. 10 each (fully paid-up) of Bharat Shell Limited	15,925,000 (15,925,000)	159.25	159.25	159.25
2. Equity shares of Rs.10 each (fully paid-up) of Bharat Oman Refineries Limited (**Rs. 4000)	500,000 (400)	5.00	5.00	**
		<u>164.25</u>	<u>164.25</u>	<u>159.25</u>
b) NON - TRADE				
QUOTED				
1. Govt. of India Securities				
Deposited with local authorities				
5 1/2 % Loan 1995		0.21	0.21	0.21
5 1/2 % Loan 1999		0.03	0.03	0.03
5 1/2 % Loan 2000		0.01	0.01	0.01
5 3/4% Loan 2001		0.16	0.15	0.15
5 3/4% N.D. Loan 2001		0.01	0.01	0.01
5 3/4 % Loan 2002		0.04	0.03	0.03
6 % Loan 1998		0.24	0.23	0.23
6 1/2 % Loan 2000		0.10	0.09	0.09
7 % Loan 2009		0.21	0.17	0.17
7 1/2 % 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>				
5 3/4 % 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>
2. 10.5 % Tax-free bonds of Konkan Railway Corporation Limited of Rs. 1000 each (Listed during the year 1994-95)	300,000	300.00	285.00	285.00
3. 9.75 % Tax-free bonds of Power Grid Corporation Limited of Rs. 1000 each	200,000	200.00	208.67	—
		<u>501.29</u>	<u>94.68</u>	<u>286.21</u>

Aggregate market value of quoted securities **Rs. 500.34 million** (0.88 million)



SCHEDULE 'F' - INVESTMENTS (Contd.)

(At cost unless otherwise stated)

		Face Value	Book Value	
	No.	Rs. Million	Rs. Million	31/03/94 Rs. Million
UNQUOTED				
1.	Units of Unit Trust of India,1964 Scheme of Rs.10 each Repurchase price - Rs. 1635.78 million (Rs. 1344.16 million)	91,129,880 (75,941,560)	911.30 (759.42)	1,271.58 1,046.80
2.	National Savings Certificates (Deposited with local authorities i.e. BMC, Rationing authority etc.)		0.03	0.03 0.04
3.	5 1/2 Years Kisan Vikas Patra (Deposited with Bombay Municipal Corporation and Jamnagar Municipal Corporation)	790 (790)	7.90	7.70 7.70
4.	Debentures (fully paid-up - Irredeemable) - 6 1/2 % of the Bengal Chamber of Commerce & Industry - 5 % of East India Clinic Limited - 6 % of Sholapur Spinning & Weaving Ltd. (in liquidation) (AT BOOK VALUE)	15 (15) 1 (1) 578 (578)	0.01 0.06 0.06 0.06	0.01 0.06 0.06 @ @
5.	Ordinary shares (Fully paid-up) of Sindhu Resettlement Corporation Ltd.	6 (6)	0.01	0.02 0.02
6.	Certificate of Deposits with scheduled banks		500.00	483.86
			1,419.37	1,763.26
			2,084.91	2,422.39
	Total			1,500.09

@ Written down to Re. 1/-



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SCHEDULE 'G' - INVENTORIES

(As taken, valued and certified by the Management) #

	Rs. Million	31/03/94 Rs. Million
Stores and spares *	843.78	867.04
Stores and spares in transit	52.34	65.47
Raw materials \$	5,981.46	3,692.58
Stock in process	87.15	51.90
Finished products @	3,741.54	4,050.00
Packages	172.80	197.92
Total	10,879.07	8,924.91

Inventory valuation is as per significant accounting policy No. 5.

* Includes **Rs.15.55 million** (Rs.5.65 million) lying with third parties.

\$ Includes **Rs.4,726.42 million** (Rs.2,099.69 million) (net) given on loan representing **Rs. 5,006.74 million** (Rs. 4,314.52 million) for materials given on loan minus **Rs. 280.32 million** (Rs. 2,214.83 million) for materials received on loan from other oil companies.

@ Includes **Rs.463.50 million** (Rs.400.17 million) (net) given on loan representing **Rs.818.58 million** (Rs.741.86 million) for products given on loan minus **Rs.355.08 million** (Rs.341.69 million) for products received on loan from other oil companies.

SCHEDULE 'H' - SUNDRY DEBTORS

(Considered good unless otherwise stated)

	Rs. Million	31/03/94 Rs. Million
Debts outstanding for over six months :		
Considered good *	722.19	490.51
Considered doubtful	99.42	57.63
Less : Provision for doubtful debts	(99.42)	(57.63)
	722.19	490.51
Other debts	3,084.58	2,020.33
Total	3,806.77	2,510.84

* Includes **Rs.9.25 million** (Rs.8.58 million) which are secured.



SCHEDULE 'I' - CASH AND BANK BALANCES

	<u>Rs. Million</u>	<u>31/03/94 Rs. Million</u>
Cash on hand	398.11	384.33
[Includes drafts and cheques of Rs.389.84 million (Rs.376.09 million) on hand]		
With scheduled banks :		
In current accounts	413.15	60.79
In deposit accounts	850.43	0.59
Remittances in transit	350.99	510.67
Total	<u>2,012.68</u>	<u>956.38</u>

SCHEDULE 'J' - OTHER CURRENT ASSETS

	<u>Rs. Million</u>	<u>31/03/94 Rs. Million</u>
Interest accrued on investments (including on bank deposits, loans and advances)	27.91	8.00
Total	<u>27.91</u>	<u>8.00</u>

SCHEDULE 'K' - LOANS AND ADVANCES

(Unsecured - considered good unless otherwise stated)

	Rs. Million	31/03/94 Rs. Million
Loans (Secured) :		
To companies	0.92	1.73
To staff *	1,319.34	1,122.90
To others	6.54	1.18
Advances :		
Advances recoverable in cash or in kind or for value to be received	960.64	773.08
Considered doubtful	7.28	6.05
Less : provision for doubtful advances	(7.28)	(6.05)
	<u>2,287.44</u>	<u>1,898.89</u>
Claims :		
Considered good	288.96	250.21
Considered doubtful	58.08	42.64
Less : provision for doubtful claims	(58.08)	(42.64)
	<u>288.96</u>	<u>250.21</u>
Deposits :		
With customs/excise/port trusts etc	126.20	115.40
Others	69.79	78.60
	<u>195.99</u>	<u>194.00</u>
Considered doubtful	0.94	0.11
Less: provision for doubtful deposits	(0.94)	(0.11)
	<u>195.99</u>	<u>194.00</u>
Total	<u><u>2,772.39</u></u>	<u><u>2,343.10</u></u>

* Includes :

Due from officers : **Rs. 5.20 million** (Rs. 5.25 million)

Maximum balances : **Rs. 5.97 million** (Rs. 5.48 million)

Due from directors : **Rs. 0.50 million** (Rs. 0.29 million)

Maximum balances : **Rs. 0.92 million** (Rs. 0.32 million)



SCHEDULE 'L' - LIABILITIES

	Rs. Million	31/03/94 Rs. Million
Current liabilities :		
Sundry creditors *	9,993.61	6,911.48
Deposits from customers	9.19	8.58
Deposits for containers	4,178.33	3,389.85
Unclaimed dividend	0.78	0.01
Other liabilities	4,382.83	3,580.61
Interest accrued but not due on loans	107.56	82.40
Total	18,672.30	13,972.93

* Includes Rs.5,731.97 million (Rs.2,849.86 million) payable to other oil companies on settlement of crude oil and finished products given on loan basis.

SCHEDULE 'M' - PROVISIONS

	Rs. Million	31/03/94 Rs. Million
Provision for taxation (net of tax paid)	157.83	250.21
Proposed dividend (subject to deduction of tax at source)	495.00	165.00
Unfunded retirement benefits	17.29	17.01
Total	670.12	432.22

SCHEDULE 'N' - SALE OF PRODUCTS

	Rs. Million	1993-94 Rs. Million
Sales turnover	131,910.64	114,384.68
Net recovery from / (payment to) Industry Pool Accounts	(56,006.33)	(50,195.10)
Total	75,904.31	64,189.58



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SCHEDULE 'O' - MISCELLANEOUS INCOME

	<u>Rs. Million</u>	<u>1993-94</u> <u>Rs. Million</u>
Interest on bank deposits and others	238.57	112.11
Income from investments (non-trade) :		
Interest (gross)	41.01	9.66
Tax deducted at source - Rs.8.46 million (Rs.1.57 Million)		
Dividend (gross)	197.45	141.03
Tax deducted at source - Rs.48.82 million (Rs.34.87 Million)		
Profit/(loss) on sale/write off of fixed assets (net)	—	0.24
Excess provision for expenses written back	32.46	5.05
Profit on maturity of investment (*Rs.754.75)	20.12	*
Other income	762.69	549.96
Total	<u><u>1,292.30</u></u>	<u><u>818.05</u></u>

SCHEDULE 'P' - INCREASE/(DECREASE) IN INVENTORY

	<u>31/03/94</u>	<u>Rs. Million</u>	<u>31/03/94</u> <u>Rs. Million</u>
Value of closing stock of			
Finished goods	3,741.54	4,050.00	
Stock in process	87.15	51.90	
	<u>3,828.69</u>	<u>4,101.90</u>	
Less :			
Value of opening stock of			
Finished goods	4,050.00	3,648.54	
Stock in process	51.90	32.27	
	<u>4,101.90</u>	<u>3,680.81</u>	
		(273.21)	421.09
Total		<u><u>(273.21)</u></u>	<u><u>421.09</u></u>

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

	<u>Rs. Million</u>	<u>1993-94</u> <u>Rs. Million</u>
Stores, spares and materials	1,113.66	1,186.27
Less : Charged to other accounts	(305.08)	(274.66)
Total	<u><u>808.58</u></u>	<u><u>911.61</u></u>



SCHEDULE 'R' - POWER AND FUEL

	Rs. Million	1993-94 Rs. Million
Power and fuel	909.80	692.09
Less: Consumption of fuel out of own production	(771.15)	(565.95)
Total	138.65	126.14

SCHEDULE 'S' - EMPLOYEES' REMUNERATION AND OTHER BENEFITS

	Rs. Million	1993-94 Rs. Million
Salaries and wages *	1,272.89	752.94
Contribution to provident and other funds	83.23	75.33
Contribution to gratuity fund	18.61	9.73
Welfare expenses	235.57	193.26
Total	1,610.30	1,031.26

* Includes Rs.416 million (Rs.nil) on account of arrears consequent to wage revision.

SCHEDULE 'T' - INTEREST

	Rs. Million	1993-94 Rs. Million
On fixed loans	404.26	272.96
Others	32.95	194.24
Total	437.21	467.20

SCHEDULE 'U' - OTHER OPERATING AND ADMINISTRATION EXPENSES

		<u>Rs. Million</u>	<u>1993-94</u> <u>Rs. Million</u>
Repairs and maintenance :			
Machinery		318.51	340.83
Building		86.64	72.80
Others		203.97	163.37
		<u>609.12</u>	<u>577.00</u>
Insurance		94.94	85.60
Rent		149.71	143.22
Rates and taxes		58.03	52.59
Charities and donations		0.61	8.33
Remuneration to auditors :			
		<u>1993-94</u>	
Audit Fees	0.27	0.27	
Certification fees	0.01	0.01	
Out of pocket expenses	0.05	0.05	0.33
		<u>0.33</u>	
Public utilities		101.21	86.69
Bad debts and claims written off		0.13	0.07
Materials/products written off		20.29	0.30
Provision for doubtful debts etc.		59.28	66.77
Loss/(profit) on sale/write off of fixed assets (net)		12.81	0.00
Charges paid to other oil companies		127.74	86.13
Travelling and conveyance		155.92	129.35
Telephones, telex, cables, postage etc.		81.13	70.01
Brokerage on public deposits		19.39	10.25
Other expenses		576.17	481.26
Total		<u><u>2,066.81</u></u>	<u><u>1,797.90</u></u>



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

	<u>Rs. Million</u>	1993-94 <u>Rs. Million</u>
Sale of products	(2.29)	(0.66)
Duties, taxes and other charges applicable to products	—	1.17
Transportation	(1.41)	0.44
Consumption of stores, spares and materials	0.64	—
Employees' remuneration and other benefits	0.82	(3.34)
Other operating and administration expenses	(3.18)	(7.47)
Insurance	—	6.63
Rent	1.33	(1.33)
Interest	(0.60)	0.67
Interest on bank deposits and others	—	(3.00)
Depreciation	(2.08)	0.06
Total	<u>(6.77)</u>	<u>(6.83)</u>

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

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The accounts are prepared under historical cost convention on accrual system of accounting except where otherwise stated.

2. FIXED ASSETS

2.1 LAND

2.1.1 Land acquired on lease where period of lease exceeds 99 years is treated as freehold.

2.1.2 Advance payments for acquisition of land for which Corporation does not have possession is included in Land "Advance payment".

2.2 FIXED ASSETS OTHER THAN LAND

Expenditure on assets, other than plant and machinery and land, not exceeding Rs.1000 per item is charged to revenue.

2.3 EXPENDITURE DURING CONSTRUCTION PERIOD

Direct expenses (including direct financing costs) incurred during construction period on capital projects are capitalised. Indirect expenses of the project group are allocated only to the projects costing Rs.50 million and above.

3. DEPRECIATION

3.1 No depreciation is charged on freehold land (including leasehold land treated as freehold). Premium paid for acquiring leasehold land for lease period not exceeding 99 years, is amortized over the period of lease.

3.2 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.

3.3 Depreciation on other fixed assets is provided under the straight line method, at rates prescribed under Schedule XIV to the Companies Act, 1956. Additions to fixed assets during the year are being depreciated on pro rata basis from the beginning of the month in which such assets are commissioned.

4. INVESTMENTS

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

5. INVENTORY VALUATION

5.1 Crude oil is valued at cost on first in first out basis.

5.2 Intermediate stocks are valued at feed cost.



- 5.3 Base oil is valued at cost.
- 5.4 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.
- 5.5 Free trade products and packages are valued at cost or at net realisable value, whichever is lower.
- 5.6 Stores and spares are valued at cost except in the case of slow moving/obsolete/items identified as surplus which are valued at Re.1 per item.
- 5.7 In sub paras 5.3, 5.5 and 5.6 'Cost' is reckoned as the weighted average cost.

6. MODVAT

Consumption/stock of revenue items, fixed assets, capital work-in-progress and capital stores are net of MODVAT credits.

7. CLAIMS AND PROVISIONS

Claims on Oil Co-ordination Committee are booked on 'in principle acceptance' thereof. Claims and provisions on Pool Accounts are generally booked on the basis of available instructions/clarifications subject to final adjustments after audit, as stipulated. All other claims and provisions are booked on the merits of each case.

8. SALES

Sales include, inter alia, excise/customs duties, Industry pool account adjustments and other elements allowed by the Government from time to time.

9. RAW MATERIALS CONSUMED

The amount of raw materials consumed is shown net of surrenders to/claims from Industry Pool Accounts.

10. GRATUITY

Contribution to gratuity fund based on actuarial valuation is charged to profit and loss account.

11. CLASSIFICATION OF INCOME/EXPENSES

- 11.1 Being not material :
 - 11.1.1 Income/expenditure up to Rs.0.10 million in each case pertaining to prior years is charged to the current year.
 - 11.1.2 Prepaid expenses up to Rs.0.01 million in each case, are charged to revenue as and when incurred.
 - 11.1.3 Liabilities for expenses, other than for transportation and rent, are provided for only if the amount exceeds Rs.0.01 million in each case.
 - 11.1.4 Deposits up to Rs.1,000 each placed with Government agencies are charged off to revenue as an expense in the year of payment.
- 11.2 Research and development expenditure other than capital expenditure is charged to profit and loss account in the year the expenditure is incurred.
- 11.3 The cost of know-how related to process of manufacture is charged to revenue in the year in which it is incurred.

12. DUTIES ON BONDED STOCKS

Excise/customs duty 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.

13. FOREIGN CURRENCY TRANSACTIONS

13.1 FIXED ASSETS

Borrowings in foreign currency for acquisition of fixed assets are converted at the forward contract rates, or rates ruling at the year end. Exchange fluctuations/hedging costs are adjusted to the cost of assets and corresponding liability account.

13.2 CURRENT ASSETS AND CURRENT LIABILITIES

Current assets and current liabilities involving transactions in foreign currency are converted at exchange rates prevailing on the date of balance sheet. Any profit/loss arising out of such conversion is charged to profit and loss account.

14. GOVERNMENT GRANTS

In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is taken to capital reserve as deferred income which is recognised in the profit and loss account over the useful life of the asset.

15. 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. Purchase of products for resale includes payments to third parties for processing fees **Rs.52.82 million** (Rs.36.82 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 use 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 provision is made for duty in respect of stock of finished goods held as at the year end, which calculated at maximum rates works out to **Rs.477.20 million** (Rs.566.97 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.131.77 million** (Rs.52.57 million). This has no impact on the profit for the year.
4. Provision for taxation in the profit and loss account includes **Rs.0.80 million** (Rs.1.00 million) towards provision for wealth tax.
5. 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.97.97 million** (Rs.49.67 million) 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.
6. There are certain open items in customer/bank accounts and cash-in-transit reconciliations, scrutiny of which is in progress. Adjustments, which are not likely to be material, will be made on completion of scrutiny.
7. The Corporation holds 49% equity in Bharat Shell Limited (BSL) which was incorporated on September 6, 1993. The accumulated losses of BSL including Miscellaneous Expenditure to the extent not written off amounted to Rs.40.38 million as at 31st March, 1994. No provision is considered necessary in the books of accounts as BSL is expected to recoup its losses.
8. The Corporation has been served a show cause notice by the Registrar of Companies, Bombay for contravention of certain sections of the Companies Act, 1956 in respect of previous years. However based on the legal opinion, the Corporation does not expect any liability to arise on this account.



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9. Capital Commitments and Contingent Liabilities :

	<u>Rs. Million</u>	<u>31/03/94 Rs. Million</u>
I. Capital Commitments :		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	1,527.84	2,419.02
(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 31-03-1995 is unascertainable	—	—
II. Contingent Liabilities :		
(a) In respect of taxation matters of prior years	35.82	36.13
(b) Other Matters :		
i) Surety bonds executed on behalf of other oil companies for excise/customs duties for which BPCL has signed as surety	335.47	260.81
ii) Claims against the Corporation not acknowledged as debts:		
(a) Excise and customs matters	407.74	174.63
(b) Sales tax matters	1,093.27	221.89
(c) Others	985.73	668.11
These include Rs.671.74 million (Rs.541.42 million) against which the Corporation has a recourse for recovery and Rs.274.64 million (Rs.82.97 million) on capital account.		
iii) Claims on account of wages, bonus/ex-gratia payments, in respect of pending court cases	102.59	105.63

10. Salaries and wages include **Rs.28.00 million** charged during the year in respect of estimated liability for payment due to canteen workmen, in accordance with the Supreme Court's judgement.

11. From the current year, the expenses on know-how related to manufacturing process are being charged off to revenue as specified in the Significant Accounting Policies. Accordingly, an amount of **Rs.20.45 million** has been expensed during the current year and the profit for the year stands reduced to this extent.

12. Managerial Remuneration :

	<u>Rs. Million</u>	<u>1993-94 Rs. Million</u>
Salary and allowances	0.63	0.75
Contributions to Provident Fund and other funds	0.04	0.05
Other benefits	0.22	0.17
	<u>0.89</u>	<u>0.97</u>



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

	Licensed Capacity	Installed Capacity	Actual Production
(a) Fuel refinery			
(i) In million metric tonnes p.a.	6.00 (6.00)	6.00 (6.00)	7.38 (7.21)
(ii) Production (in kilolitres)			
Light distillates	—	—	2,837,278 (2,696,574)
Middle distillates	—	—	4,800,171 (4,632,141)
Others	—	—	1,150,355 (1,315,147)
(b) Aromatics			
(i) Benzene in metric tonnes (MT)	98,300 (98,300)	98,300 (85,000)	57,511 (22,037)
(ii) Toluene in M.T.	17,600 (17,600)	17,600 (17,600)	13,437 (7,047)
(c) Lubricants in M.T.	96,384 (96,384)	90,000 (90,000)	66,681 (74,154)
(d) Sulphur in M.T.	5,700 (5,700)	10,950* (10,950)*	239 (456)

* Designed capacity is based on processing of neat Middle East Crude.

14. Raw materials consumed :

	Unit	Consumption	
		Quantity	Rs. Million
Crude oil (net of surrender to/claim from Industry Pool Accounts)	MT	7,381,600 (7,205,558)	16,867.80 (13,757.43)
Base oil	KL	88,462 (96,658)	1,184.15 (1,742.93)
			18,051.95 (15,500.36)

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



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15. 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	251,935 (341,966)	631.86 (690.33)	3,450,384 (3,242,672)	8,223.05 (7,669.61)	6,422,556 (6,180,582)	22,303.03 (18,869.51)	223,694 (251,935)	646.15 (631.86)
Middle Distillates	1,000,158 (1,015,996)	2,349.25 (2,275.95)	10,928,721 (9,762,126)	25,703.44 (22,305.94)	15,759,024 (14,381,531)	44,454.49 (37,286.03)	940,197 (1,000,158)	2,199.54 (2,349.25)
Others	115,625 (72,275)	180.92 (108.83)	1,118,801 (1,310,966)	2,096.23 (2,466.02)	2,121,958 (2,355,458)	4,811.72 (4,415.24)	104,637 (115,625)	179.47 (180.92)
<u>Aromatics</u>								
(a) Benzene	9,548 (10,783)	79.79 (75.11)			73,686 (26,223)	558.16 (110.64)	1,050 (9,548)	11.25 (79.79)
(b) Toluene	86 (351)	0.93 (2.40)			15,408 (8,368)	124.60 (58.18)	122 (86)	1.28 (0.93)
Lubricants	32,262 (30,849)	807.25 (495.92)			98,100 (104,352)	3,650.02 (3,449.32)	28,589 (32,262)	703.85 (807.25)
		4,050.00 (3,648.54)		36,022.72 (32,441.57)		75,902.02 (64,188.92)		3,741.54 (4,050.00)

- (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 fee **Rs.52.82 million** (Rs.36.82 million) but include own consumption and samples **Rs.23.02 million** (Rs.25.98 million).

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

	<u>Rs. Million</u>	<u>1993-94</u> <u>Rs. Million</u>
(a) Components and spare parts (including packages, chemicals and catalysts)	130.73	156.18
(b) Capital goods	120.76	156.81

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

	<u>Rs. Million</u>	<u>1993-94</u> <u>Rs. Million</u>
(a) Know-how	0.00	11.66
(b) Interest	5.47	5.15
(c) Other matters	171.17	11.56



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

	Value		Value	
	Rs. Million	%	Rs. Million	%
Imported	272.83	17.57	274.06	16.00
Indigenous	1,279.64	82.43	1,438.51	84.00
Total	<u>1,552.47</u>	<u>100.00</u>	<u>1,712.57</u>	<u>100.00</u>

19. Earnings in foreign exchange :

	Rs. Million	1993-94 Rs. Million
Exports at F.O.B. value on own account #	2,724.23	2,361.85

Includes receipt of Rs.2,272.64 million (Rs.2,119.70 million) in Indian currency out of the repatriable funds of foreign airline customers.

20. Expenditure on social overheads :

	Rs. Million	1993-94 Rs. Million
(a) Expenditure on township [net of recovery Rs.1.90 million (Rs.1.98 million)]	3.35	3.01
(b) Medical facilities over and above statutory requirements	0.78	0.62
(c) Social and cultural activities	5.35	3.36
(d) Depreciation on capital assets (as indicated in Schedule 'D')	5.38	4.24

21. Profit and Loss Account includes expenditure on :

	Rs. Million	1993-94 Rs. Million
(a) Entertainment	1.12	0.93
(b) Public relations and publicity	40.82	19.32
(c) Remuneration to staff employed for public relations work	0.80	0.82

22. Research and development :

	Rs. Million	1993-94 Rs. Million
(a) Revenue expenditure	5.24	4.11
(b) Capital expenditure	10.09	—

		1993-94
	<u>Rs. Million</u>	<u>Rs. Million</u>
23. Value Added :	11,813.38	9,260.61
24. 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.		
25. Figures of the previous year have been regrouped wherever necessary, to conform to current year presentation.		

Signatures to Schedules 'A' to 'W'

For and on behalf of the Board of Directors

Sd/-
U. SUNDARARAJAN
Chairman and Managing Director

Sd/-
R.K. VARMA
Director (Marketing)

Sd/-
K.S. MANIKASHETTI
Company Secretary

Place : Delhi
Date : 19th May, 1995

IN EVERY PART OF INDIA





ON THE FAST TRACK OF SERVICE

BHARAT PETROLEUM CORPORATION LTD.

REGISTERED OFFICE : BHARAT BHAVAN, 4 & 6 CURRIMBHOY ROAD, BALLARD ESTATE, BOMBAY - 400 038.