ANNUAL REPORT

2008-2009

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# STIMULATING GROWTH

*We are constantly evolving new strategies to meet the challenges of a dynamic environment.*

*We continue to energise lives by harnessing technology and leveraging our talented workforce to advantage. Having consolidated our resources, we're pursuing a growth trajectory, maximizing business opportunities in varied spheres.*

*Striving to retain the competitive edge, we conjure up real time solutions while augmenting value for our customers and stakeholders.*

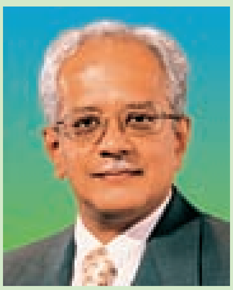
*Setting our sights on achieving excellence, we benchmark ourselves against the highest global standards, forging ahead with enthusiasm and commitment.*

*Our focus on sustainable development remains unabated, with social responsibility, health, safety, security and environmental care as our corporate goals. We've also redoubled our efforts to seek fresh avenues in our quest for renewable energies, creating a brighter future for generations to come.*

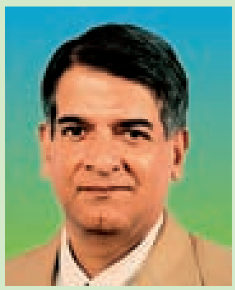
*BPCL . . . building a better world.*

# BOARD OF DIRECTORS

**ASHOK SINHA**
Chairman & Managing Director



**S. A. NARAYAN**
Director (Human Resources)
(up to 9.6.2008)



**S. RADHAKRISHNAN**
Director (Marketing)

**S. K. JOSHI**
Director (Finance)

**R. K. SINGH**
Director (Refineries)

**S. MOHAN**
Director (Human Resources)
(w.e.f. 25.6.2008)

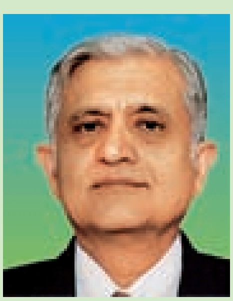
**P. K. SINHA**
Addl.Secretary & Financial Advisor, Ministry of Petroleum & Natural Gas

**P. H. KURIAN**
Ex-Secretary, Investment Promotion, Government of Kerala
(up to 15.6.2009)

**T. BALAKRISHNAN**
Principal Secretary
(Industries & Commerce)
Government of Kerala
(w.e.f 17.6.2009)

**P. C. SEN**
Director
(up to 19.5.2008)

**V. D. GUPTA**
Director
(up to 19.5.2008)



**A. H. KALRO**
Director

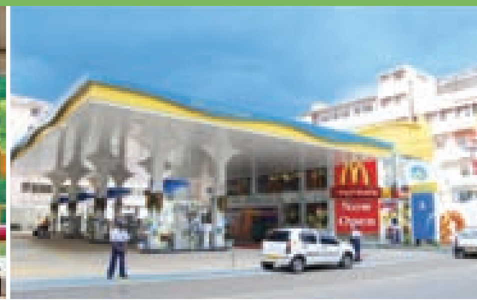
**N. VENKITESWARAN**
Director

**S. K. BARUA**
Director
(w.e.f. 20.5.2008)

**RAMA BIJAPURKAR**
Director
(w.e.f. 20.5.2008)

**N. VISWAKUMAR**
Company Secretary

# GROUP PERFORMANCE HIGHLIGHTS



Sales turnover rose by 19.61% to Rs.147,336.82 crores

Net profit at Rs. 724.13 crores

Market Sales including exports at 28.83 MMT

Crude throughput at 22.20 MMT

Consolidating global presence

## BANKERS

State Bank of India
Union Bank of India
Corporation Bank
Bank of India
State Bank of Patiala
Central Bank of India
Deutsche Bank
Standard Chartered Bank
ABN AMRO Bank N.V.
ICICI Bank
HDFC Bank
State Bank of Travancore
Indian Bank
Industrial Development Bank of India Ltd.
BNP Paribas
Calyon Bank

## AUDITORS

B. K. Khare & Co.

## SHARE TRANSFER AGENTS

Data Software Research Co. Pvt. Ltd.
22, Sree Sovereign Complex,
4th Cross Street, Trustpuram,
Kodambakkam, Chennai 600 024

## REGISTERED OFFICE

Bharat Bhavan
4&6 Currimbhoy Road,
Ballard Estate, Mumbai 400 001

Mr. S. Mohan, Director (Human Resources), Mr. S.K.Joshi, Director (Finance), Mr. Ashok Sinha, Chairman & Managing Director, Mr. S. Radhakrishnan, Director (Marketing) and Mr. R.K.Singh, Director (Refineries).

# MANAGEMENT TEAM

| | |
|---|---|
| **Ms. I. Sasikala** | Chief Vigilance Officer |
| **Mr. A.K. Bansal** | Executive Director (Gas & Gas based Power Projects) |
| **Mr. Anurag Deepak** | Executive Director Logistics (Retail), Mumbai |
| **Mr. B.K. Datta** | Executive Director (Supply Chain Optimization) |
| **Mr. D.M. Reddy** | Executive Director (Industrial & Commercial) |
| **Ms. Dipti Sanzgiri** | Executive Director (Human Resources Development) |
| **Mr. E. Nandakumar** | Executive Director, Kochi Refinery |
| **Mr. J. Ravichandran** | Executive Director (Refineries Finance) |
| **Mr. K.K. Gupta** | Executive Director (Retail) In-charge |
| **Dr. M.A. Siddiqui** | Executive Director (Research & Development) |
| **Mr. P.S. Bhargava** | Executive Director (Planning) |
| **Mr. R.K. Mehra** | Executive Director (International Trade) |
| **Mr. R.M. Gupta** | Executive Director (LPG) |
| **Mr. S. Krishnamurti** | Executive Director (Corporate Affairs) |
| **Mr. S.P. Gathoo** | Executive Director (Human Resources Services) |
| **Mr. S. P. Mathur** | Executive Director (Aviation) |
| **Mr. S. Ramesh** | Executive Director (Lubes) |
| **Ms. Sumita Bose Roy** | Executive Director (Audit) |
| **Mr. S. Varadarajan** | Executive Director (Corporate Treasury) |
| **Mr. A.K. Kaushik** | General Manager (Information Systems – Infrastructure & Services) |
| **Mr. A.R. Sarkar** | General Manager (Materials) |
| **Mr. Amitabha Sengupta** | General Manager (Human Resources), Mumbai Refinery |
| **Mr. Basudev Rana** | General Manager (Sales) I&C, Mumbai |
| **Mr. Brij Pal Singh** | General Manager (Operations), Retail |
| **Mr. George Paul** | General Manager (Brand & ARB) Retail HQ |
| **Mr. G.S. Baveja** | General Manager (Health, Safety & Environment) |
| **Mr. G.S. Wankhede** | General Manager (Operations), MMBPL |
| **Mr. I. Srinivas Rao** | General Manager LNG Marketing (Industrial) |
| **Mr. J. Dinaker** | General Manager Finance (International Trade) |
| **Mr. John Minu Mathew** | General Manager (Technical), Kochi Refinery |
| **Mr. J.S. Sokhi** | General Manager (Retail Initiatives), Retail HQ |
| **Mr. K.B. Narayanan** | General Manager (ERP - CC) |
| **Mr. K. N. Ravindran** | General Manager (Projects), Kochi Refinery |
| **Mr. K.P. Chandy** | Regional LPG Manager, South |
| **Mr. K.V. Seshadri** | General Manager In-charge, Mumbai Refinery |
| **Mr. K.V. Shenoy** | General Manager (Highway Retailing), Retail HQ |
| **Mr. M.K. Kaul** | General Manager (Engineering & Advisory Services), Mumbai Refinery |
| **Mr. M.M. Chawla** | General Manager (Pipeline Projects), E&P |
| **Mr. M.P. Govindarajan** | General Manager (Human Resources), Kochi Refinery |
| **Ms. Monica Widhani** | General Manager (Urban Retailing) |
| **Mr. N.S. Ramu** | General Manager (Retail), South |
| **Mr. N. Viswakumar** | Company Secretary |
| **Mr. P. Balasubramanian** | General Manager (Management Accounts) |
| **Mr. P. C. Srivastava** | General Manager (Retail), West |
| **Mr. Pallav Ghosh** | General Manager (Retail), HQ |
| **Mr. P. Padmanabhan** | General Manager (Technical), Mumbai Refinery |
| **Mr. Pramod Sharma** | General Manager (Coordination) |
| **Mr. R.P. Natekar** | General Manager (Treasury) |
| **Mr. R. Ranganath** | General Manager Finance (Retail) HQ |
| **Mr. S.B. Bhattacharya** | General Manager (Marketing) Lubes |
| **Mr. S.K. Agrawal** | General Manager (Legal) |
| **Mr. S.K. Mathur** | General Manager (Retail), North |
| **Mr. Sharad K. Sharma** | General Manager Sales (LPG) HQ |
| **Mr. Tomy Mathews** | General Manager (Operations), Kochi Refinery |
| **Mr. T. Somanath** | General Manager – Talent Management |
| **Mr. Vinod Giri** | General Manager (Marketing Corporate) |
| **Dr. G. Vasudev** | Dy. General Manager (Quality Control Cell) |
| **Ms. Madhu Sagar** | Dy. General Manager (Employee Satisfaction Enhancement), CO |
| **Mr. M.M. Somaya** | Dy. General Manager (Brand & Public Relations) |

# NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 56th Annual General Meeting of the Shareholders of Bharat Petroleum Corporation Limited will be held in the Rama Watumull Auditorium at Kishinchand Chellaram College (K.C. College), 124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020, on Tuesday, the 8th September, 2009, at 10.30 a.m. to transact the following Ordinary and Special Business:

**A) Ordinary Business**

1) To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2009, the Balance Sheet as at that date and the Reports of the Board of Directors and the Statutory Auditors and the Comments of the Comptroller & Auditor General of India thereon.

2) To declare dividend.

3) To appoint a Director in place of Prof. N. Venkiteswaran, Director, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Prof. N. Venkiteswaran, being eligible, offers himself for re-appointment.

4) To appoint a Director in place of Shri P. K. Sinha, Additional Secretary & Financial Advisor, Ministry of Petroleum and Natural Gas, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri P. K. Sinha, being eligible, offers himself for re-appointment.

**B) Special Business**

5) **Appointment of Director**

To consider and, if thought fit, to pass the following Resolution, with or without modifications, as an Ordinary Resolution:

"RESOLVED that pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri T. Balakrishnan, Principal Secretary, Industries & Commerce, Government of Kerala be and is hereby appointed as Director of the Company."

By Order of the Board of Directors

Sd/-
**(N. Viswakumar)**
Company Secretary

**Registered Office:**
Bharat Bhavan,
4 & 6 Currimbhoy Road,
Ballard Estate,
Mumbai-400 001.

Date: 24th July, 2009

**Notes:**

1) Explanatory statement under Section 173 of the Companies Act, 1956, in respect of the item of Special Business is annexed hereto.

2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED & AFFIXED WITH A REVENUE STAMP AND BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.**

3) The Share Transfer Books of the Company will remain closed from Friday, 28th August, 2009 to Tuesday, 8th September, 2009, both days inclusive, for the purpose of payment of dividend on equity shares for the year ended 31st March, 2009, if declared at the Annual General Meeting as under:

   a) To all Beneficial Owners in respect of shares held in electronic form as per the data to be made available by NSDL/CDSL as at the close of day on 27th August, 2009.

b) To all Members in respect of shares held in physical form after giving effect to transfer in respect of valid share transfer requests lodged with the Share Transfer Agent viz., Data Software Research Co. Pvt. Ltd., on or before 27th August, 2009.

4) The unclaimed dividends of BPCL and erstwhile Kochi Refineries Limited (KRL) for the financial years upto 1993-94 had been transferred by the Companies to the General Revenue Account of the Central Government, which can be claimed by the Shareholders from the Office of the Registrar of Companies at Mumbai and Kochi, respectively.

5) (a) Pursuant to Section 205A(5) and Section 205C of the Companies Act, 1956, any amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund established by the Central Government. Accordingly, the unclaimed dividends for the financial years ended 31st March, 1995 to 31st March, 2001 of BPCL and erstwhile KRL had been transferred to the said Fund, and no claim shall lie against the said Fund, or the Company, for the amount of dividends so transferred.

(b) Shareholders of BPCL who have not yet encashed their dividend warrant(s) for the financial year ended 31st March, 2002 or any subsequent financial years are requested to make their claims to the Share Transfer Agent of the Company or to the Registered Office of the Company. With regard to unclaimed amount of final dividend for the financial year ended 31st March, 2002 and unclaimed dividend for subsequent financial years of erstwhile KRL, the claims can be made to the Share Transfer Agent of the Company.

It may be noted that the unclaimed amount of final dividend for the financial year ended 31st March, 2002 will become due for transfer to the Investor Education and Protection Fund on 24th October, 2009 in respect of erstwhile KRL and 31st October, 2009 in respect of BPCL.

## EXPLANATORY STATEMENT

**Annexed to the Notice convening the 56th Annual General Meeting to be held on Tuesday, the 8th September, 2009**

**Item No. 5 Appointment of Director**

Shri T. Balakrishnan was appointed as Additional Director of Bharat Petroleum Corporation Limited under the provisions of Article 77A of the Articles of Association of the Company, effective 17th June, 2009 in accordance with the directions of the Government of India.

Shri T. Balakrishnan, being an Additional Director, holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956, from a Member, proposing the name of Shri T. Balakrishnan, as Director of the Company. A brief resume of Shri T. Balakrishnan, as required under Clause 49(IV)(G) of the Listing Agreement, is provided separately in the Corporate Governance Report enclosed to the Directors' Report. Shri T. Balakrishnan does not hold any shares in the Company as on the date of appointment. The Directors recommend appointment of Shri T. Balakrishnan as Director of the Company.

Except Shri T. Balakrishnan, no other Director is interested in the Resolution.

By Order of the Board of Directors

Sd/-
**(N. Viswakumar)**
Company Secretary

**Registered Office:**
Bharat Bhavan,
4 & 6 Currimbhoy Road,
Ballard Estate,
Mumbai-400 001.

Date: 24th July, 2009

# DIRECTORS' REPORT

The Directors take pleasure in presenting their Report on the performance of Bharat Petroleum Corporation Limited (BPCL) for the year ended 31st March, 2009.

**PERFORMANCE OVERVIEW**

**Group Performance**

The aggregate Refinery throughput at BPCL's Refineries at Mumbai and Kochi, along with that of BPCL's subsidiary company, Numaligarh Refinery Limited (NRL) in 2008-09, was 22.20 Million Metric Tonnes (MMT) as compared to 23.52 MMT in 2007-08. The market sales of the BPCL Group in 2008-09 stood at 27.45 MMT, as compared to 26.08 MMT in the previous year. The group's exports of petroleum products during the year was 1.38 MMT as against 1.93 MMT in 2007-08.

The sales turnover for the year of the BPCL Group increased to Rs. 147,336.82 crores from the previous year's level of Rs. 123,179.69 crores. The Group Profit after Tax (PAT) amounted to Rs. 724.13 crores in 2008-09 as against Rs. 1,912.52 crores in the previous year. After setting off the minority interest, the Group earnings per share declined to Rs. 17.53 in 2008-09 from Rs. 48.94 in the previous year.

| CONSOLIDATED GROUP RESULTS | | |
|---|---|---|
| | **2008-09** | 2007-08 |
| **Physical Performance** | | |
| Crude Throughput (MMT) | **22.20** | 23.52 |
| Market Sales (MMT) | **27.45** | 26.08 |
| **Financial Performance** | | **Rs. in Crores** |
| Sales / Income from Operations | **147,336.82** | 123,179.69 |
| Less: Excise Duty Paid | **(10,779.70)** | (11,936.58) |
| Net Sales / Income from Operations | **136,557.12** | 111,243.11 |
| Gross Profit | **4,800.60** | 5,027.04 |
| Interest | **2,404.32** | 714.89 |
| Depreciation & amortisation | **1,261.71** | 1,292.10 |
| Profit before tax | **1,134.57** | 3,020.05 |
| Provision for taxation - Current | **674.06** | 1,025.89 |
| Profit after Current Tax | **460.51** | 1,994.16 |
| Provision for Fringe Benefit Tax | **14.40** | 16.21 |
| Provision for taxation - Deferred | **(285.11)** | 58.70 |
| Short provision for Taxation in earlier years provided for | **7.09** | 6.73 |
| Net Profit | **724.13** | 1,912.52 |
| Minority Interest | **90.37** | 142.97 |
| Net Income of the group attributable to BPCL | **633.76** | 1,769.55 |
| Group Earnings per share attributable to BPCL (Rs.) | **17.53** | 48.94 |

**Company Performance**

During the year 2008-09, BPCL's Mumbai Refinery achieved a crude throughput of 12.26 MMT as compared to 12.75 MMT achieved during the last year. Kochi Refinery also saw the crude throughput decline to 7.68 MMT in 2008-09 from 8.20 MMT in 2007-08. The lower throughputs for the two refineries were on account of the planned shutdowns during the year. However, the market sales of the company increased from 25.79 MMT in 2007-08 to 27.16 MMT in the current year.

**FINANCIAL HIGHLIGHTS**

| | | Rs. in Crores |
|---|---|---|
| | **2008-09** | 2007-08 |
| Sales Turnover – Gross | **145,392.07** | 121,684.07 |
| Gross Profit before Depreciation, Interest and Tax | **4,246.01** | 4,367.97 |
| Interest | **2,166.37** | 672.47 |
| Depreciation & amortisation | **1,075.53** | 1,098.21 |
| Profit before tax | **1,004.11** | 2,597.29 |
| Provision for Taxation – Current | **490.00** | 883.90 |
| Provision for Fringe Benefit Tax | **13.25** | 15.30 |
| Provision for Taxation – Deferred | **(242.13)** | 110.80 |
| Short provision for taxation in earlier years provided for | **7.09** | 6.73 |
| Net Profit | **735.90** | 1,580.56 |
| Amount available for disposal | **735.90** | 1,580.56 |
| **The Directors propose to appropriate this amount as under:** | | |
| Towards Dividend: | | |
| Final (proposed) Dividend - Rs. 7 per share | **253.08** | 144.62 |
| Towards Corporate Dividend Tax | **31.45** | 9.16 |
| For transfer to Debenture Redemption Reserve | **300.00** | – |
| For transfer to General Reserve | **75.00** | 1,426.78 |
| Balance carried to Balance Sheet | **76.37** | – |
| **Summarised Cash Flow Statement :** | | |
| Cash Flows: | | |
| Inflow/(Outflow) from operations | **6,212.34** | 417.13 |
| Inflow/(Outflow) from investing activities | **(9,908.75)** | (3,553.95) |
| Inflow/(Outflow) from financing activities | **(2,285.32)** | (197.74) |
| Net increase/(decrease) in cash & cash equivalents | **(5,981.73)** | (3,334.56) |

BPCL's sales turnover for 2008-09 at Rs. 145,392.07 crores was higher by 19.48% as compared to the turnover of Rs. 121,684.07 crores recorded in 2007-08. However, the profit before tax for the year stood at Rs. 1,004.11 crores which represented a reduction of 61.34% over the previous year's level of Rs. 2,597.29 crores. After providing for tax, (including deferred tax and fringe benefit tax) of Rs. 268.21 crores, as against Rs. 1,016.73 crores during the last year, the profit after tax for the year stood at Rs. 735.90 crores, showing a decrease of 53.44% over the level of Rs. 1,580.56 crores in 2007-08. The fall in the profitability is attributable to the adverse impact of the volatile prices of crude oil and finished products during the year and the fluctuations in foreign exchange rates. Besides, the interest costs for the year increased significantly on account of higher borrowings for meeting the working capital requirements during the year.

The Board of Directors has recommended a dividend of 70% (Rs. 7 per share) for the year on the paid-up share capital of Rs. 361.54 crores, which will absorb a sum of Rs. 284.53 crores out of the profit after tax, inclusive of Rs. 31.45 crores for Corporate Dividend Tax on distributed profits. BPCL's net worth as on 31st March, 2009 stands at Rs. 12,128.11 crores, as compared to Rs. 11,676.83 crores as at the end of the previous year.

The earnings per share amounted to Rs. 20.35 in 2008-09 as compared to Rs. 43.72 during 2007-08. Internal cash generation during the year was lower at Rs. 1,282.29 crores as against Rs. 2,636.33 crores in 2007-08. BPCL's contribution to the exchequer by way of taxes and duties during 2008-09 amounted to Rs. 25,331.78 crores as against Rs. 26,047.58 crores in the last financial year.

Borrowings from banks increased from Rs. 13,340.25 crores as at 31st March, 2008 to Rs. 19,242.56 crores at the close of the year. The Collateralised Borrowing and Lending Obligation (CBLO) through Clearing Corporation of India Limited amounted to Rs. 150 crores as at the end of the year, as compared to Rs. 1,000 crores at the end of the previous year. Loans from Oil Industry Development Board increased to Rs. 761.50 crores as at 31st March, 2009 compared to Rs. 653.24 crores at the end of the previous year. Debentures worth Rs. 1,000 crores were issued during the year and remained outstanding as on 31st March, 2009.

Public deposits as at 31st March, 2009 stood at Rs. 3.45 crores, as compared to Rs. 28.80 crores at the end of the previous year. The amount of deposits, matured but unclaimed, at the end of the year was Rs. 0.21 crores, which pertains to 41 depositors.

The total Capital Expenditure during the year 2008-09 amounted to Rs. 2,389.34 crores as compared to Rs. 2,066.52 crores during the year 2007-08.

The Comptroller and Auditor General of India (C&AG) has no comment upon or supplement to the Statutory Auditors' Report on the Accounts for the year ended 31st March, 2009. The letter from C & AG is annexed as Annexure E.

## REFINERIES

### MUMBAI REFINERY

During the year 2008-09, Mumbai Refinery, which has an installed capacity of 12 MMT, processed 12.26 MMT of crude oil, as against 12.75 MMT processed in the previous year. The refinery recorded its highest ever production of several products including Motor Spirit (MS) and High Speed Diesel (HSD). The refinery processed Saharan Blend crude oil for the first time during the year. The gross refinery margin for the current year stood at USD 4.48 per barrel of crude oil processed, as compared to USD 4.60 per barrel in 2007-08. This translated into an overall gross margin of Rs. 1892.28 crores for the year, as compared to Rs. 1772.87 crores in 2007-08.

### KOCHI REFINERY

Kochi Refinery achieved a throughput of 7.68 MMT during this year, as compared to 8.20 MMT in 2007-08. The capacity utilization of the refinery stood at 102.4%. The refinery processed two new crude oils i.e. Antan from Nigeria and Saharan Blend from Algeria. The refinery achieved its highest level of production of several products including Aviation Turbine Fuel (ATF), Euro-III HSD, Low Sulphur High Flash HSD (LSHF HSD) and Bitumen during the year. The gross refining margin for the year 2008-09 was USD 6.27 per barrel of crude oil processed, as against USD 7.18 per barrel in the previous year.

The details of the performance of the Refineries, their activities and future plans are discussed in the Management Discussion and Analysis Report (MD & A).

## MERGER OF KRL WITH BPCL

As informed in the last year's Report, merger of the erstwhile Kochi Refineries Limited (KRL) with BPCL under Sections 391 to 394 of the Companies Act 1956 had been completed, following receipt of the Order dated 18th August, 2006 issued by the Ministry of Company Affairs, New Delhi. One of the Shareholders of the erstwhile KRL had filed a Writ Petition in the Delhi High Court challenging the merger, and the same is pending as on date.

## MARKETING

During the year, BPCL's market sales volume touched a level of 27.16 MMT, as compared to 25.79 MMT in the previous year. This represented a growth rate of 5.31% over the previous year, which is in line with the average growth rate of 5.6% achieved by the public sector oil companies. BPCL's market share amongst the public sector oil companies stood at 22.62% as at 31st March, 2009 representing a marginal decline from the level of 22.68% as at the end of the previous year. BPCL has achieved the highest growth in Bitumen sales at 4.14% amongst the public sector oil companies.

A detailed discussion of market performance is covered in the MD & A.

## PROJECTS

### Central India Refinery

Bharat Oman Refineries Ltd. (BORL), a Company promoted by BPCL along with Oman Oil Company

Limited (OOCL), is setting up a 6 MMTPA capacity grass roots Refinery at Bina in Madhya Pradesh along with a Crude Oil / Supply system consisting of a Single Point Mooring (SPM) system, Crude Oil Storage Terminal (COT) at Vadinar in Gujarat and a 934 kms long cross-country crude oil pipeline from Vadinar to Bina. BPCL and OOCL have contributed a sum of Rs. 75.5 crores each towards the equity share capital of BORL.

The as built capital cost of the project is estimated to be Rs. 10,378 crores. The project is being financed at a debt /equity mix of 1.6 : 1 and is expected to be mechanically completed by December 2009. BPCL, with the approval of the Government of India, decided to enhance its equity contribution in BORL up to 50%, amounting to Rs. 1,996 crores. BPCL has contributed a sum of Rs. 900 crores in 2006-07 and Rs. 400 crores in 2008-09 towards subscribing for shares in BORL. BPCL's total equity contribution in BORL as at 31st March, 2009 thus stands at Rs. 1,375.5 crores.

Work on the project is progressing as per schedule. As on 15th June, 2009, the physical progress stood at 94.5%. The commitments made as on that date were Rs. 10,109.72 crores and the cumulative expenditure stood at Rs. 7,513.38 crores.

**Bina Despatch Terminal**

The Bina Despatch Terminal is designed to facilitate the marketing of products from the new refinery at Bina being set up by BORL. The project envisages setting up of storage and despatch facilities including 4.45 lakh Kilolitres (KLs) White Oil tanks, 8400 MT LPG mounded storage and LPG Bulk despatch facilities, along with associated pumping units, electrical, instrumentation and fire fighting facilities adjacent to the new refinery. The revised cost of the project is Rs. 639.11 crores.

Work on all fronts is progressing smoothly. The project has achieved an overall progress of 83.7% till 31st May, 2009. The cumulative expenditure till that date stood at Rs. 388.60 crores. The terminal is scheduled for completion in synchronization with commissioning of Bina Refinery.

**Bina Kota Pipeline**

The project envisages the laying of an 18" (45.72 cm) dia, 257 km long cross-country multi-product pipeline from Bina to Kota, to facilitate the economic evacuation of MS, HSD, Superior Kerosene Oil (SKO) and ATF from the new refinery at Bina. The pipeline will be connected to the existing multi-product Mumbai-Manmad-Manglya-Piyala-Bijwasan pipeline at Kota, in order to facilitate distribution of Bina Refinery products to the markets in the northern region. The pipeline is designed for an initial throughput of 2.8 MMTPA and the approved cost of the project is Rs. 405.82 crores.

The pipeline laying activity is in full swing and the project has achieved an overall progress of 66.2% as at 31st May, 2009. The cumulative expenditure as on that date stood at Rs. 144.33 crores. The pipeline is slated for completion in synchronization with the commissioning of Bina Refinery.

**Capacity Expansion cum Modernization Project (CEMP) – Phase II at Kochi Refinery**

The project envisages facilities for the production of auto fuels i.e. MS and HSD conforming to Euro – III / IV equivalent norms along with modernization and capacity expansion of the refinery from the present 7.5 MMTPA to 9.5 MMTPA. The estimated cost of the project is Rs. 3,941.41 crores.

The project has achieved an overall progress of 74.1% as on 31st May, 2009 and the cumulative expenditure stood at Rs. 1,071.18 crores. The project is scheduled for completion in December, 2009.

**Fuels Quality Upgrade Project at Mumbai Refinery**

The project involves making plant modifications for improving the quality of MS & HSD to meet the Euro IV equivalent norms for supply to the Mumbai market from April, 2010. The project involves revamping of the existing Diesel / Naphtha Hydrodesulphurization Unit and putting up new FCC Gasoline Splitting Facilities with an approved project cost of Rs. 390 crores. A process package and detailed engineering have been completed. All equipment and bulk materials have been ordered and partly received. Civil and structural jobs are in progress. The project has achieved a physical progress of 63.7% and the cumulative expenditure as on 31st May, 2009 was Rs. 63.69 crores. The project is scheduled for completion in January, 2010.

**Hydrocracker Revamp and Setting up of a new Continuous Catalytic Regenerated Reformer (CCR) at Mumbai Refinery**

The project envisages revamping the Hydrocracker Unit (HCU) to increase the capacity from 1.75 MMTPA to 2.0 MMTPA with capability to upgrade the High Sulphur Diesel components to HSD conforming to Euro III / IV specifications. Further, to upgrade Naphtha to MS conforming to Euro III / IV specifications, a 0.9 MMTPA capacity Continuous Catalytic Regenerative (CCR) Reformer Unit is also being set up. The approved cost of the project is Rs. 825 crores and the project is scheduled for completion in December, 2011. Besides meeting the additional requirements of Euro IV fuels, this project will pave the way for further upgrading the quality to meet Euro V standards.

Planned jobs for the Hydrocracker Revamp were carried out during the recent turnaround of the Hydrocracker Unit in March 2009 to achieve the increased unit capacity. Long lead equipments have been ordered and will be installed on receipt. For CCR, a Process Licensor has been appointed and a process package is being developed. Dismantling and relocation of existing tankages and other equipments is in progress. Cumulative expenditure as on 31st May, 2009 stood at Rs. 30.08 crores and the total commitments on the project have exceeded Rs. 120 crores.

**Propylene Recovery Unit (PRU)**

A Propylene Recovery Unit (PRU) to produce 50,000 MT per annum of 95% purity chemical grade propylene is being set up in Kochi Refinery. The project costing Rs. 95 crores is nearing completion.

**LPG Import Facilities at JNPT with Strategic Storage at Uran**

The proposal envisages development of LPG import facilities at Jawaharlal Nehru Port Trust (JNPT). The project involves the installation of marine unloading arms and associated facilities, laying of 12" (30.48 cm) pipeline from JNPT to Uran LPG Plant and development of refrigerated storage at Uran. The approved cost of the project is Rs. 304.4 crores. Basic engineering designs/ HAZOP study have been completed. All major contracts and procurement packages are under finalization. The project has achieved an overall progress of 12% and is scheduled for completion by the end of the financial year 2010-11.

**Strategic Storage for LPG**

Strategic storage for LPG, at a total outlay of Rs. 190 crores is being made by providing 23 mounded storage vessels at 12 different locations. These are designed to increase bulk storage for operation and avoid dry-outs in plant operation after standardization of size and capacity, cost optimization and vessel fabrication. Statutory approvals for all these locations have been obtained. The work at all locations is in various stages and shall be completed by the end of the financial year 2009-10.

## RESEARCH & DEVELOPMENT (R&D)

Research and development (R&D) is an integral part of BPCL's strategy for achieving sustainable growth and profitability. BPCL is continuously strengthening and upgrading the infrastructure at its Corporate R&D Centre, Greater Noida, Uttar Pradesh as well as at its Product & Application Development Centre, Sewree, Mumbai and the R&D Centre at Kochi Refinery. BPCL's initiatives in the area of R & D are discussed separately in the MD & A.

Further, the areas covered under R & D and the benefits derived from R & D activities are detailed in Form B of Annexure A to the Directors' Report.

## NON-CONVENTIONAL ENERGY INITIATIVES

BPCL has been committed towards the development of non-conventional energy sources. One of the major thrust areas identified for this purpose is power generation from wind energy. The four windmills commissioned by BPCL in the hilly range of Kappatguda in Karnataka are currently in operation and the power produced is being sold to the Karnataka State Electricity grid. This was one of the projects identified to avail of carbon emission credits under the Kyoto protocol. The project was approved by the United Nations Framework Convention on Climate Change (UNFCCC) in February 2009.

In addition, Kochi Refinery's shore tank farm located in the coastal area of the Puthuvypeen Special Economic Zone has been identified to harness the wind energy potential. BPCL has approached the Centre for Wind Energy Technology, Chennai to carry out a feasibility study. Clearance has been obtained from the Naval and local authorities for setting up windmills in the shore tank farm.

BPCL has been exploring the possibility of promoting green fuel, with a view to protecting the environment by reducing pollution and dependence on imported fuels. Towards this end, huge tracts of unproductive, barren and non-cultivable land are proposed to be used for the growth of Jatropha and Karanj plants. The plantations would contribute towards environment protection, prevention of soil erosion and feedstock for manufacturing Bio-diesel while promoting sustainable development. In the state of Uttar Pradesh, BPCL has launched "Project Triple One" – to enter the Bio-diesel Value Chain through a joint venture company, M/s. Bharat Renewable Energy Ltd.

Work is continuing on the project to set up a 1 MW capacity grid connected solar farm at BPCL's LPG bottling plant in the state of Punjab. The project has been conceived to avail of carbon emission credits under the Kyoto protocol.

## INDUSTRIAL RELATIONS

The overall industrial relations were peaceful throughout the year. In January 2009, there was an agitation by some sections of the Management staff of the Corporation in response to a strike call by the Oil Sector Officers' Association to press for salary revision. The agitation lasted for 1 ½ days. Extensive communication on business and other related issues were undertaken covering all stakeholders i.e. Management, employees and their associates / Unions during the year.

### FULFILLMENT OF SOCIAL OBLIGATIONS

As a responsible corporate citizen, BPCL accords significant importance to Corporate Social Responsibility (CSR). The pan India presence means that the 'People Interface' includes urban, semi-urban and rural areas besides some of the remote tribal belts. Hence, CSR activities are undertaken with the objective of making a meaningful impact in the lives of people, which would lead to sustainable development. The thrust areas for CSR were health, education, water conservation, environment conservation and community development.

Emphasis was laid on equipping small groups of women, youth and farmers with training, skills, subsequent to which they were encouraged to form Self Help Groups (SHGs), to sustain some form of income generating activities. One such effort has been the collaboration with Self Employed Women Association (SEWA) in Lucknow, where around 100 women from in and around village Babukheda near Lucknow are being trained in 'Chikankari work', subsequent to which they will be given work on per piece basis directly by SEWA. Together with the partners like SEWA, the SHGs are also being supported for micro credit through banks.

Water conservation through Project 'Boond' continued, by adding 4 more villages in Maharashtra and for the first time 2 villages in Bharatpur, Rajasthan for rainwater harvesting. For the water conservation work which was already undertaken, BPCL won the 'Asian CSR Award 2008' for Project Boond –III. The Awards were instituted by the prestigious Asian Institute of Management, Manila with co-sponsorship from Intel Corporation.

CSR received a lot of support through employee volunteers, who apart from constructing check dams for water conservation, also took up teaching school children of zilla parishad schools on the importance of water and hence, conservation.

From the year 2008-09 onwards, the CSR budget of the Corporation is being increased from 0.5% to 2% of the net profit of the previous financial year of the Company, reflecting the extent of BPCL's commitment to the growth and development of society.

### PROMOTION OF SPORTS

BPCL sportspersons continued to excel in the national as well as international sports arena in various disciplines. Saina Nehwal created history by becoming the first Indian woman to win a Super Series event in Badminton when she won the Indonesian Open event. Currently ranked no 6, Saina is one of the top women badminton players in the world. Chess player Abhijit Gupta won the prestigious World Junior Chess Championship becoming only the third Indian to do so. Another Chess player, Arun Prasad earned his Grand Master norm in 2008-09. BPCL employees continue to be selected to the national contingents in various disciplines. In Billiards and Snooker, Devendra Joshi won the Silver Medal (time format) and Bronze Medal (point format) in the IBSF World Billiards Championships. BPCL was awarded the President's PSPB Trophy for II Runners-up during the year by virtue of points obtained in various Petroleum Sports Promotion Board (PSPB) tournaments.

### RESERVATION AND OTHER WELFARE MEASURES FOR SCHEDULED CASTES/SCHEDULED TRIBES/ OTHER BACKWARD CLASSES AND PERSONS WITH DISABILITIES

BPCL has been following in letter and spirit, the Presidential directives and other guidelines issued from time to time by Ministry of Petroleum & Natural Gas, Ministry of Social Justice & Empowerment and the Department of Public Enterprises relating to reservations / concessions for Scheduled Castes/Scheduled Tribes/ Other Backward Classes. An adequate monitoring mechanism has been put in place for sustained and effective compliance across the Corporation. Rosters are maintained as per the directives and are regularly inspected by the Liaison Officer of the Corporation as well as the Liaison Officer of the Ministry of Petroleum & Natural Gas, to ensure proper compliance of the directives.

Students belonging to Scheduled Castes / Scheduled Tribes and those who are economically backward are provided with scholarships from the secondary school level till graduation. Similar assistance is also provided for pursuing courses at ITI.

BPCL also complies with directives under "The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation), Act 1995" relating to reservations and concessions for persons with disabilities. The Company also makes special efforts for implementation of the National Policy on persons with disability and has accordingly introduced several facilities for their benefit.

Details relating to representation/appointment of Scheduled Castes / Scheduled Tribes / Other Backward Classes and Persons With Disabilities are enclosed as Annexure D.

### IMPLEMENTATION OF THE OFFICIAL LANGUAGE POLICY

The Official Language Implementation Committees function at the Corporate and Regional offices, Refineries and major locations in order to implement various provisions of the Official Language Act and Rules made thereunder. Keeping in view the Annual Programme issued by the Government of India, these Committees meet on a quarterly basis and take decisions in regard to implementation of Hindi and review the progress made. Several Hindi workshops and meetings of the Hindi Coordinators were organized. The First Sub-Committee of the Parliamentary Committee on Official Language inspected four locations and the Rajbhasha Vibhag of the Ministry of Home Affairs carried out inspections at five locations. Inspections are also carried out by senior officers of BPCL. Kochi Refinery and Kolkata Regional Office won the Rajbhasha Rolling Trophy instituted by Kochi / Kolkata Town Official Language Implementation Committee for Central Government public sector undertakings and offices.

An attractive Incentive Scheme is in vogue to further enhance the Official Language Implementation within the Corporation. Various competitions and cultural programs were organized at work locations during the Hindi fortnight celebrations from 14th - 28th September, 2008.

## CITIZENS' CHARTER

Citizens' Charter - a tool for ensuring transparency in educating and communicating with the customers about their rights, apart from various infrastructure / services being available for the customers, is always in the forefront of all activities of the Company. Efforts are made to enhance customer service levels. The Grievance Redressal Mechanism was taken care of with well established systems at various consumer contact points. Besides, BPCL has sought to leverage technology by making available a feedback module in its website which the customer can have access to. An Internet based online Grievance Redressal Mechanism (Centralised Public Grievance Redress and Monitoring System) is helping in speedy redressal of grievances. BPCL has disposed off 186 grievances online during the year.

The Right to Information Act 2005 has been implemented in BPCL. People across the organization are familiar with the Act and BPCL has a unique single window concept of all replies under the Act. During the period ending 31st March, 2009, BPCL has received 1225 requests for information and only 54 cases were referred to the Chief Information Commissioner, New Delhi for review. No strictures have been passed against BPCL since the inception of the Act in 2005.

## VIGILANCE

Corporate Vigilance in BPCL strives to enhance the ethical standards of the organization and encourages sound business practices and good corporate governance through an effective balance of preventive and detective vigilance measures.

As a part of preventive vigilance, periodic/surprise inspections of locations, depots and installations, retail outlets and LPG distributorships were carried out. Inspections of major projects/works were undertaken in line with the inspections carried out by the Chief Technical Examiner. The observations and findings were brought to the notice of the concerned departments together with specific recommendations for corrective action and system improvements. Initiatives for the use of technology in the areas of procurement and interface with vendors, contractors etc. were promoted.

Corporate Vigilance continued to act effectively on complaints by conducting detailed investigations. During the year, a total of 146 complaints were received and 77 investigations were completed and closed. Also, 306 web-based complaints received during the year were disposed off.

An informative brochure on “Public Interest Disclosures & Protection of Informer” (PIDPI) Resolution, popularly know as the “Whistle Blowers' Resolution” was released as part of Vigilance Awareness Week on 3rd November, 2008.

## SUBSIDIARY COMPANIES

### Numaligarh Refinery Limited (NRL)

BPCL holds 61.65% of the paid up equity in Numaligarh Refinery Limited (NRL) as on 31st March, 2009. NRL, which is a Mini Ratna company (Category I) has a 3 MMTPA refinery at Numaligarh in Assam. The Refinery has, as on 31st March, 2009, completed 2598 days of Lost Time Accident free operations (equivalent to 1.25 crore man-hours) since its commissioning. The quantum of crude oil processed during the year 2008-09 was 2.25 MMT as compared to 2.57 MMT during the previous year. NRL's net worth as at the end of the year stood at Rs. 2350.65 crores giving a book value of Rs. 31.95 per share. NRL recorded a turnover of Rs. 8853.35 crores and profit after tax of Rs. 235.64 crores for the financial year ending 31st March, 2009 as compared to a turnover of Rs. 8764.16 crores and profit after tax of Rs. 372.81 crores in the previous year. The Board of Directors of NRL has recommended a dividend of Rs. 1.50 per share as against Rs. 2.00 per share in the previous year.

NRL has bagged the National Energy Conservation Award - 2008 (second prize) from Bureau of Energy Efficiency under the Ministry of Power. NRL was also awarded the Shreshtha Suraksha Puraskar in the manufacturing sector.

**Bharat PetroResources Limited (BPRL)**

Bharat PetroResources Limited (BPRL) was incorporated on 17th October, 2006 as a wholly owned subsidiary of BPCL to focus on exploration and production activities. The company has an authorized capital of Rs. 1,000 crores. The subscribed share capital of BPRL as on 31st March, 2009 was Rs. 502.55 crores. In India, BPRL has participating interests in 9 exploration blocks which were acquired in the NELP IV, NELP VI and NELP VII rounds of bidding in consortium with various partners. BPRL also has participating interests in 5 blocks in the United Kingdom, Australia and Oman.

BPRL, through its wholly owned subsidiary company, Bharat PetroResources JPDA Limited (BPR-JPDA Ltd.), has a participating interest of 25% in Block-JPDA 06-103-East Timor in the joint petroleum development area between East Timor and Australia.

BPRL had further incorporated a wholly owned subsidiary company, BPRL International BV with an investment of Rs. 341.64 crores, which in turn, has incorporated other subsidiary companies viz. BPRL Ventures BV and BPRL Ventures Mozambique BV for undertaking exploration activities. BPRL Ventures BV has participating interests in 10 blocks in Brazil. Similarly, BPRL Ventures Mozambique BV has participating interests in a block in Mozambique.

BPRL incurred a loss of Rs. 13.93 crores for the year ending 31st March, 2009 as compared to a loss of Rs. 7.38 crores for the year ending 31st March, 2008.

**Annual Accounts of the Subsidiary Companies**

In view of the dispensation granted by the Central Government under Section 212(8) of the Companies Act, 1956, copies of the Balance Sheet, Profit and Loss Account, Directors' Report and the Auditors' Report of the Subsidiary Companies are not attached to the Balance Sheet of the Company. In compliance with the conditions of the dispensation, the Consolidated Financial Statements have been presented in the Annual Report and financial information of the Company's subsidiaries, as required, is disclosed in the Annual Report as Annexure F to the Directors' Report for information. The Audited Annual Accounts of the Subsidiary Companies and related detailed information are open for inspection by any Member at BPCL's Registered Office. Further, BPCL would make available these documents, on request, to any of its Members and the said documents would also be posted on BPCL's website.

**JOINT VENTURE COMPANIES**

**Petronet LNG Limited**

Petronet LNG Limited (PLL) was formed in April, 1998 for importing LNG and setting up LNG terminals at Dahej and Kochi with facilities like jetty, storage, regasification etc. to supply natural gas to various industries in the country. PLL was promoted by four public sector companies viz. BPCL, Indian Oil Corporation Limited (IOC), Oil & Natural Gas Corporation Limited (ONGC) & GAIL (India) Limited (GAIL), who contributed 12.5% each to the equity. The balance equity was raised over a period of time from Gaz de France 10%, the Asian Development Bank 5.2% and balance 34.8% from the public in March, 2004. BPCL's investment in the equity of PLL was Rs. 98.75 crores. As at 31st March, 2009, PLL had a net worth of Rs. 1,983.43 crores with a book value of Rs. 26.45 per share. PLL's equity shares are listed on the Stock Exchanges.

PLL has set up a LNG receipt terminal and regasification facilities of 5 MMPTA capacity at Dahej in Gujarat and makes commercial supplies of regasified LNG from the said terminal. To meet the increasing demand of the power and fertilizer sectors, expansion of the Dahej Terminal from 5 MMTPA to 10 MMTPA, which had commenced in the year 2006, is now nearing completion and would be ready for commercial use in the current financial year. Another LNG Receiving and Regasification Terminal of 5 MMTPA is being set up at Kochi.

Income from operations for the financial year ending on 31st March, 2009 amounted to Rs. 8,428.70 crores as compared to Rs. 6,555.31 crores in the previous year. The company had a net profit of Rs. 518.44 crores for the current year as compared to Rs. 474.65 crores achieved in 2007-08. PLL has declared a dividend of 17.5% for the financial year 2008-09 as compared to 15% in the previous year.

**Indraprastha Gas Limited**

Indraprastha Gas Limited (IGL) a Joint Venture Company with GAIL, was set up in December, 1998 for implementing the project for supply of CNG to the household and automobile sectors in Delhi. BPCL invested a sum of Rs. 31.50 crores in IGL for a 22.5% equity stake in the company. IGL has commissioned over 166 CNG Stations (including 2 in Noida) which supply environment friendly fuel to more than 2,28,000 vehicles. IGL also serves domestic and commercial PNG customers in Delhi. The company is also extending its business to the towns of Greater Noida and Ghaziabad.

As at 31st March, 2009, IGL's net worth stood at Rs. 684.42 crores with a book value of Rs. 48.89 per share. During the year 2008-09, IGL registered a turnover of Rs. 962.14 crores and a profit after tax of Rs. 172.47 crores as compared to a turnover of Rs. 809.80 crores and profit after tax of Rs. 174.46 crores in the previous year. IGL has proposed a dividend of Rs. 4 per share for the year ended 31st March, 2009 which is unchanged from the dividend declared for the previous year. The shares of the company are listed on the Stock Exchange, Mumbai and National Stock Exchange of India limited.

### Sabarmati Gas Limited

Sabaramati Gas Limited (SGL), a Joint Venture Company promoted by BPCL and Gujarat State Petroleum Corporation (GSPC), was incorporated on 6th June, 2006 with an authorized capital of Rs. 100 crores for implementing the City Gas distribution project for supply of CNG to the household and automobile sectors in the city of Gandhinagar, Mehsana and Sabarkantha Districts of Gujarat.

BPCL and GSPC each have a share of 25% of the equity capital of the Company and the balance has been offered to the Financial Institutions. SGL has set up 5 CNG stations to meet the CNG requirements of vehicles.

SGL has achieved a turnover of Rs. 258.95 crores and profit after tax of Rs. 11.94 crores for the financial year ending 31st March, 2009 as against a turnover of Rs. 97.30 crores and a profit after tax of Rs. 4.76 crores in the previous year. SGL has maintained a dividend of 15% for the financial year ending 31st March, 2009.

### Central UP Gas Limited

Central UP Gas Limited (CUGL) is a Joint Venture Company set up in March, 2005 with GAIL as the other partner, for implementing the project for supply of CNG to the household, industrial and automobile sectors in Kanpur in Uttar Pradesh. BPCL has invested Rs. 13.50 crores in the joint venture for a stake of 22.5% in the equity of the company. CUGL has set up 7 CNG stations in Kanpur and 1 in Bareilly. CUGL is planning to enter the Allahabad and Rae Bareilly markets. It has also commenced its PNG operations.

CUGL has achieved a turnover of Rs. 35.63 crores and profit after tax of Rs. 7.95 crores for the financial year ending 31st March, 2009 as compared to a turnover of Rs. 26.76 crores and a profit of Rs. 5.29 crores in the previous year. CUGL has proposed a dividend of 3.5% for the current year against 2.5% maiden dividend declared in the previous year.

### Maharashtra Natural Gas Limited

Maharashtra Natural Gas Limited (MNGL) was set up on 13th January, 2006 as a Joint Venture Company with GAIL as the other partner for implementing the project for supply of CNG to the household, industrial and automobile sectors in Pune and its nearby areas. BPCL's investment in this project is Rs. 22.5 crores for a 22.5% share of the equity capital. The Company has completed its financial closure by inducting IDFC, ILFS and Axis Bank as shareholders. The Company has commenced its operations in December 2008, and has set up 8 CNG stations during the year.

MNGL has achieved a turnover of Rs. 1.47 crores for the financial year ending 31st March, 2009 and has incurred a loss of Rs. 3.96 crores for the year.

### Bharat Stars Services Private Limited

Bharat Stars Services Private Limited (BSSPL), a Joint Venture Company promoted by BPCL and ST Airport Pte. Ltd., Singapore was incorporated on 13th September, 2007 with an authorized capital of Rs. 10 crores for providing into plane fuelling services at the new Bengaluru International Airport.

BPCL & ST Airport Pte. Ltd. have each subscribed to 50% of the equity capital of the JVC. BPCL's present contribution is Rs. 5 crores. The company has commenced its operations at the new airport in Bengaluru from May, 2008.

BSSPL has achieved a turnover of Rs. 1.20 crores for the financial year ending 31st March, 2009 and has incurred a loss of Rs. 0.33 crores after providing for depreciation of Rs. 0.62 crores.

### Bharat Renewable Energy Limited

A new Joint Venture Company was incorporated on 17th June, 2008 for production, procurement, cultivation plantation of horticulture crops such as Jatropha and Pongamia, trading, research and development and management of all crops and plantation including Biofuels in the state of Uttar Pradesh, with an authorized capital of Rs. 30 crores. The Company has been promoted by BPCL with Nandan Biomatrix Limited, Hyderabad and Shapoorji Pallonji Company Limited through their affiliate. All the partners have contributed equally to the capital of the new Company.

The Company's objective is to enter the Bio-diesel Value Chain. The Company aims to produce 10 lakh tonnes of Bio-diesel from 10 lakh acres (404686.3 hectares) of marginal land and provide employment to 10 lakh people in the next 10 years. In the current year, a beginning has been done by completing plantation in about 2.5 acres (1.01 ha) of land in Sultanpur in Uttar Pradesh and BREL has initiated action for plantation of Jathropa in around 5100 acres (2063.90 ha) of marginal land identified for this purpose.

### Matrix Bharat Marine Services Pte Limited

A new Joint Venture Company was incorporated in Singapore on 20th May, 2008 between BPCL and Matrix Marine Fuels, USA an affiliate of the Mabanaft group of companies, Hamburg, Germany to carry on the bunkering business and the supply of marine lubricants in the Singapore market, as well as international bunkering including expansion in the Asian and Middle East markets. It will also undertake development of international bunkering facilities at Indian ports, risk management including hedging activities, inventory management, quality blending and freight optimization by utilizing the back haulage of time charter vessels for importing petroleum products in India.

The authorised capital of this company is USD 4 million with equal contribution by both the partners. Matrix Marine Fuels L.P. USA has subsequently transferred their share and interest in the joint venture in favour of Matrix Marine Fuels Pte. Ltd., Singapore, another affiliate of the Mabanaft group. The Company has already begun its activities of ex-pipe bunkering operations from August, 2008. The company has recorded a turnover of USD 67.99 million and loss of USD 0.14 million in the first year of operation ending on 31st December, 2008.

**Petronet India Limited**

BPCL has 16% equity participation with an investment of Rs.16 crores in Petronet India Limited, (PIL) a financial holding company. PIL had facilitated pipeline access on a common carrier principle, through its joint ventures for the pipelines put up by them viz. Vadinar-Kandla (Sikka-Kandla section), Kochi-Karur and Mangalore-Hassan-Bangalore. PIL registered a net loss of Rs. 27.01 crores for the financial year ending 31st March, 2009 as against a net loss of Rs. 0.74 crores in the previous year.

The new pipeline policy has affected the working of the Company. As there are no possibilities of future projects, promoters and other investors in PIL reached a conclusion that continuation of PIL would not be viable. Accordingly, the winding up process has been initiated by appointing ICICI Securities Limited as financial advisor and consultant for the divestment of PIL's stake in the Joint Venture Companies.

**Petronet CCK Limited**

BPCL has a 49% equity stake in Petronet CCK Limited (PCCKL) at an investment of Rs. 49 crores. The Company owns the 292 km Kochi-Karur pipeline, which commenced commercial operations from September, 2002. Pumping volume during the current year amounted to 1.57 MMT against 1.35 MMT in the previous year.

PCCKL closed the financial year ending on 31st March, 2009 with a turnover of Rs. 45.74 crores and net loss of Rs. 3.25 crores as against a turnover of Rs. 41.04 crores and net loss of Rs. 2.57 crores in the previous year. BPCL has initiated steps, subject to completion of all formalities, to purchase the 26% equity share of Petronet India Limited in PCCKL.

**CONSERVATION OF ENERGY, TECHNOLOGICAL ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details regarding energy conservation, technology absorption and foreign exchange used and earned as required by Section 217(1)(e) of the Companies Act, 1956, are given in Annexure A.

**MEMORANDUM OF UNDERSTANDING WITH MINISTRY OF PETROLEUM & NATURAL GAS**

BPCL for the twentieth successive year has entered into a Memorandum of Understanding for 2009-10 with the Ministry of Petroleum & Natural Gas. The Corporation has been achieving an "Excellent" performance rating, since 1990-91.

**PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)**

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is enclosed as Annexure C.

**CORPORATE GOVERNANCE**

As required under Clause 49 of the Listing Agreement and Department of Public Enterprises (DPE) Guidelines, the Report on Corporate Governance, together with the Auditors' Certificate on compliance of Corporate Governance, is annexed as Annexure B.

The forward looking statements made in the 'Management Discussion and Analysis' are based on certain assumptions and expectations of future events. The Directors cannot guarantee that these assumptions are accurate or these expectations will materialize.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors of BPCL confirm that:

1. In the preparation of the Annual Accounts, all the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures.
2. The Company has selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as on 31st March, 2009 and of the Profit and Loss Account of the Company for the year ended on that date.
3. The Company has taken proper and sufficient care for the maintenance of adequate accounting records

in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. These Accounts have been prepared on a going concern basis.

## DIRECTORS

Shri V.D.Gupta and Shri P.C.Sen, Directors resigned from the Board with effect from 19th May, 2008. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by them for the development and progress of the Company's business. Smt. Rama Bijapurkar and Prof. S.K. Barua were appointed as Additional Directors under Articles 77A of the Articles of Association of the Company with effect from 20th May, 2008. The Shareholders have appointed them as Directors of the Company at the AGM held on 22nd September, 2008.

Shri S.A.Narayan, Director (Human Resources) laid down his office with effect from 9th June, 2008. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of BPCL's business in general, and in the Human Resources Development area in particular. Shri S. Mohan, Executive Director (HRD), was appointed as Additional Director under Article 77A of the Articles of Association of the Company with effect from 25th June, 2008. Shri Mohan also assumed the office of Director (Human Resources) from that date in pursuance of his appointment by the President of India. The Shareholders have appointed him as Director of the Company at the AGM held on 22nd September, 2008.

Shri P. H. Kurian, ex-Secretary (Investment Promotion), Government of Kerala resigned from the Board with effect from 15th June, 2009. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business. Shri T. Balakrishnan, Principal Secretary (Industries & Commerce), Government of Kerala was appointed as Additional Director with effect from 17th June, 2009, by the Board of Directors, under the provisions of Article 77A of the Articles of Association of the Company. Being an Additional Director, he holds office upto the date of the Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Member proposing his name for appointment as 'Director retiring by rotation' at the ensuing Annual General Meeting.

As required under Section 256 of the Companies Act, 1956, Prof. N Venkiteswaran and Shri P. K. Sinha, Directors, will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment as Directors at the said Meeting. As required under the Corporate Governance Code, brief bio-data of the above Directors who are appointed/ reappointed at the Annual General Meeting are provided in the Corporate Governance Report.

## STATUTORY AUDITORS

M/s. B.K. Khare & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the year 2008-09, by the Comptroller & Auditor General of India (C&AG), under the provisions of Section 619(2) of the Companies Act, 1956. They will hold office till the ensuing Annual General Meeting. The application for the appointment of Statutory Auditors for the financial year 2009-10 has been made to C&AG.

## ACKNOWLEDGEMENTS

The Directors recognize and acknowledge the services rendered by employees at all levels, without whose efforts, BPCL would not have been able to achieve its objectives and goals.

The Directors communicate their deep sense of gratitude to BPCL's valued customers for their continued patronage and support and look forward to the continuance and further strengthening of this mutually supportive relationship in future.

The Directors express their sincere thanks for all the support and guidance received from the various Ministries of the Government of India, particularly from the Ministry of Petroleum & Natural Gas, which has been instrumental in BPCL being able to function efficiently and executing its business plans.

The Directors place on record their sincere appreciation of the role played by BPCL's dealers, distributors, contractors and suppliers in its success.

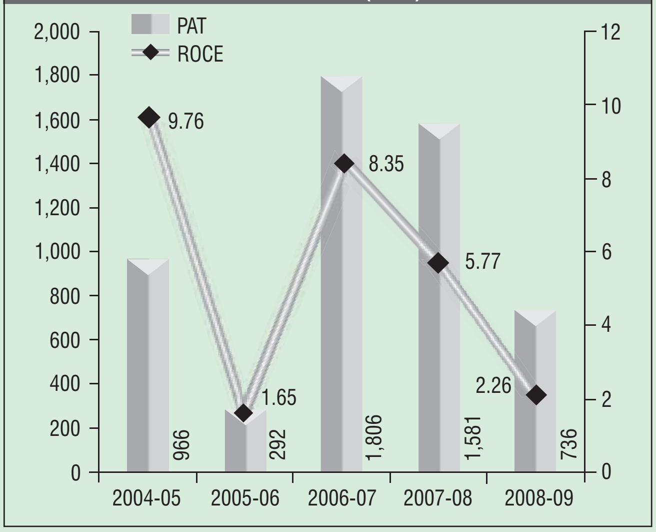
The Directors also convey their sincere thanks to each and every shareowner of BPCL for their continued support.

For and on behalf of the Board of Directors

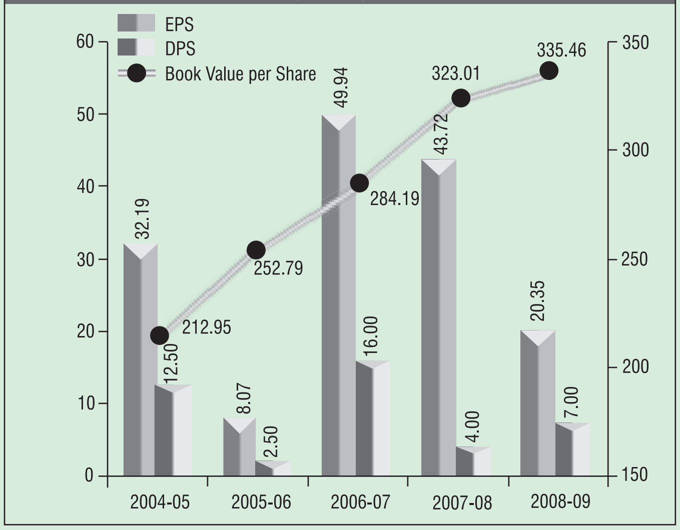
Sd/-

Mumbai **Ashok Sinha**
Date: 24th July, 2009 Chairman & Managing Director

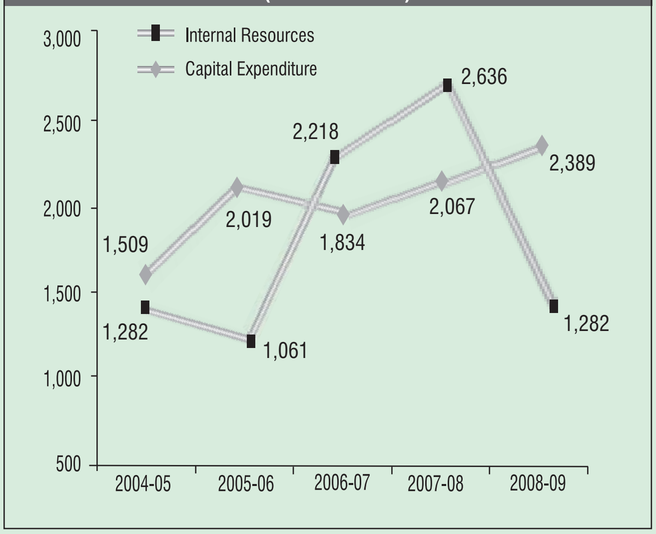
## PROFIT AFTER TAX (Rs. in Crores) RETURN ON CAPITAL EMPLOYED (In %)



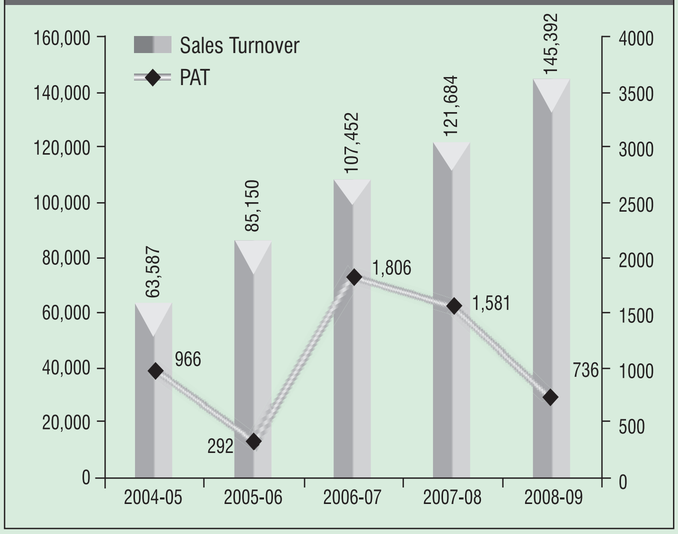

## EARNINGS PER SHARE / DIVIDEND PER SHARE / BOOK VALUE PER SHARE (In Rs.)



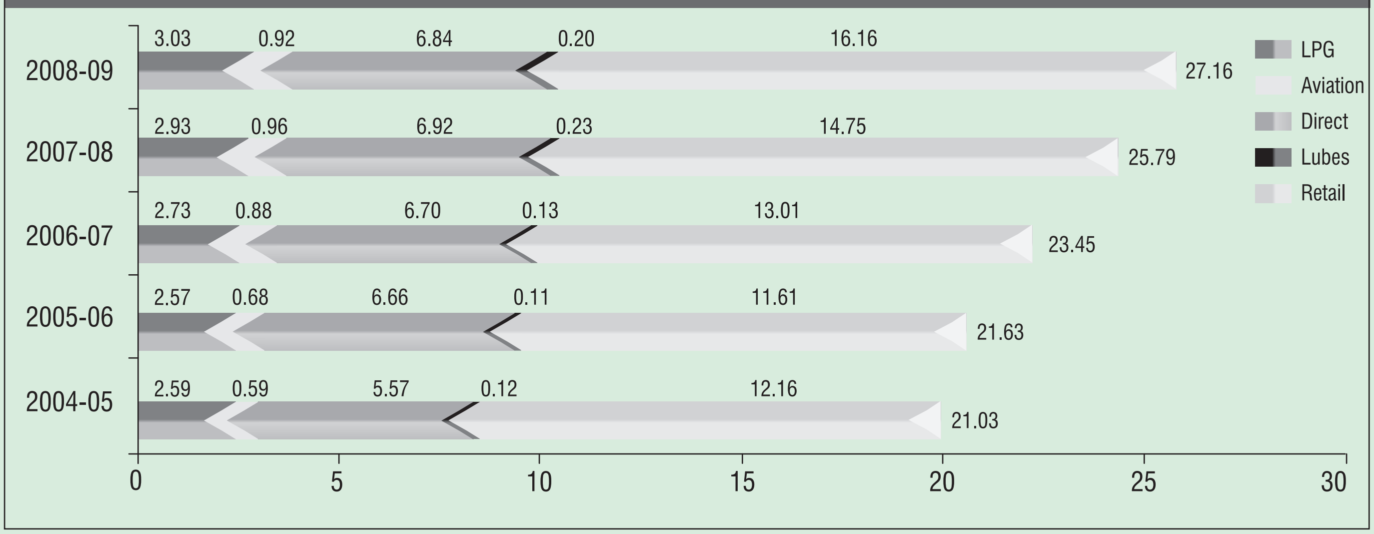

## INTERNAL RESOURCES / CAPITAL EXPENDITURE (Rs. in Crores)




## SALES TURNOVER / PROFIT AFTER TAX (Rs. in Crores)



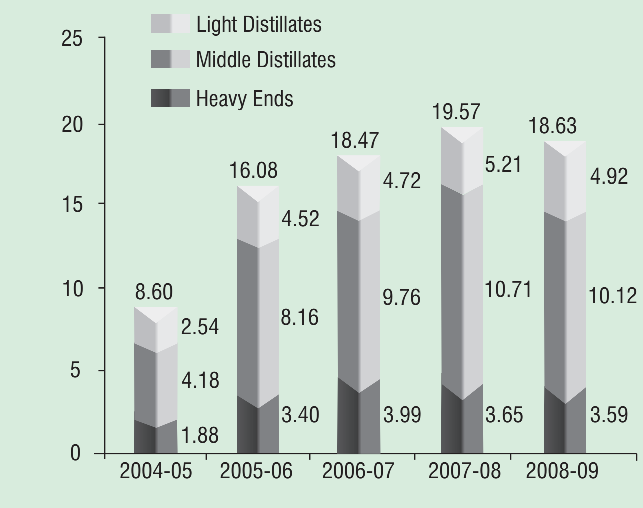

## MARKET SALES VOLUME (Million Metric Tonnes)



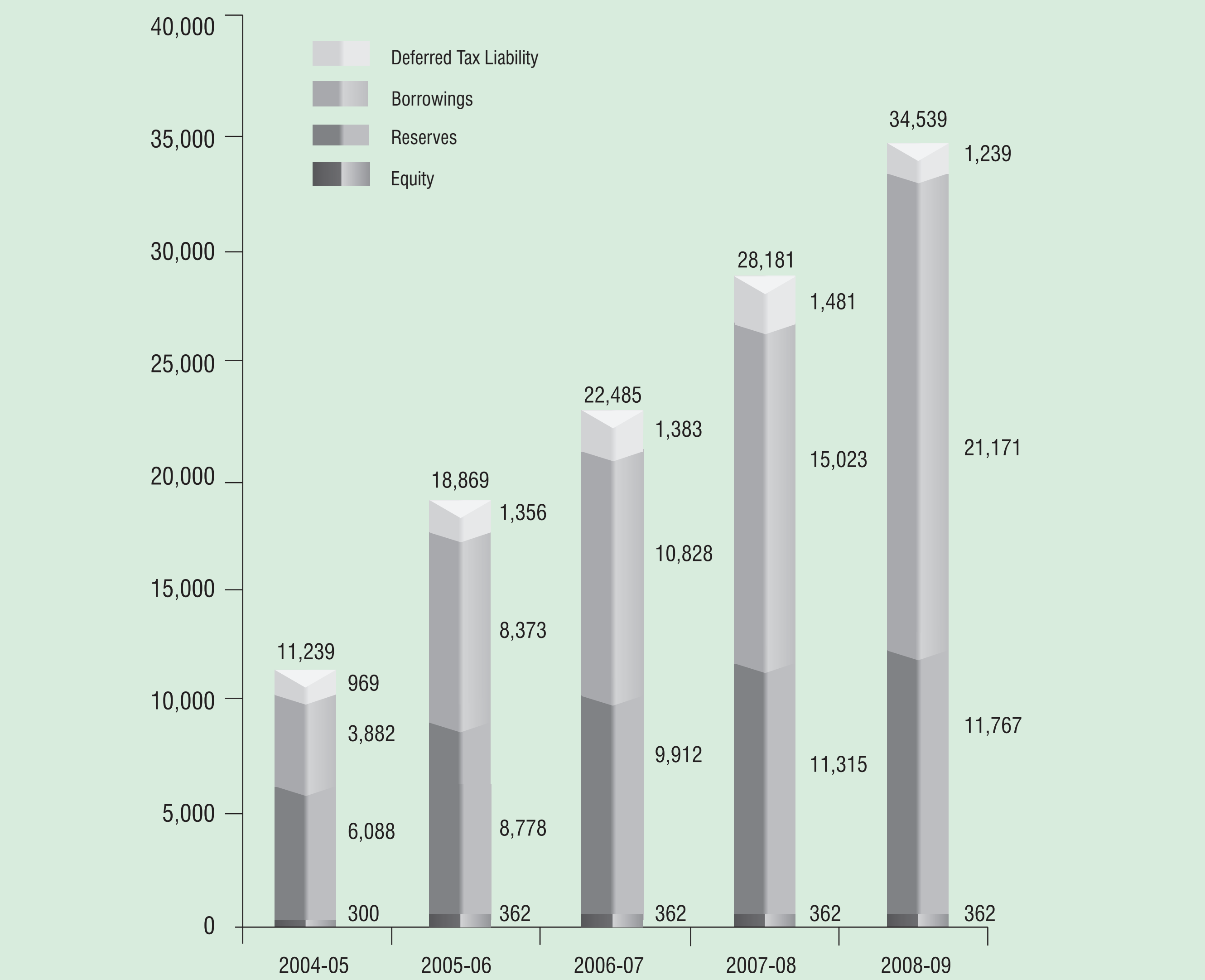

Note : The figures for the years 2005-06 and onwards are merged figures including erstwhile KRL.

## CRUDE PROCESSED (Million Metric Tonnes)


## PRODUCTION (Million Metric Tonnes)

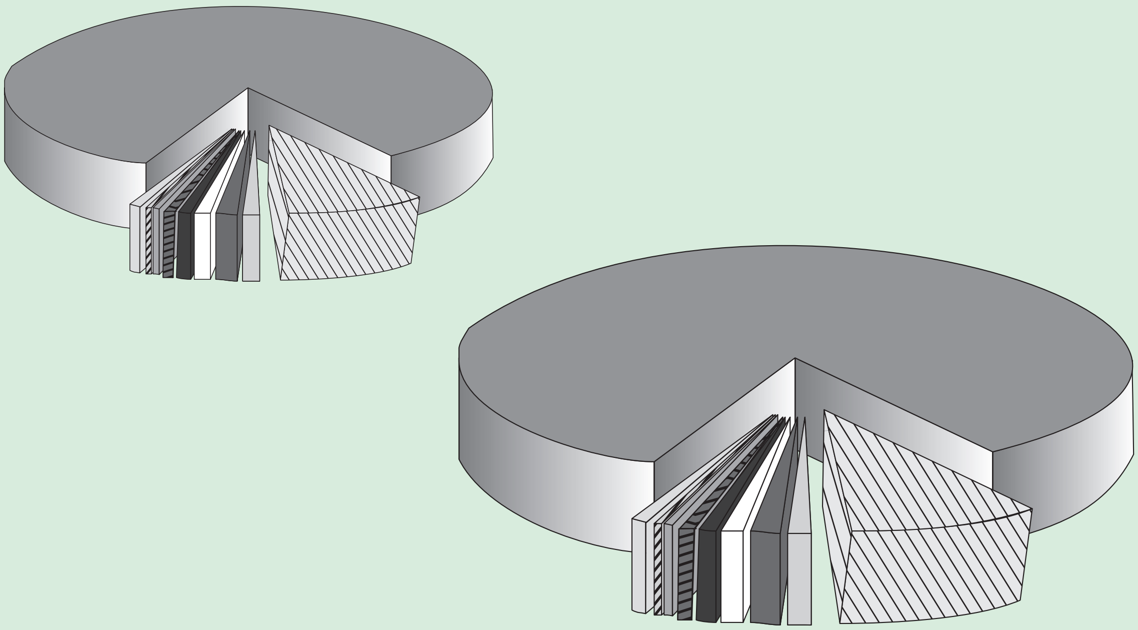



## TOTAL FUNDS EMPLOYED (Rs. in Crores)




Note : The figures for the years 2005-06 and onwards are merged figures including erstwhile KRL.

## DISTRIBUTION OF EACH RUPEE EARNED



| 2007-08 | 2008-09 | |
|---|---|---|
| 82.93 | 84.07 | Raw Materials, Purchase of Products for resale and packages |
| 9.32 | 7.70 | Duties, Taxes etc. |
| 1.67 | 1.65 | Transportation |
| 1.48 | 2.42 | Stores and other Operating Expenses |
| 1.05 | 1.28 | Employees' remuneration and other benefits |
| 0.55 | 1.47 | Interest on Borrowings |
| 0.89 | 0.73 | Depreciation |
| 0.83 | 0.18 | Income Tax |
| 0.12 | 0.19 | Dividend (including Corporate Dividend Tax) |
| 1.16 | 0.31 | Retained Profits |

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## ECONOMIC DEVELOPMENTS

The year 2008-09 was one of the most difficult years for businesses and economies across the world. After the sustained bull run in the global markets, turbulence became the order of the day. The crisis was unprecedented in terms of its impact across the world. The systemic failure of the credit markets, which was a consequence of the very high leverage levels, differentiates this financial meltdown from the previous downturns experienced by countries. Several Governments had to intervene to restore confidence and build trust in the markets. Commodity prices came off sharply from their record highs, catching many players on the wrong foot. The share price indices fell sharply across the world. The currency markets also experienced very high volatilities. Real estate prices which had run up significantly on the back of easy flow of money crashed. Countries across the world started experiencing recessionary trends leading to a steep decline in the level of economic activity.

The Indian economy, which is largely driven by domestic demand, remained one of the few bright spots in an otherwise gloomy environment. However, the global crisis did have an impact, as the rate of growth came down. The Gross Domestic Product (GDP), which had been growing at 9% levels in the last few years, grew by 6.7% in 2008-09. With global financial institutions trying to strengthen their liquidity position, the share markets witnessed a sharp sell off by foreign institutional investors, which resulted in a sudden and steep fall in the indices. Besides bringing down market capitalisation substantially, the till then buoyant primary market also dried up. In the recent past, there have been very few equity offerings in the primary market. The crisis of confidence across the world led to cash being conserved and efforts being made to liquidate investments in emerging markets like India. There has also been a sharp fall in the value of the Indian rupee with reference to the US dollar. The pace of the currency depreciation caught many corporates by surprise.

## TRENDS IN THE OIL & GAS SECTOR

Crude oil prices had touched a peak of around USD 147 per barrel in July 2008. There has been a sustained fall in the prices since then, as demand fell significantly on account of the global slowdown. With the major oil producing countries resorting to cuts in production of crude oil, there was some stabilisation of the prices. As per the estimates drawn up by the Organisation of the Petroleum Exporting Countries (OPEC), in its July 2009 issue of the monthly oil market report, the global economic downturn is likely to reduce the world oil demand by 1.6 million barrels per day in 2009 to average 83.8 million barrels per day. Growth in demand for oil is expected only from countries like India and China. However, prices have once again started creeping up on expectations of global economic activity picking up.

The fall in prices is likely to slow down the pace of exploration activities, as companies wait for markets to recover. The volatility in the oil markets is therefore, likely to continue in the near future.

Although the year 2008-09 saw crude oil prices reach record levels, the sharp correction in the prices during the course of the year has given some respite to countries, which are largely dependent on imports for meeting their oil requirements. However, as the efforts being made by Governments to kick-start the economies bear fruit, demand is likely to go up, which could impact prices.

In line with the crude oil prices, product prices in the world markets have come down significantly. However, the average prices in 2008-09 of key products like Motor Spirit (MS), High Speed Diesel (HSD), Liquefied Petroleum Gas (LPG) and Aviation Turbine Fuel (ATF) have been quite high. Although falling product prices have given some respite, alternative sources of energy continue to attract attention, from the point of view of both, lower prices and environmental considerations.

Over the last few years, heavier and sour crude oils formed a higher proportion of the crude oil basket as the light/heavy crude differentials were quite high. Consequently, newer refineries with the latest facilities were opting for heavier crude oils to take advantage of the differentials. The year 2008-09 has seen a sharp reduction in the differential, with the average spread between Brent and Dubai crude down to USD 1.68 per barrel from a level of USD 5.03 per barrel in the previous year. Recently, the differential has turned negative as demand for light crude in the major economies declined and production of high sulphur crude was reduced. These changes are expected to have an impact on the refinery economics.

## INDIAN PETROLEUM SECTOR

India's GDP is estimated to have grown by 6.7% in 2008-09. The key sectors of the economy, including agriculture, manufacturing and services are estimated to have grown at a slower rate as compared to the previous year. Consequently, the rate of growth in the consumption of petroleum products has reduced. As per the provisional figures released by the Petroleum Planning & Analysis Cell in the Ministry of Petroleum & Natural Gas, consumption of petroleum products in the country in 2008-09 has increased by around 3.5% over the previous year, which is about 50% lower than the growth rate in 2007-08. The consumption of petroleum products stood at 133.40 MMT, as compared to 128.95 MMT in 2007-08.

While the consumption of transportation fuels like MS and HSD have grown over the previous year, the rate of increase has been lower as compared to 2007-08. While consumption of MS has grown by 9%, consumption of HSD increased by 8.4%. There has been growth in the consumption of Naphtha, which is not expected to be sustained in the current year on account of the increased availability of gas in the domestic market. While the demand for LPG has remained flat, Bitumen consumption has shown an increase. All other products have declined in line with the weak growth witnessed in the economy. The decline in the demand of ATF is reflective of the slowdown in the Aviation sector.

As crude oil prices surged in the global markets, the price of the Indian basket of crude moved up significantly and had peaked at USD 142.04 per barrel in July 2008. However, with the decline in prices, the average cost of the Indian basket of crude in 2008-09 at USD 83.6 per barrel represented an increase of 5.45% over the level of USD 79.3 per barrel in 2007-08. Despite the volatility of prices in the international markets, the percentage increase in the average cost of the Indian basket of crude was much lower as compared to the last few years. The unprecedented rise in the prices of crude oil, coupled with the inability to pass on the entire burden to the consumer, had put an enormous strain on the liquidity position of the refining and marketing companies. The subsequent sharp decline in prices, while providing relief, has also led to significant inventory losses, considering the time lag between purchase of crude oil and sale of the finished products.

India continues to be dependent on imports for meeting a major portion of the country's crude oil requirements. The quantity of crude oil imported during the year 2008-09 amounted to 128.16 MMT, which represented an increase of 6.49 MMT over the previous year. The outgo on these imports stood at USD 75.7 billion (Rs. 3,41,887 crores) as against USD 68 billion (Rs. 2,72,699 crores) in 2007-08. The current financial year has seen oil prices inch up on expectations that global economies will recover soon even as major oil producers have cut production.

The year saw a reduction in the quantity of petroleum product imports. Product imports declined from 22.46 MMT to 18.29 MMT. The outgo on product imports also declined to USD 13.5 billion (Rs. 60,893 crores) from USD 15.1 billion (Rs. 61,000 crores) in the previous year. During the same period, India's export of petroleum products has also declined. Exports, which stood at 40.8 MMT in 2007-08, fell to 36.9 MMT in the year under review. The foreign exchange earned on these exports stood at USD 26.3 billion (Rs. 1,17,458 crores) in 2008-09 as compared to USD 27.6 billion (Rs. 1,10,789 crores) in 2007-08.

The extreme volatility in the crude oil prices had put a big strain on the finances of the downstream oil refining and marketing companies. The Government had made some fiscal changes with a view to ease the burden on the oil companies. In addition to upstream oil companies extending discounts on crude oil purchased by the refining companies, the Government also issued bonds to the oil marketing companies to compensate for the losses suffered on sale of the four sensitive products. Prices of MS, HSD and LPG for domestic consumption were increased in June 2008. All these measures were directed towards mitigating the growing under-recoveries of the refining and marketing companies. Notwithstanding these efforts, these companies had to pass through some very tough times and their borrowings increased substantially. Besides the increased interest burden, oil companies incurred losses on the sale of bonds owing to the decline in the bond prices. The decline in the international prices also helped in providing relief to the oil companies. The benefit of the falling prices was passed on to consumers by way of reduction in the retail prices of MS, HSD and LPG in December 2008 and January 2009.

India continues to be long on refining capacity in comparison to the domestic demand. The domestic crude oil processing in 2008-09 was of the order of 157.1 MMT as compared to 150.81 MMT in the previous year. With fresh refining capacity having come in the recent past and considering refinery projects in different stages of completion, India's refining capacity will be in excess of domestic demand.

With the stabilisation of oil prices, the private players, who had withdrawn from the marketing of MS and HSD, are drawing up plans to re-enter the market. The public sector units can expect to face increased competition from these players. However, the effects of the economic slowdown could impact the demand for petroleum products.

## OPPORTUNITIES AND THREATS

Even as many countries are grappling with fears of economic recession, India is expected to remain an oasis of growth. With the focus largely on the huge domestic market, the country's GDP is expected to keep growing, although sustaining the 9% growth rates of the recent past may be tough. In this scenario, oil and gas companies will have ample opportunities to grow as they go about meeting the demand of the energy hungry economy.

The Government is contemplating the deregulation of pricing of transport fuels i.e. MS and HSD. This will bring with it more opportunities and greater challenges. Companies will need to manage their capital expenditure plans in this challenging environment, as these will be critical for sustaining and growing market share.

One of the key challenges facing the oil refining and marketing companies will be the need to make available MS and HSD complying with higher product specifications from April 2010 onwards. The refineries in Mumbai and Kochi are gearing themselves to comply with these requirements. In addition, the refining capacity of Kochi Refinery will increase with the expected commissioning of the expansion project by the end of the year. Besides increasing the availability of products, the enhanced refining capacity will contribute towards better utilisation of crude oil import facilities, which were commissioned in Kochi during the previous year.

Work on the new grass roots refinery at Bina in Madhya Pradesh is progressing and the project, which is being executed by Bharat Oman Refineries Limited (BORL), a Joint Venture Company promoted by BPCL, is expected to be commissioned on schedule. Owing to the difficult situation in the capital markets, BORL has not been able to go ahead with its plans for raising funds by way of an Initial Public Offering. Notwithstanding this, BPCL has ensured that work on the project has progressed smoothly by bringing in additional funds by way of debt. The commissioning of the refinery will strengthen BPCL's position in terms of product availability in some of the key markets in the country.

The high levels of refining margins have to some extent mitigated the burden caused by the inability to pass on the impact of the rising prices of sensitive petroleum products like MS, HSD, LPG (Domestic) and Superior Kerosene Oil (SKO). The price differential between heavy and light crude, coupled with the ability of refiners to process heavier crude oils, was the key to achieving higher margins. With the light heavy crude oil price differentials narrowing significantly in the recent past, the advantages arising out of the ability to process heavier crude could diminish.

The retail market continues to offer great potential from the point of view of long term growth and profitability. At the same time, there are many challenges. With oil prices stabilising, private players who had vacated the market are expected to return. The liquidity concerns had some impact on the capital expenditure plans. There are also concerns around retail site security, particularly in urban centres, with landowners demanding sharp increases in rents or vacation of the sites. Changes in the relevant statutes have made it more difficult for oil companies to secure legal protection in such situations. This issue is being addressed by securing new sites on long leases or by way of outright acquisition of strategic sites. BPCL, with its traditional strengths in this area, is confident of being able to deal with the challenges and sustain its leading position in the market.

The LPG business continues to bear the burden of under-recoveries on account of the selling price being lower than the cost in the case of domestic sales. Although the easing of LPG prices in the international market has provided some respite, the shortfall in sales realisation continue to hurt the business. The focus has therefore, remained on enhancing value in important areas like supply chain management, the `Beyond LPG' initiative and sale of value added products like Bharat Metal Cutting Gas.

The Industrial & Commercial business poses several challenges. The increase in sale of products like Naphtha may not be sustained as increased volumes of domestically produced Gas becomes available in the country. With the joint venture for the bunkering business having commenced operations, BPCL is looking at securing a good share of bunkering volumes, which can help in increasing sales. As additional volumes from private refineries enter the market, the level of competition has increased. The speed at which the key sectors of the economy recover will hold the key to the fortunes of the business.

The Lubricants business has had to face the brunt of the economic slowdown. There has been pressure on margins in different segments of the market. Exports to neighbouring countries are an important area of focus. Efforts are also directed at leveraging the strength of producing one of the country's finest quality Group II base oils.

The Indian aviation sector is facing very difficult times. With the passenger load factors coming down sharply, airlines have reduced their flights. The overall market volume of ATF is expected to shrink. The ATF market has therefore, become highly competitive. Emerging trends indicate a move towards consolidation amongst the airlines. Besides, they are increasingly looking at the low cost carrier model as a means of survival. With margins shrinking and larger amounts blocked in meeting the higher working capital needs, tough times are likely to continue for the Aviation business.

BPCL has been an early mover in the Gas market and retains a significant presence, both in the RLNG and in the city gas distribution markets. The market is expected to witness significant changes with the domestic production of gas set to increase.

Securing crude oil supplies has been a key objective of BPCL. BPCL's wholly owned subsidiary company, Bharat PetroResources Limited (BPRL), which is spearheading BPCL's foray in the upstream exploration and production sector, has participating interest in 26 blocks in India and abroad.

The year gone by was an extremely difficult year. The sharp economic downturn has impacted all businesses. As the Government sought to protect the economy from the full impact of the rising crude oil prices, the downstream refining and marketing companies had to cope with severe liquidity constraints. Increased borrowings led to significant rise in the interest cost. Further, although oil bonds were received as compensation for under-recoveries, the delay in receipt of these bonds, coupled with the adverse movements in the yields, have affected the profitability for the year. The sharp depreciation in the Indian rupee against the US dollar led to considerable amount of foreign exchange losses. Finally, the sharp fall in prices in the international markets in the later part of the year led to refining and marketing companies having to suffer losses on account of the fall in inventory values.

With cash being at a premium, there was an urgent need to have a close look at all aspects of operations. BPCL has viewed this as an opportunity to put in place mechanisms and processes which can bring long term benefits for the Organisation. These efforts are expected to stand BPCL in good stead in the coming days. There are indications that the economic situation will start improving. At the same time, the volatility in oil prices is expected to remain a serious concern. BPCL is confident of not only facing the challenges, but also increasing its market participation.

## PERFORMANCE

The performance of the various Strategic Business Units (SBUs) and Entities is discussed in detail in the following paras.

## REFINERIES

### Mumbai Refinery

Mumbai Refinery achieved a crude throughput of 12.26 MMT in 2008-09 as compared to 12.75 MMT in 2007-08. The capacity utilization of the refinery stood at 102.18%. The lower throughput during the year was on account of the planned turnaround of some of the key units of the refinery. The refinery profitability was enhanced by the increased production of value added products like MS, HSD, Lube Oil Base Stocks (LOBS) and Bitumen. The gross refinery margin for the year amounted to Rs. 1,892.28 crores, which works out to USD 4.48 per barrel of crude oil processed, as compared to the margin of USD 4.6 per barrel in the previous year.

The refinery successfully demonstrated its capability in handling major turnaround activities for several units simultaneously, thus minimising throughput loss. This was made possible by introducing new techniques and practices on the field like chemical decontamination for complete cleaning of process equipment and ceramic coating for energy conservation. In an endeavour to satisfy customer requirements, Mumbai Refinery has continued to modernize and expand its Quality Assurance Laboratory and equipped it with new generation analytical instruments for enhancing overall laboratory productivity & reliability. The laboratory was awarded seven gold certificates for achieving 100% satisfactory performance during the year in the Shell Main Products Correlation Scheme of M/s. Shell Global Solutions, Netherlands. The refinery is implementing the "Meridian – Asset Integrity Management System (AIMS)" for inspection of refinery equipment and pipelines. This will help in enhancing the mechanical integrity and reliability of static equipment and pipelines in the Refinery.

On the safety front, the Refinery achieved 4 million man-hours without any Lost Time Accident (LTA). The Occupational Health and Safety Management System of the refinery was upgraded to OHSAS 18001:2007. An external safety audit was carried out under the guidance of Oil Industry Safety Directorate (OISD).

During the year, Mumbai Refinery has initiated energy saving audits in several areas and implemented a number of energy conservation projects. Mumbai Refinery has also been making concerted efforts for excelling in environment preservation performance.

Mumbai Refinery had, in the previous year, initiated a focused program for refinery margin improvement under Project KARMA – Key Activities for Refinery Margin Augmentation. As part of this project, potential improvement opportunities across 10 themes, including refinery scheduling/planning, blending, steam & power; hydrogen management etc. were identified. Out of a total of 35 ideas identified, 11 ideas were fully implemented in 2008-09 and benefit amounting to approximately Rs. 125 crores (30 cents/barrel) has been realized.

Mumbai Refinery continued its tradition of winning Business Excellence Awards when it was bestowed with the prestigious Ramakrishna Bajaj National Quality Performance Excellence Award 2008 under the Manufacturing Category. The Refinery has achieved the rare distinction of winning this award for the second time in a row. The seven key categories covered leadership, strategic planning, customer & market focus, measurement, analysis and knowledge management, workforce focus, process management & business results. The Refinery team's suggestion on 'Reduction in Bitumen Lorry Turnaround Time in Mumbai Refinery' was adjudged the Best Suggestion and awarded the first prize in the 19th Annual Convention organized by INSSAN (Indian National Suggestion Schemes' Association) at Jamshedpur. This prestigious award has been won by Mumbai Refinery for the second year in succession.

**Kochi Refinery**

The year saw Kochi Refinery achieving a throughput of 7.68 MMT as compared to 8.20 MMT in the previous year. The capacity utilization of the refinery stood at 102.4%. The refinery achieved its highest level of production of ATF, Euro-III HSD, LSHFHSD and Bitumen, besides filling a record number of 5,26,443 Bitumen drums. The gross refining margin for the year 2008-09 was USD 6.27 per barrel of crude oil processed, as against USD 7.18 per barrel in the previous year.

Kochi Refinery's Quality Control Laboratory continued its participation in the Shell Main Products Correlation Scheme of M/s. Shell Global Solutions, Netherlands and was awarded four gold certificates for achieving 100% satisfactory performance in the scheme during the financial year 2008-09. Kochi Refinery has implemented Phase I of the Asset Integrity Management System (AIMS), an initiative to enhance mechanical integrity and reliability of static equipment in the Refinery.

During the year, there was no accident / fire incident at Kochi Refinery. The refinery achieved 13 million man-hours of operation without any Lost Time Accident during the year.

On the environment conservation front, Kochi Refinery installed an additional Ambient Air Quality Monitoring System (AAQMS) at the Shore Tank Farm area, Puthuvypeen, to monitor 11 key Pollutant Parameters on a continuous basis. The traditional Bitumen-Blowing Unit for Bitumen production was replaced with state-of-the-art Biturox Technology for production of various grades of Bitumen.

Quality Circles have been a key improvement initiative for Kochi Refinery since 2004. The refinery has 14 Quality Circles spanning functional areas like Manufacturing, Power & Utilities, Maintenance, Oil Movement & Storage, Finance and Human Resources.

The refinery received the Safety Innovation Award for Implementing Innovative Safety Management System from The Institution of Engineers (India), Delhi State Centre. It was also awarded the First prize for outstanding performance in Industrial Safety among Large Factories (Employing more than 500 workers) in the Chemical / Petroleum category, from the Department of Factories & Boilers, Government of Kerala, second prize for the Occupational Health Centre from amongst all the factories in Kerala from the Department of Factories & Boilers, Government of Kerala and the Gold award for outstanding achievement in safety management in the Petroleum Refinery sector, from the Greentech Foundation.

During the year, major community initiatives like construction of a new operation theatre and infrastructure facilities at Government hospitals, building of roads, culverts and bridges at rural areas, were undertaken. A medical camp was conducted exclusively for the tribal population in a remote settlement inside the forest of Malayattur Range in the Western Ghats.

The Integrated Refinery Business Improvement Program was initiated at Kochi Refinery with the help of M/s. Shell Global Solutions International and Centre for High Technology, New Delhi. This program is aimed at developing solutions to reduce the gaps in performance of the refinery in the areas of energy management, operational performance and overall refinery margin, in comparison with the Asia Pacific and Global refineries, as identified in the benchmarking exercise undertaken earlier. A total of 19 Proposals for Improvement (PFIs) were identified during the assessment phase of the program, with a total benefit potential of 34 cents/barrel. Of these, implementation of four PFIs has been completed and benefits are being realized. The remaining PFIs are under various stages of implementation.

In the recent past, the upward surge in crude oil prices, coupled with poor crack spreads, have put the refinery margins under pressure. This situation is unlikely to change significantly in the near future. Further, the refineries are mandated to upgrade the quality of their auto fuel products (MS and HSD) to meet Euro-III/IV specifications by April 2010. The Mumbai and Kochi refineries are gearing up to meet these and other challenges facing them. The thrust is on reducing the operating and energy costs by rationalization and fuel substitutions on one hand and undertaking initiatives on improving value generation by optimizing the crude and product mix, on the other. The refineries have demonstrated their capability of implementing focused programs by engaging a large cross-section of their employees for generating and implementing innovative ideas for sustained improvement and deriving significant value for BPCL. Attention is also being given to creating mechanisms for identifying the best practices across various key processes and getting the same implemented across the refineries. The underlying objective of all these initiatives is to ensure that every opportunity for creating value is utilised fully.

## RETAIL

During the year 2008-09, retail sales of the public sector oil companies grew by 10.21% over the previous year. The growth in sales can be partly attributed to the fact that private players had scaled down their retail operations, owing to rising under-recoveries on the sale of MS and HSD. BPCL closed the year with a retail sales volume of 16.16 MMT as compared to 14.75 MMT in 2007-08.

The sales of MS during 2008-09 stood at 3.22 MMT, reflecting a growth of 10.84% over the previous year's volume of 2.90 MMT. However, in line with the overall industry trend, the sale of branded petrol declined with 'Speed' declining from 770.6 TMT in 2007-08 to 610.5 TMT in the current year. HSD sales volume during the year was 11.22 MMT, which represented a growth of 10.8% over the previous year's volume of 10.13 MMT. However, like in MS, the sale of the branded product - "Hi Speed Diesel" declined from 970 TMT in 2007-08 to 781.6 TMT in the current year.

As regards the alternate fuels, CNG sales recorded a growth of 10.37% in 2008-09 with a sales volume of 151.78 TMT. However, the increase in the price of LPG saw sales of Auto LPG decline by 20.94% from 67.95 TMT in 2007-08 to 53.72 TMT in the current year. BPCL has entered into a strategic tie-up with General Motors India for authorizing selected Vehicle Care Centres as GM Authorized Service Stations, with four such service stations being unveiled in 2008-09.

During the year, BPCL commissioned 151 retail outlets, as compared to 1287 retail outlets commissioned by the industry. There was continued growth in the Highway sector where the throughput per outlet grew from 241 KL per month to 263 KL per month. The throughput per outlet in the highway outlets catering to the trucker network grew from 763 KL per month to 842 KL per month. BPCL's overall throughput per outlet of 205 KL was 9% higher than the industry average. Further, in terms of market effectiveness, a ratio of market share of sales volume to market share of outlets, BPCL continued to occupy the top position in the industry.

The Logistics group handled a volume of 38.5 million KLs during the year, representing a growth of 8.7% over the previous year. Optimisation of Inventory, while ensuring adequate availability to meet market demand, was one of the thrust areas during the year. Ethanol blending facilities have been provided at supply locations. The Vehicle Tracking System now covers 95% of the tank lorries used for delivering MS/HSD to the outlets.

The "Pure for Sure" (PFS) network was further expanded during the year and currently, 6581 retail outlets are certified under the PFS banner. At present, 9.1 out of every 10 litres sold through the BPCL network is sold through a PFS outlet. Retail Automation continued to be an area of focus and BRASS – RT (Bharat Retail Automation Solution and Services – Real Time) was made operational at 300 outlets. The total number of outlets covered under this initiative now stands at 1902. BROMA (Bharat Retail Outlet Maintenance Application) has been developed to provide transparency and a comprehensive solution for Retail Outlet complaint management and during 2008-09, the same was extended to all outlets. The system has also been integrated with BPCL's SAP system for making vendor payments.

The "Petro Card" programme now has 1.7 million customers and the SmartFleet base grew to 1.04 million with the enrolment of 45,444 vehicles during the year. Card sales accounted for a substantial value of Retail's MS/HSD market sales turnover. The telecom sector was provided with a customised technology solution for managing their towers under the SmartFleet programme.

The Allied Retail Business, covering C-stores, Quick Service Restaurants, financial and travel related services etc. ended the year with a turnover of Rs. 306 crores, representing a growth of 45 %. The network of 282 In & Out stores achieved a turnover of Rs. 138 crores, which was 26% higher than the previous year. ATMs continued to be a focus area under the alliance management strategy and alliances with 24 Banks make up for 227 ATMs which are currently operating. Quick Service Restaurant sales through the Alliance network during 2008-09 grew by 25%.

The retail business is expected to be challenging in the days to come. Managing volatility of prices and growing customer expectations will be the key to success in the retail segment. BPCL is looking at leveraging and building upon its traditional strengths in this segment. It is focused on achieving efficiency and cost effectiveness in the area of product placement and management of inventory. Capital productivity is stressed upon to ensure that funds are directed at areas which offer the best potential in terms of growth. BPCL is confident of being able to hold its own and continue growing in the retail market.

## INDUSTRIAL AND COMMERCIAL

The year 2008-09 was a challenging one for the Industrial & Commercial business. The impact of the economic downturn on many of the customers, volatility of prices, large scale imports by traders and end users etc. were some of the factors affecting the business during the year. Notwithstanding these challenges, the sales volumes during the year crossed the 7 MMT mark for the second year in succession. The greater thrust on Bitumen marketing resulted in BPCL achieving the highest growth in Bitumen sales of 4.14%, as compared to the industry average of 1.09%. BPCL has also improved its market share in Bitumen by 0.4%. While the Industry as a whole witnessed a fall in sales of FO/LSHS due to lower demand from various industrial segments, BPCL could contain the negative growth to 1.6%, which is the lowest among the public sector oil marketing companies. Higher demand from Naphtha based power plants led to a sharp rise in Naphtha sales. There was however, a fall in RLNG sales volumes due to the higher spot prices.

During the year, the focus was shifted to speedy collection of outstandings from customers. Consequently, the quantum of customer balances has reduced and in terms of number of days of sale, it has come down to 10 days, as against 15 days during the previous year. Besides, the quantum of collections through RTGS/NEFT has also increased substantially during the year to reach a level of Rs. 8,250 crores. As on date, nearly 30% of the turnover of the business is realised through these payment modes.

The business has a clear understanding of the challenges that lie ahead. It is equipping itself to deal with these in the most effective manner. While strategies are being put in place to meet the growing and diverse needs of customers, attention is also being placed on various aspects of business operations with a view to achieve greater efficiency. There is also increased focus on reducing the working capital cycle by ensuring better management of receivables from customers. The business is also looking at strengthening its presence in the bunkering sector.

## LUBRICANTS

The economic slowdown has adversely affected the Lubricants business unit, which ended the year with a sales volume of 203.22 TMT, as compared to 231.99 TMT achieved in 2007-08. The decline in the sales volume was mainly on account of the lower sales of base oil during the year. However, notwithstanding the difficult market conditions, the sales volumes of finished lubricants has grown by 3.1% with the Reseller Channel growing by 5% and industrial segment by 2%.

During the year, segment specific oils like MAK D-Gen and MAK Auto XL were introduced to cater to niche markets. The network of MAK distributors was expanded with the objective of gaining leadership position in high value grades. BPCL's service initiatives viz. MAK Garage and MAK Mobile Van, have also been well received. On the retail front, service initiatives like Hero Honda City Works, TATA Authorised Service Stations, V-Care and Quick Oil Change programs were effectively implemented to give quality service to customers. On the exports front, BPCL consolidated its presence in Sri Lanka, Nepal and Bangladesh and has commenced supplies to the Chinese market.

The Group II base oil, 'MAKBase', produced by Mumbai Refinery, is one of the finest in the country. It has been mainly consumed for manufacturing of MAK Lubricants. In addition, the base oil was sold to other manufacturers, besides being exported.

The tough economic environment will continue to pose challenges to the business. BPCL aims to leverage its strengths in terms of a captive source of world class base oil and a well established brand. Attention is also being placed on achieving greater efficiencies in the area of supply chain management. With a growing number of new Genuine Oil tie-ups with reputed manufacturers and a better presence in the market, BPCL is confident of retaining and sustaining its position in the market even in these difficult times.

## LPG

The LPG business continues to operate in a difficult environment. With the domestic LPG consumers being more or less insulated from price volatility in the international markets, the business continued to have under-recoveries, which affected the liquidity position. Although the Government has put in place a compensation mechanism, the time lag involved in the process has had an adverse impact.

BPCL's total LPG sales during 2008-09 grew by 3.43% to reach a level of 3033 TMT. The population of the domestic LPG customers crossed the 26 million mark with the addition of 1.4 million new customers during the year. In the commercial packed segment, where the product is sold at market determined prices, BPCL's sales grew by 27.7% over the previous year. Sales of Auto LPG from the 74 Auto LPG stations established across the country stood at 53.72 TMT. A new LPG bottling plant with a capacity of 44 TMTPA was commissioned during the year at Patna in Bihar. BPCL currently has 49 LPG Bottling Plants with a rated capacity of 2126 TMTPA. The total bottling of LPG during the year was 2741 TMT, representing a capacity utilization of 128.9%. A total of 38200 households have been connected through the LPG Reticulated system or 'piped LP Gas' system.

The 'Beyond LPG' initiative registered a turnover of Rs.444 crores, representing a growth of 27.6% over the previous year. During the year, another 500 distributors got enrolled in this initiative and are selling a large variety of non-fuel products through this channel. Bharat Metal Cutting Gas (BMCG) has been another successful innovation from BPCL. It is growing in popularity, given its performance efficiency and low cost vis-à-vis Acetylene. Sales of BMCG in 2008-09 stood at 4735 MT. BPCL has also formed strategic alliances in several countries in the Middle East to market BMCG. BPCL has been selected to partner Kenya Pipeline Company for putting up LPG facilities in Nairobi, Kenya.

BPCL continues to accord the highest priority to Health, Safety Security & Environment initiatives. Initiatives such as monitoring security system scorecard, implementation of improvement measures, thrust on sustainable development, and focus on reporting and correcting even the smallest unsafe situation were undertaken.

Focus continues to remain on deriving maximum value from the commercial segment, which operates in a free market mechanism, while at the same time ensuring that the domestic consumers are served in the best possible manner. Efforts are on to achieve faster turnaround and better utilization of capital assets like LPG equipment with a view to optimize capital investments. Benchmarking of operations and incorporating best practices at the LPG plants are being stressed upon. All these are expected to bring in significant value for BPCL.

## AVIATION

After a period of sustained growth, the Indian aviation sector experienced severe turbulence during the year. There has been a fall in both, international and domestic air traffic as airlines reduced flights. Consequently, the oil industry saw the sales volume of ATF fall by 3.48% during 2008-09. BPCL's ATF sales volumes declined from 959 TMT in 2007-08 to 916.60 TMT in 2008-09.

One of the key developments during the year was the move by the Indian oil industry towards a transparent formula based pricing for ATF. BPCL's joint venture with ST Airport Services Pte Ltd. of Singapore viz. Bharat Stars Services Private Limited commenced operations as the Into-plane Operator at the new international airport in Bengaluru. BPCL also commissioned its 23rd Aviation fuelling station at Nanded in Maharashtra.

The ATF business has undergone a paradigm shift in the recent past. As airlines focus on optimising their costs, they have been aggressively seeking lower prices. Consequently, there is intense competition as oil companies seek to protect their volumes. The reduction of flights has only added to the pressure. BPCL is focused upon making its presence felt in the market by aggressively reaching out to customers and thereby, protecting its market share.

## HUMAN RESOURCES

BPCL considers the quality of its human resources as one of its core strengths. People at all levels are involved in all the key initiatives undertaken by the Organisation. As on 31st March, 2009, BPCL had 14016 employees on its rolls.

The initiative started in 2006-07 to develop world class leadership in the Organisation and developing the next generation of leaders was carried forward. A large number of employees in the senior and middle management level were subjected to a detailed assessment and their leadership profiles were reviewed to align them to the future roles they could assume. In order to render the desired focus to this strategic initiative, during the year, the project team which had worked in this area was embedded as part of the Human Resources team.

The training programs are being completely redesigned to offer each employee an opportunity to develop future abilities, matching expectations with opportunity. The focus is on helping employees unleash their potential by unlearning old skills and acquiring new ones. Accordingly, a number of customized training programs have been introduced during the year, keeping in mind business priorities and enhancement of employees' ability to drive change.

During the year, 29 students going abroad for pursuing higher studies were provided financial support by way of scholarship under the BPCL scholarship scheme for higher studies, which is aimed at promoting excellence in higher education of meritorious students.

The 'IDEAS' platform is an initiative to recognize and promote creativity at the workplace. It has helped promote employee commitment and involvement, besides improving efficiency. During the year 2008-09, with a view to engage more creative minds to achieve excellence and also enhance the learning process, the platform was launched in three categories: "Creative Stroke" for ideas that have been successfully implemented, "Mind's Eye", for ideas that might not have found the right avenue for implementation, but have huge potential in terms of business benefits and "Echo" for replication of ideas already implemented in another location. In all, 468 entries were received under "Creative Stroke", 124 under "Echo" and 317 under the "Mind's Eye" categories. A total of 44 awards were given in recognition of the contribution made by the participants.

BPCL is the first and only company in the public sector to take the employee friendly initiative of creating an Employee Satisfaction Enhancement Cell entrusted with the responsibilities of resolving employees' grievances and enhancing overall employee satisfaction. One of its focus areas is to reach out to maximum number of employees in a proactive manner to listen to them, understand their issues and concerns and resolve them. Keeping in mind this key responsibility, the ESE Cell launched an Employee Assistance Programme called ESE-Roshni in 2008-09. This is another first for any oil company in India. Through the program, counselling services are provided to the management staff and their dependent family members by professional counsellors at no cost to them. This helps a person to cope more effectively with everyday issues that adversely impact his/her work performance, health and wellbeing. The counselling services are made available through three different channels; face to face counselling (seeing the counsellor in person), telephonic counselling by talking to the counsellor over telephone and by writing the problem and seeking counselling through email. The program has received an excellent response, with a large number of staff and their family members having registered to use the service. These measures and initiatives have reinforced BPCL as a caring and employee friendly organisation.

## INTEGRATED INFORMATION SYSTEMS

Information Technology is a key area of strength and hence, a competitive advantage for BPCL. Investment has been made during the year in implementing various strategic initiatives and process improvements.

During the year, the upgrade of the non-HR SAP environment to ERP ECC 6.0 was completed successfully and subsequently, the SAP R/3 production system was migrated to the Unicode system. BPCL has commenced the implementation of Governance, Risk and Compliance (GRC) solution of SAP, which is an essential step in providing system based controls and risk mitigation mechanism while handling business processes. The “Access control” component of the GRC solution was implemented in the LPG business as a pilot. This will be rolled out across businesses in 2009-10. The Transportation Planning & Vehicle Scheduling (TP&VS) component of SAP Supply Chain Management was implemented in Jalgaon LPG plant for packed cylinder dispatches and will be extended to all LPG locations during 2009-10.

The year saw the launch of the business application centric SAP based portal (myPortal) in April 2009. The Employee Self Service application for management staff was commissioned by migrating processes relating to employee claims and reimbursements to the ‘myPortal’ platform. In the coming days, myPortal would become the major application portal aggregating information from different SAP and non-SAP systems. The information dashboard for top management was also launched through ‘myPortal’.

A number of initiatives aimed at achieving process improvements were completed. These include the roll out of the Planned Delivery Programme solution in the retail locations of the Northern and Southern regions and implementation of B2B solution for transactions with IOC. BPCL has introduced an innovative and indigenously developed state-of-the-art re-fuelling system known as Apron Fuel Management System (AFMS) to cater exclusively to the aviation industry. This complete Point of Sale (POS) solution significantly reduces the fuelling time to the aircrafts and generates Fuel Delivery Tickets without manual intervention, thereby facilitating the electronic exchange of data.

In line with the efforts to support all business applications, redesign and revamp of the BPCL network connecting major locations through Multi Protocol Label Switching (MPLS) VPN technology Network was undertaken. MPLS is aimed at augmenting the network infrastructure. MPLS provides for increased bandwidth, better uptime and better manageability. Already 124 locations are put on MPLS links during the year, with further plans to expand the same to a total of 185 locations. This has released the hitherto primary VSAT connections which have been redirected to connect BPCL’s Retail Outlets. As on date, 427 outlets have been connected through VSAT for betterment of customer services and also to support new outlet based applications. The state-of-the-art VSAT hub site was upgraded with the latest technology. This has contributed to capacity enhancement, reliability and reachability. The In-Route bandwidth capacity has increased from 2 Mbps to 5 Mbps with better uptime commitment during the rainy season.

BPCL’s foray into the SAP training arena continued and BPCL’s SAP Training C entre at Mumbai offered various programmes for external participants. Besides, BPCL continued to deploy its specialised resources to leading clients in India and abroad.

In the current scenario, where security of the Information Technology environment is critical, BPCL has continued to focus on securing its corporate IT assets and applications through client level security under the initiative of Endpoint Security systems.

## HEALTH, SAFETY, SECURITY & ENVIRONMENT

During the year, enhanced efforts continued to address Health, Safety, Security and Environment matters and attain sustainable performance at all workplaces and beyond. Employee engagements were sought to be achieved through active participation and sharing best practices across businesses and entities. Training courses and workshops for company employees with classroom & field training programmes were imparted during the year. An unique program on Workplace Health & Hygiene was launched, where trained officers were included as trainers to impart necessary knowledge to the employees and contract workmen at locations.

Given the prevailing scenario, BPCL with its countrywide spread faces a unique challenge to ensure security for people and property. All locations were sensitized and advised to develop and put in place a "Security Plan" and to monitor security practices. An online reporting system has been extended to report any security related incident at locations.

On the environment front, focus continued on Clean Development Mechanism (CDM) initiatives. During the year, the 5 MW windmill project at Kappatguda village in Karnataka state was approved by United Nations Framework Convention on Climate Change (UNFCCC) effective 27th February, 2009. BPCL has accrued the Verified Emission Reductions (VERs) from the date of commissioning of the project till the date of registration of UNFCCC. Certified Emission Reductions (CERS) will start accruing from 28th February, 2009. Several other CDM proposals are being processed for various approvals.

During the year BPCL published its 2nd Corporate Sustainability Report for the year 2007-08. The report has been published as per GRI norms with A+ rating. BPCL is the first Company amongst public sector undertakings to receive A+ rating and the second in the oil sector. The report has been assessed by an independent third party assurance provider, M/s. DNV as per AA1000AS standard. BPCL is the second company in India to be assured as per this standard.

## INTERNATIONAL TRADE AND RISK MANAGEMENT

The year saw crude oil prices in the international markets touch record highs, reaching a peak of USD 147.27 per barrel before receding. As the prices fell sharply, the average price of dated Brent crude oil in 2008-09 at USD 84.55 per barrel was only marginally higher than the average price of USD 82.11 per barrel in the previous year. However, there was a substantial fall in the sweet / sour crude oil (Dated Brent / Dubai) difference from USD 5.03 per barrel in 2007-08 to USD 1.68 per barrel in 2008-09.

During the year, BPCL had imported 12.7 MMT of crude oil as compared to 14.5 MMT imported in 2007-08. In value terms, the total cost of the imported crude oil amounted to USD 7960.93 million (Rs. 36,114.26 crores) as compared to USD 8448.95 million (Rs. 33,827.18 crores) in 2007-08. The average FOB price stood at USD 85.3 per barrel as compared to USD 79.2 per barrel in the previous year. The ratio of 'Term to Spot' purchase of imported crude was 85:15, which was also significantly higher than the level in 2007-08 when it stood at 79:21. Further, BPCL had imported 1057 TMT of HSD, 254 TMT of SKO and 195 TMT of LPG to meet the shortfall in supply from domestic sources.

On the exports front, BPCL exported 1381.88 TMT of refined products during the year, which was lower than the level of 1934.04 TMT during the previous year. Export of Fuel Oil was down by 1.22% to 466.41 TMT from the previous year's level of 472.16 TMT. Export of Naphtha came down from 1,154.87 TMT in 2007-08 to 703.45 TMT in the current year. The lower export volume was due to higher domestic demand. The foreign exchange earnings from these exports amounted to USD 757 million (Rs. 3,362 crores) as against USD 1,174 million (Rs. 4,727.62 crores) during the previous year.

Logistic support was provided for imports, exports and coastal movements of products at the least cost. A combination of Time Charter, Contract of Affreightment and Voyage Charter were used to ensure logistic security and optimize the freight cost.

Hedging of refinery margins continued to be an area of focus to manage the volatility affecting the refining margins. During the course of the year, hedging volumes for refinery margins was around 11.6 million barrels, as against 12.6 million barrels during 2007-08. All the deals were executed on the e-tender platform developed in-house to reduce the response time. The hedging activity was expanded to cover exposures arising out of Platinum required for the reformer catalyst at Kochi refinery. Besides, fixed price deals to end consumers of the Industrial & Commercial business were provided for about 72 TMT of Naphtha supplies.

The Risk Management Committee continued to provide direction and guidance, besides carrying out regular review of hedging positions. New counter parties were registered and trades were distributed among the concerned counter parties judiciously.

## RESEARCH & DEVELOPMENT

BPCL is continuously enhancing its Research & Development capabilities at the Corporate R&D Centre, Greater Noida, Uttar Pradesh, Product & Application Development Centre, Sewree, Mumbai and the R&D Centre at Kochi Refinery. During the year, the Corporate R&D Centre made significant contributions in value addition at the Refineries through development and commercialization of in-house developed products like

(i) Fuel additive for high octane MS, (ii) Corrosion inhibitor additive for gasoline-ethanol blends, (iii) Bharat Metal Cutting Gas (BMCG) additive and (iv) Suggesting fuel oil blending schemes to Refineries. A cost effective process was developed during the year for conversion of non-edible oils with high free fatty acid content to biodiesel and the process is being scaled up for setting up a pilot plant for process demonstration. Major research projects have been initiated in the emerging areas of coal to clean liquid fuels, bio-fuels and hydrogen storage.

Kochi Refinery has developed a unique environment protection technology for removing toxic hydrogen sulphide gas produced when crude oil is heated to high temperatures. This technology for desulphurisation of very low pressure off-gas generated from the Vacuum Distillation Unit, which has been developed with in-house expertise, is being commercialised.

The Corporate R&D Centre filed five patent applications to protect the intellectual property resulting from innovative research. As a part of new initiatives, BPCL entered into research collaborations with a number of leading research institutes including (i) Department of Microbiology, Osmania University, Hyderabad, for the development of microbial enzymes for production of ethanol from lignocellulosic biomass (ii) Tamil Nadu Agricultural University, Coimbatore to establish techno-commercial feasibility of Bio-diesel production from microalgae, (iii) IIT, Roorkee for designing the new cutting torch for reducing pre-heat time, (iv) IIT, Madras for the development of rigorous mathematical models for entrained bed, fluidized bed and moving bed gasifiers.

BPCL, along with EIL, has been identified as the nodal agency for research and development studies in the area of liquid fuels production from high ash Indian Coal and Petcoke. The duration of this project is 4 years. An MOU has been signed with EIL and Centre for High Technology. The total cost of this project is Rs. 33 crores, of which 50% would be funded by the Oil Industry Development Board.

## EXPLORATION AND PRODUCTION OF CRUDE OIL AND GAS

BPCL's wholly owned subsidiary company, Bharat PetroResources Limited (BPRL), which was incorporated in October 2006, is spearheading BPCL's foray into the upstream exploration and production sector. BPRL has joined hands with other players having considerable experience in this sector and has as on date secured participating interests in 26 exploration blocks. Of this, 17 blocks are located abroad and 9 blocks were secured under the New Exploration Licensing Policy (NELP) bidding rounds held by the Government of India. If the past few years were for acquisition for exploration acreages, the year 2008-09 predominantly has been the year of consolidation with streamlining of operations in Brazil; moving ahead decisively on Indian and overseas work programs and venturing into the unexplored virgin basin of Mozambique. The award of Joint Operatorship with Hindustan Oil Exploration Company Limited in the Rajasthan block during the NELP VII round of bidding was a major achievement for BPRL.

Exploration activities are progressing in the 3 blocks acquired under NELP IV. However, due to the non- availability of deep water drilling rigs, further drilling in the Krishna Godavari and Mahanadi basins is delayed. Activities on data acquisition, processing and interpretation are underway in all the blocks acquired under the NELP VI and NELP VII rounds of bidding.

The acquisition of EnCana Brasil Petroleo Limitada (an affiliate of EnCana Corporation, Canada) was successfully completed during the year after receipt of all approvals from the authorities in Brazil. A Joint Venture Company, VB Brasil Petroleo Limitada, was incorporated in Brazil by BPRL and M/s. Videocon Industries Limited for the purpose of the acquisition. Both the promoters have an equal stake in the capital of the new company. Consequent to the acquisition, BPRL has secured participating interest in 10 blocks in Brazil. Of this, 9 are operated by Brazil's National Oil Company, Petrobras, an experienced deepwater operator. The other block is operated by Anadarko Petroleum Corporation, also an operator with significant deepwater experience in the United States and Gulf of Mexico. Exploration work on these blocks is currently on. The funding of the Brazil operations have been done through BPRL's subsidiaries incorporated in the Netherlands.

BPRL has recently acquired a 10% participating interest in the Offshore Area 1 in Mozambique which is located in the unexplored Rovuma Basin in East Africa. Work is progressing in the blocks in Australia, East Timor, United Kingdom and Oman where BPRL had acquired participating interest in the previous years.

Besides spreading its wings both in India and abroad, BPRL is also concentrating on developing the technical expertise and capabilities that would be needed in the days to come. Induction of geoscientists, development of in-house talent and augmentation of workstations are some of the steps in this direction. BPRL is confident of meeting the challenges that will come up as work progresses in the various blocks.

## AWARDS AND RECOGNITION

BPCL won the prestigious PetroFed 'Oil & Gas Marketing Company of the Year' for the year 2007-08. BPCL has been conferred the award for the second year in succession. It has been instituted to recognize and celebrate the leaders, innovators and pioneers in the Oil & Gas industry.

BPCL was bestowed with the prestigious 'Asian CSR Award 2008' in the Environmental Excellence category for Project Boond – III, a rainwater harvesting project in Maharashtra. This award was presented by the Asian Institute of Management, Centre for Corporate Social Responsibility and Intel Corporation in Singapore.

BPCL has secured the 289th rank during 2008-09 in the prestigious list of Fortune Global 500. Apart from BPCL, only six other Indian companies have made it to the list of top 500 companies compiled by Fortune Magazine.

Financial Express, one of the country's leading business newspapers recently ranked BPCL as 9th in India in the FE 500 list of companies. The parameters considered included net sales, gross profit and market cap.

The BPCL brand has been recognized as Business Superbrand 2008, the ranking given to exceptional brands on the criteria of market dominance, longevity, goodwill, customer loyalty and market acceptance.

BPCL also bagged the Association of Business Communicators of India (ABCI) Awards in the Table Calendar, Corporate Website Promotions and External Magazine categories.

M/s. Brand Finance has evaluated BPCL and rated it as one of the Ten Top Company Brands of India. The BPCL brand was valued at US $ 2.386 billion. BPCL has achieved the 9th position amongst corporates across categories; in the petroleum category, BPCL's power ratings are better than its competitors.

BPCL has once again made a mark in the global energy industry by ranking 96th globally and 17th in Asia, as per Platts 250 Global Energy Companies 2008. This ranking is based on outstanding financial performance using four key metrics – asset worth, revenues, profits and return on invested capital.

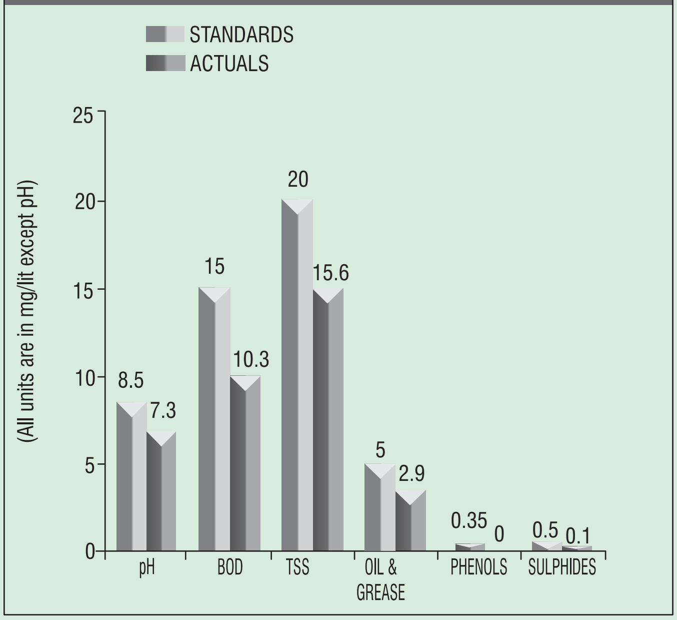
BPCL was awarded the Reader's Digest Most Trusted Brand Award in the Gold category for the third year in succession. This is in recognition of its customer-centric propositions, which have always been a key focus area for the Company.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

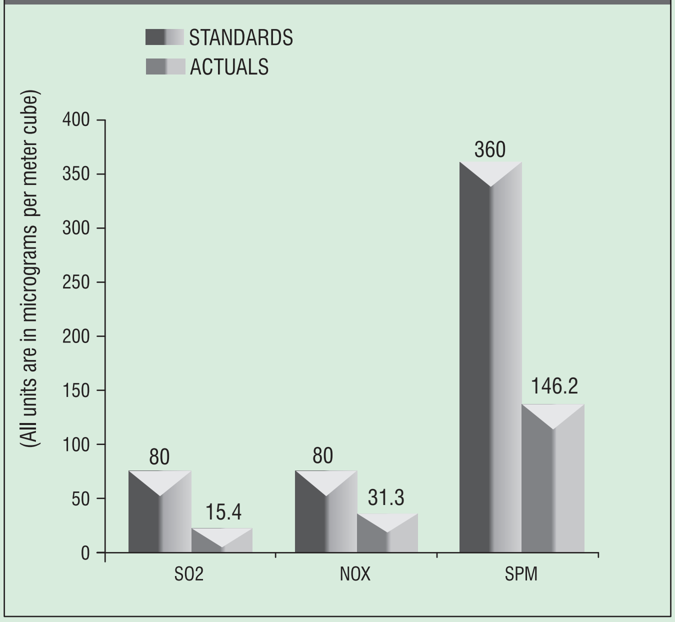
BPCL has a system of internal controls to ensure optimum utilization and protection of resources, IT security, speedy and accurate reporting of financial transactions and compliance with applicable laws and regulations, as also internal policies and procedures. For this purpose, the company has formulated a clearly defined organization structure, authority limits and internal guidelines, rules for all operating units and service entities. ERP Solution and Business Information Warehouse systems have further enhanced the internal control mechanism.

BPCL has an Internal Audit department consisting of experts from various functions, which supplements the review of key business processes and controls through regular audits. Audit reports, significant risk area assessment and adequacy of internal controls are also periodically reviewed by the Audit Committee through meetings held with Management, Internal Audit and the Statutory Auditors.

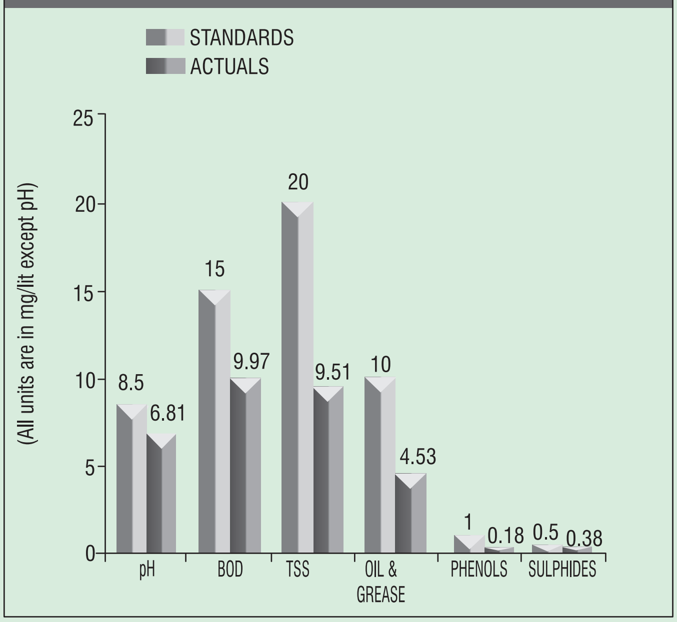
## TREATED EFFLUENT WATER QUALITY VIS-A-VIS STATUTORY STANDARDS AT MUMBAI REFINERY



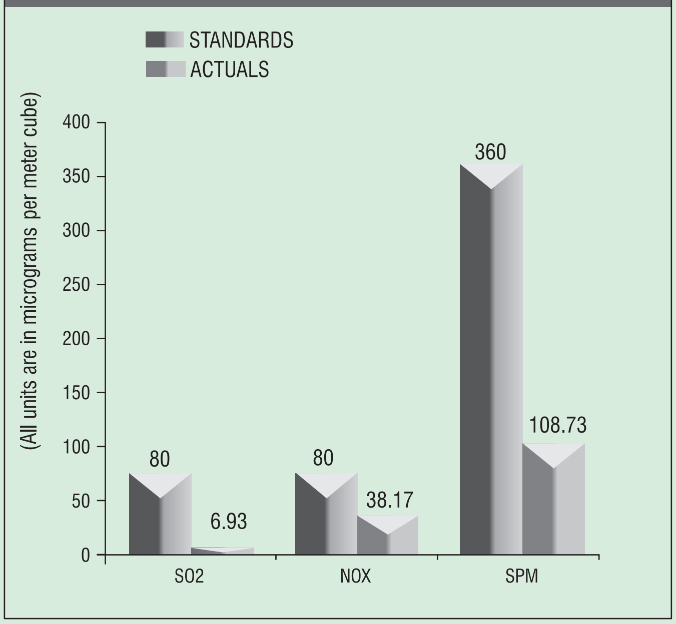

## TYPICAL AMBIENT AIR QUALITY VIS-A-VIS STATUTORY STANDARDS AT MUMBAI REFINERY




## TREATED EFFLUENT WATER QUALITY VIS-A-VIS STATUTORY STANDARDS AT KOCHI REFINERY




## TYPICAL AMBIENT AIR QUALITY VIS-A-VIS STATUTORY STANDARDS AT KOCHI REFINERY



# ANNEXURE A

Efforts made by BPCL in regard to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo, which are required to be given under Section 217 (1)(e) of the Companies Act,1956, are as under:

## A) CONSERVATION OF ENERGY

(i) Energy conservation measures taken and additional investment/proposals for conservation of energy:

Energy conservation efforts received continuous focus, both in terms of improvement in operations/maintenance as well as development of new projects. Continuous monitoring of fuel consumption and hydrocarbon loss is undertaken using sophisticated instruments and data acquisition system. An elaborate energy accounting system and Management Information System are important features of Refinery operations.

As a part of Oil & Gas Conservation Fortnight 2009, M/s. Centre for High Technology had organised a detailed “Steam Leak” survey in the Refineries along with external experts. In addition, various awareness programs on the Oil Conservation theme were conducted, both inside & outside the refineries, including free PUC check up for vehicles.

(ii) Additional investments & proposals, if any, being implemented & impact of the measures for reduction of consumption of energy & consequential impact on the cost of production of goods.

**Mumbai Refinery**

The following energy conservation and loss control measures were adopted during the year 2008-09 which have resulted in significant fuel savings:

- Maximisation of crude throughput in the modern highly energy efficient Integrated Crude & Vacuum Unit.
- Antifoulant chemical injection in all Crude & Vacuum Units.
- Injection of fire side chemical additive in HVU/CRU Heater.
- Regular cleaning of pre-heat exchangers of process units.
- A comprehensive “Steam Generation and Distribution Study” was carried out by M/s. Tata Consulting Engineers covering steam trap, steam insulation and leak survey.
- High emissivity ceramic coating was applied to process heater tubes and refractory walls of the new Crude Unit and Vacuum Unit furnaces (F 101 & 102) during the March 2009 shutdown, to improve furnace efficiency.
- Special type insulation for bare hot tubes of the NHGU furnace.
- Foam/chemical cleaning of air fin coolers in the new Crude Unit complex and C3-C4 Unit to improve performance.
- “Chemical decontamination” technique was adopted for the first time in the refinery during turnaround. This helps in improved heat exchanger cleaning and better hydrocarbon freeing for carrying out plant turnaround jobs.
- During turnaround, the service of the combustion technology expert from M/s. Hamworthy Combustion Global Solutions was obtained, to get suggestions for adopting the best practices, leading to improved efficiency of the furnaces.
- Replacement of two modules of air pre-heater in the CDU 1 B2 furnace for improved heat recovery.
- Installation of Step-less control in the Make-up-Gas Compressor (MUG) of the Hydrocracker Unit to reduce power consumption.
- Processing of the hydrogen rich Catalytic Reformer Unit (CRU) off gas in the Hydrocracker Unit PSA system and new Hydrogen Unit to reduce overall Naphtha consumption for hydrogen generation.
- A comprehensive survey on “Instrument Air Supply System” was carried out to identify and rectify instrument air leaks.
- “Dry ice blast” cleaning of the convection section of heaters to improve efficiency.
- Stopping of one Fuel Oil turbine at Boiler House – for saving in steam consumption.

- Use of energy saving CFL lamps.
- Energy saving device/torroidal core transformers for energy saving in lighting circuits.
- Conversion of motors from delta to star motor windings for power saving.
- Installation of Capacitor banks to maximize the power factor.
- Replacement of GT2 rotor and accessories for fuel saving and eliminating hot gas path inspection.
- Replacement of High Efficiency Boiler-2 Forced Draft (FD) fan with Variable Frequency Drive.
- Reduction of hydrocarbon slops by tighter operational control.
- Continuous monitoring & control of all parameters of Furnaces & Boilers.
- Continuous monitoring & control of flare.
- Regular steam insulation & leak surveys.

In addition, Mumbai Refinery is implementing/planning to implement various energy conservation and loss control projects as given below:

- Processing of Crude Distillation Unit-2 Long Residue in the energy efficient Vacuum Distillation Unit which will result in energy saving as well as yield improvement.
- Provision of Variable Speed Drives for the CDU NB2A Heater FD fan & CDU B1 Heater ID Fan.
- Use of the “Chemical Decontamination” technique for Units during turnaround for effective equipment hydrocarbon freeing and improved heat exchanger cleaning.
- Air pre-heater modules replacement, wherever necessary, during turnaround of Units.
- Phased replacement of Steam Headers Insulation.

**Kochi Refinery**

The following energy conservation and loss control measures were adopted during the year 2008-09, resulting in significant fuel savings:

- Reduction in power consumption by stopping the raw water pump in PIBU.
- Conversion of metallic blades to FRP blades for 25 air fin fans.
- Optimization of excess air in UB 10 & UB 7 Steam generators through an automatic air fuel ratio based combustion control scheme.
- Replacement of Naphtha stabilizer reboiler (LH1) with a steam reboiler.
- Replacement of mineral wool insulation by perlite.
- Provision of LP steam air heater ahead of cast air pre-heater (APH) in the Crude heater to mitigate cold end corrosion and reduce the downtime of APH.
- Removal of overhead column compressor in the Crude Distillation Unit-1 by routing overhead gas directly to heaters after amine wash.
- Swapping of MP steam with LP steam for product strippers in FCCU & CDU1.
- Waste heat recovery through steam generation in Biturox unit.
- Friction reducing internal coating for two cooling water pumps and one crude oil pump.
- Excess oxygen reduction in NH2 heater

The following additional proposals for energy conservation are in advanced stages of implementation:

- Provision of LP steam air heater ahead of cast APH in two furnaces to mitigate the cold end corrosion and reduce the downtime of air pre-heaters.
- Optimizing the excess air through the implementation of automatic air fuel ratio based combustion control in DDH1, DHH11 (H2 plant Reformer heater), CH1A/B and UB -8/9 boilers.
- Optimization of auxiliary firing potential and increase of steam load in FCCU waste heat boiler.

The following awards related to the Energy & Environment function were received by Kochi Refinery during the year 2008-09 :

| Sl. No | Year | Award | Authority | Category |
|---|---|---|---|---|
| 1 | 2008 | State Pollution Control Award - 2008 Excellence Award | Kerala State Pollution Control Board | For outstanding achievement in pollution control |
| 2 | 2008 | National Energy Conservation Award-First Prize, Refinery Sector | Bureau of Energy Efficiency, Ministry of Power, Govt. of India | In appreciation of the achievements in the Refineries sector |
| 3 | 2008 | Kerala State Energy Conservation Award | Energy Management Centre, Kerala | For commendable achievements in Energy Conservation and Management |

**Impact of the measures for reduction of consumption of energy & consequential impact on the cost of production of goods:**

Fuel savings as a result of the energy conservation measures implemented in the refineries during the year 2008-09 correspond to total savings potential of 10487 tonnes of fuel oil equivalent.

(iii) Details regarding total energy consumption and energy consumption per unit of production etc. are given in the prescribed Form A, annexed hereto.

## B) TECHNOLOGY ABSORPTION

The Refineries implemented the following projects to obtain the benefits of the latest technological developments and advances:

**Mumbai Refinery**

- In line with the action plan for meeting the auto fuel quality upgrade of part production of Euro IV quality Diesel by April 2010, the DHDS unit catalyst was changed to new generation TK 576 BRIM catalyst supplied by M/s. Haldor Topsoe.
- FCC LPG Merox catalyst was replaced with a new sweetening catalyst jointly developed by BPCL R&D and Indian Institute of Petroleum, Dehradun.

**Kochi Refinery**

- The Naphtha Stabilizer reboiler in CDU-1 was converted to a steam type reboiler (more efficient than the current fired heater type reboiler) during December 2008. The reboiler was designed by M/s. Engineers India Limited.
- A coke catcher was installed in the VBU during November/December 2008 to reduce the deposition of coke in the Vis-breaker fractionator. The modification was carried out in-house with technology support from M/s. Shell Global Solutions.

Details regarding the efforts made in technology absorption as per the prescribed Form B are annexed hereto.

## C) FOREIGN EXCHANGE EARNINGS/OUTGO

(i) Activities related to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:

**a. Exports**

BPCL exported 1381.88 TMT of refined products during the year as compared to 1934.04 TMT during the previous year. While Fuel Oil exports were down by 1.22% to 466.41 TMT from the previous year level of 472.16 TMT, Naphtha exports were down by 39.09% to 703.45 TMT vis-à-vis 1154.84 TMT in the previous year. The lower export volume was due to higher domestic demand. The contribution to the foreign exchange earnings were at USD 757 million (Rs. 3,362 crores) as against USD 1,174 million (Rs. 4,727 crores) during the previous year.

On the shipping front, International Trade Department continued its prime focus of providing logistic support for imports, exports and coastal movements of products at least cost. Combination of Time Charter, Contract of Affreightment and Voyage Charter were used to ensure logistic security and optimize the freight cost.

**b. Imports**

**Crude Oil**

The crude oil prices reached their historical highs during the year when West Texas Intermediate (WTI) reached a record level of 147.27 USD/bbl on 11th July, 08. However, thereafter crude oil prices started reducing drastically month after month due to the global economic meltdown and stabilized at around 45 USD/bbl during the last quarter.

The average price of Dated Brent crude oil increased marginally by 2% during the year from 82.3 USD/bbl in 2007/08 to 83.9 USD/bbl in 2008/09. The sweet/sour (Dated Brent/Dubai) difference also reduced substantially from 4.9 in 2007/08 to 2.1 USD/bbl in 2008/09 mainly on account of the economic slowdown, especially in the US, resulting in lower demand for LS crude oil and OPEC cuts on HS crude oil.

Actual crude Imports for our Mumbai & Kochi refineries during the year were as under :

| | | **2008-09** | 2007-08 |
|---|---|---|---|
| Crude imports | MMT | **12.7** | 14.5 |
| Value | USD Billion | **8.0** | 8.4 |
| Avg. FOB Price | USD/bbl | **85.3** | 79.2 |

The ratio of 'Term to Spot' purchase of imported crude was 85:15, implying security of volume tie up.

**Product Imports**

During the year, BPCL imported 1057 TMT of HSD, 254 TMT of SKO and 195 TMT of LPG to meet the shortfall in supply from domestic sources.

**c. Hedging**

During the year the price of crude and products continued to be highly volatile. Hedging of refinery margins continued to be an area of focus to manage the volatility affecting the refining margins. During the course of the year, hedging volumes for refinery margins were around 11.6 million barrels as against 12.6 million barrels during 2007-08. All the deals were executed on the e-tender platform developed in-house to reduce the response time.

Besides refinery margin exposures, hedging activity was expanded to cover exposures arising out of Platinum required for Kochi reformer catalyst. 2000 Troy ounce of the precious metal was hedged for protecting the cost involved. In addition, fixed price deals to end consumers of I&C were provided for about 72 TMT Naphtha supplies.

ii) The details of foreign exchange earnings & outgo are given below :

Rs. Crores

| | **2008-09** | 2007-08 |
|---|---|---|
| Earnings in Foreign Exchange<br>– includes receipt of Rs. 1,249.85 crores (previous year Rs. 1,527.03 crores) in Indian currency out of the repatriable funds of foreign airline customers and Rs. 8.44 crores (previous year Rs. 9.75 crores) of INR exports to Nepal and Bhutan.<br>– Includes Rs. 353.78 crores (previous year Rs. 704.27 crores) on CFR basis. | **6,567.42** | 7,440.16 |
| Foreign Exchange Outgo<br>– on account of purchase of Raw Materials, Capital Goods, Chemicals, Catalysts, Spare Parts, International Trading Activities. | **45,261.07** | 34,560.75 |

# FORM A

## FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

### 1) MUMBAI REFINERY

| A) Power and Fuel Consumption | 2008-09 | 2007-08 |
|---|---|---|
| 1) Electricity | | |
| a) Purchased | | |
| Units (Million KWH) | **43.28** | 39.80 |
| Total Amount (Rs. Crores) | **29.00** | 27.37 |
| Rate/Unit (Rs./KWH) | **6.70** | 6.88 |
| b) Own Generation | | |
| Through Steam Turbine/Generator | | |
| Units (Million KWH) | **503.78** | 520.62 |
| Units (KWH) per Ton of Fuel | **3,037.73** | 3,059.51 |
| Cost/Unit (Rs./KWH) | **6.25** | 5.70 |
| 2) Coal | **Nil** | Nil |
| 3) Furnace Oil/Liquid Fuel | | |
| LSHS Qty - MT | **260,416** | 266,856 |
| Total amount (Rs. Crores) | **575.49** | 479.85 |
| Avg. Rate (Rs./Unit) | **22,098.86** | 17,981.44 |
| IBP-60 Qty - MT | **42,822** | 42,141 |
| Total amount (Rs. Crores) | **137.59** | 128.61 |
| Avg. Rate (Rs./Unit) | **32,131.41** | 30,520.00 |
| 4) Others/Internal Generation | | |
| Bombay High Associated Gas (BHAG) | | |
| Qty - (MT) | **229** | 111 |
| Total amount (Rs. Crores) | **0.26** | 0.12 |
| Avg. Rate (Rs./Unit) | **11,225.16** | 10,468.27 |
| Internal Fuel : | | |
| Refinery Gas Qty - (MT) | **125,691** | 128,732 |
| Total amount (Rs. Crores) | **277.76** | 231.48 |
| Avg. Rate (Rs./Unit) | **22,098.86** | 17,981.44 |
| PSA Off Gas Qty - (MT) | **100,375** | 116,203 |
| Total amount (Rs. Crores) | **39.13** | 36.86 |
| Avg. Rate (Rs./Unit) | **3,898.48** | 3,172.12 |
| FCC Units Coke Qty - MT | **87,405** | 88,514 |
| Total amount (Rs. Crores) | **193.16** | 159.16 |
| Avg. Rate (Rs./Unit) | **22,098.86** | 17,981.44 |

**Notes:**

1) Increase in power purchased cost is mainly due to planned shutdown of GT1, GT2 & GT3 & higher power import due to increase in electrical load due to operation of RMP Units.
2) Cost per unit of Power Purchased has decreased due to higher purchase of power from M/s. TATA Power.
3) Cost per unit of power generated in CPP has increased due to increase in fuel cost & depreciation.

**B) Energy consumption per unit of production**

| | Unit | Stds. if any* | 2008 - 09 | 2007 - 08 |
|---|---|---|---|---|
| Production of Petroleum products | MT | | **11,436,521** | 11,883,604 |
| Electricity | KWH / MT | | **47.84** | 47.16 |
| LSHS/IBP-60 | Kg/MT | | **26.51** | 26.00 |
| Gas (Excluding CPP) | Kg/MT | | **19.79** | 20.62 |
| FCC Units Coke | Kg/MT | | **7.64** | 7.45 |

* No fixed consumption parameter can be attributed to a particular product as the product pattern of the Refinery is governed by supply/demand scenario of products and Government directives. It is also a function of quantity/type of crude processed, planned shutdown of processing units for maintenance/inspection and severity of operations of processing units, which varies widely.

## 2) KOCHI REFINERY

### A) Power and Fuel Consumption:

| | 2008-09 | 2007-08 |
|---|---|---|
| 1) Electricity | | |
| a) Purchased: | | |
| Units (Million KWH) | **39.56** | 39.13 |
| Total amount (Rs. Crores) | **21.19** | 18.40 |
| Rate/Unit (Rs./KWH) | **5.36** | 4.70 |
| b) Own Generation | | |
| i) Through Gas Turbine generation in CPP (Million KWH) | **145.83** | 148.37 |
| Units (KWH) per kg of fuel oil/gas | **2.88** | 2.87 |
| Cost/Unit (Rs./KWH) | **5.56** | 6.04 |
| ii) Through Steam Turbine Generation (Million KWH) | **73.76** | 78.26 |
| Cost/Unit (Rs./KWH) | **6.60** | 5.84 |
| 2) FCC coke for steam generation: | | |
| Quantity (tonnes) | **67,030** | 71,974 |
| Total Cost (Rs. Crores) | **134.54** | 118.84 |
| Average rate (Rs./MT) | **20,071** | 16,511 |
| 3) LSHS: | | |
| Quantity (tonnes) | **243,866** | 233,436 |
| Total Cost (Rs. Crores) | **489.46** | 385.42 |
| Average rate (Rs./MT) | **20,071** | 16,511 |
| 4) DHDS Naphtha: | | |
| Quantity (tonnes) | **38,173** | 42,090 |
| Total Cost (Rs. Crores) | **97.53** | 105.82 |
| Average rate (Rs./MT) | **25,549** | 25,141 |
| 5) Others (Refinery Fuel Gas) (Excluding fuel used for Power Generation) | | |
| Quantity (tonnes) | **83,221** | 94,805 |
| Total Cost (Rs. Crores) | **167.03** | 156.53 |
| Average rate (Rs./MT) | **20,071** | 16,511 |

**Notes:**

1) Fuel for CPP consisted of Intermediates and Refinery Fuel Gas.
2) The purchased power is net of export to KSEB.
3) Cost of FCC coke, LSHS, Intermediates, Refinery Fuel Gas etc. are at average cost.

### B) Energy consumption per unit of production

| | Unit | Stds. if any* | 2008-09 | 2007-08 |
|---|---|---|---|---|
| Production of Petroleum products | MT | | **7,192,203** | 7,686,634 |
| Electricity | KWH / MT | | **34.81** | 33.69 |
| FCC Units Coke | Kg/MT | | **9.32** | 9.36 |
| LSHS | Kg/MT | | **33.91** | 30.37 |
| DHDS Naphtha and Refinery Fuel Gas | Kg/MT | | **16.88** | 17.81 |

* No fixed consumption parameter can be attributed to a particular product as the product pattern of the Refinery is governed by supply/demand scenario of products and Government directives. It is also a function of quantity/type of crude processed, planned shutdown of processing units for maintenance/inspection and severity of operations of processing units, which varies widely.

# FORM B

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION**

**RESEARCH & DEVELOPMENT (R&D)**

**1) Specific areas in which R&D has been carried out by the Company:**

i) Catalytic Processes

ii) Development of Catalysts and Catalyst additives

iii) Development of fuel additives/blending schemes

iv) Detailed Crude Evaluations and Crude compatibility studies

v) Development of nanomaterials for on-board gas storage applications

vi) Development of Process scheme for bio-lubricants

vii) Development of Optimal Blending Scheme for Cutter reduction in FO

viii) Modeling and Simulation of refinery processes

ix) Corrosion and fouling

x) Advanced Tech support to Refinery & Marketing Operations

xi) Alternate fuels – Bio-ethanol, Bio-Diesel, Hydrogen, Solar PV cells

xii) Long life Diesel Engine Oil for heavy commercial vehicles

xiii) Passenger Car Engine Oil for latest models

xiv) Bio-degradable Cutting Oil

xv) High Performance Greases

xvi) Defence specific grades

xvii) Alternate formulation for existing grades

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

i) Optimum catalysts and additives were selected for KR and MR FCC plants based on R&D.

ii) LPG Sweetening Catalyst jointly developed by BPCL and IIP, Dehradun is being used at Mumbai Refinery. Cost effective CO promoter catalyst developed in-house has been in use at FCC unit of MR. Indian Patent filed.

iii) (a) In-house developed BMCG product is being commercially produced and marketed in India & overseas resulting in substantial benefits to the Corporation.

(b) A cost effective route for producing MS-97 has been developed and commercialised at BPCL installations resulting in substantial savings.

(c) Successful commercial trials were conducted for the in-house developed corrosion inhibitor for ethanol-MS blends.

iv) Detailed crude evaluations aided in enhancing value realisation and enlarging the crude basket. Crude blend compatibility studies helped in processing opportunity crude. Processing of high TAN crude oils with existing refinery metallurgy is being explored through R&D developed process schemes.

v) Potential adsorbent for natural gas storage has been identified & synthesized. They are being scaled up for testing for on board application.

vi) For the development of bio-lubricants, trial batches have been made for metal working fluid applications and refrigeration lubes are being evaluated at P & AD for formulation development.

vii) Developed a model based on the physical properties using Aspen Plus, Crude Manager to predict important properties of FO to reduce the quality giveaways. R&D studies helped Mumbai Refinery to maximize blending of LSHS into FO resulting in substantial benefits to the Corporation.

viii) Energy Optimization Studies conducted for enhanced crude pre-heat heat recovery through pinch analysis resulted in reduced fuel consumption in MR. Simulation studies of Naphtha Splitter Unit of NRL for producing suitable quality of Naphtha enabled NRL in taking sound Capex decisions for the upcoming Naphtha cracker.

ix) (a) Implementation of selected antifoulant with optimal dosage in MR crude-preheat trains resulted in improved heat recovery.

(b) Implementation of selected demulsifier in MR CDU Units resulted in improved desalting and reduced overhead corrosion.

(c) Studies on Mumbai-Manmad-Bijwasan (MMB) pipeline corrosion resulted in developing an in-house monitoring system for reducing the corrosion.

x) Advanced Tech support to Refinery and Marketing operations for resolving technical problems/effecting improvements, such as :

(a) Tech support for producing modified bitumen products, viz., CRMB, for launching VG grade bitumen.

(b) Commercial trial has been taken of the in-house developed technology for polypacked bitumen.

xi) Identified potential sustainable lignocellulosic feedstock for bio-ethanol production. Optimized the process parameters for the maximization of fermentable sugars at lab scale.

xii) Long life Diesel Engine Oil for heavy commercial vehicles – extends the drain period of Engine Oil for the latest high performance vehicles besides increasing our share in this segment.

xiii) Passenger Car Engine Oil for the latest models – provides an opportunity to increase our market share in this segment.

xiv) Bio-degradable Cutting Oil – protects the environment, besides providing a viable option to customers.

xv) High Performance Grease – helps us to increase our market share in the Steel manufacturing segment, besides providing a viable alternative to customers.

xvi) Defence specific grades – provide an indigenous alternative to Defence.

xvii) Alternate formulation for existing grades – helps in reducing the input cost, besides providing flexibility in operation.

**3) Future Plan of Action**

i) Development of process scheme for the production of bio-ethanol and bio-lubricants

ii) Development of catalyst/additive for refining processes

iii) Development of new process technologies using the additive approach for improving product quality

iv) Intensifying and enlargement of activities in the area of Refinery processes and resid upgradation.

v) Enlargement of crude basket and identification of opportunity crudes and crude blends

vi) Controlling Corrosion and fouling in Refinery units

vii) Value added Products/Solvents from the Refinery streams

viii) Bio-technological processes

ix) Modelling and simulation of Refinery processes

x) Coal to Resid Technologies

xi) Alternate Fuels & Energy Devices

Developing the following grades / products :

i) Diesel Engine Oil meeting the latest international specifications

ii) Transmission Oil OEM specific

iii) Metal Working Fluid

iv) Synthetic Gear Oil

v) Synthetic Refrigeration Compressor Oil

vi) Defence specific grades

4) **Expenditure on R&D during 2008-09**

(Rs. in Crores)

| | Value |
|---|---|
| Capital Expenditure | 7.68 |
| Revenue/Recurring Expenditure | 22.56 |
| Total | 30.24 |
| Total R&D Expenditure as a % of total turnover | Negligible |

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**A) MUMBAI REFINERY**

1) **Efforts, in brief, made towards technology absorption, adaptation and innovation**

The Refinery has undertaken the following projects to obtain the benefits of the latest technological developments and advances:

A) In line with an action plan for meeting the auto fuel quality upgrade of part production of Euro IV quality Diesel by April 2010, the DHDS unit catalyst was changed to the latest generation TK 576 BRIM catalyst supplied by M/s. Haldor Topsoe.

B) FCC LPG Merox catalyst was replaced with a new sweetening catalyst jointly developed by BPCL R&D and Indian Institute of Petroleum, Dehradun.

2) **Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.**

A) Time required for catalyst regeneration was saved resulting in faster start-up of the unit. Will reduce total unit down time required for revamp jobs scheduled next year.

B) This has enabled import substitution.

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:**

**Technology**

| Technology | Year of import |
|---|---|
| • Fixed Bed Platforming process from M/s. UOP, USA for production of high octane Motor Spirit blend stock and for increasing capacity. | 2003 |
| • Isodewaxing / Hydrofinishing technology from M/s. Chevron Lummus Global for production of Group-II Lube Oil Base Stocks. | 2003 |
| • DHDS Reactor catalyst change to new generation HDS catalyst TK 576 BRIM supplied by M/s. Haldor Topsoe, Denmark in December 2007 as a part of the unit revamp for producing Euro IV Diesel. | 2007 |
| • Naphtha HDS catalyst was the latest Catalyst from M/s. Haldor Topsoe | 2007 |

(b) **Has Technology been fully absorbed?**

Yes.

(c) **If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action:**

Not applicable.

## B) KOCHI REFINERY

### 1. Efforts, in brief, made towards technology absorption, adaptation and innovation

The Refinery has implemented the following projects to obtain the benefits of the latest technological developments and advances during 2008-09:

a) **Naphtha Stabilizer reboiler:**

The Naphtha Stabilizer reboiler in CDU-1 was converted to a steam type reboiler (more efficient than the current fired heater type reboiler) during December 2008. The reboiler was designed by M/s EIL.

b) **Coke Catcher in Vis-Breaker Unit:**

A coke catcher was installed in VBU during November/December 2008 to reduce the deposition of coke in the Vis-breaker fractionator. Modification carried out in-house with technology support from M/s. Shell Global Solutions.

c) **Treatment of overhead gases from the Crude column and KHDS product separator:**

Facilities for treating Crude Unit overhead gases and KHDS product separator gases by scrubbing with Di Ethanol Amine for removing $H_2S$, was commissioned in March 2009.

d) **Introduction of Auxiliary Firing in CO boiler:**

Due to operation of FCCU in full combustion mode after revamp, CO boiler steam output had come down from 80 TPH to about 40 TPH. By introducing/increasing auxiliary firing in waste heat boilers, almost 100% additional energy spent can be recovered as useful output. With auxiliary firing, stack losses remain more or less constant and overall efficiency of the system improved considerably. As fuel gas was not adequately available, the CO boiler fuel oil firing system was revamped with new fuel oil heater and replacement of two burners. Steam output from the CO boiler was increased from 40 TPH to 60 TPH.

e) **Swapping of stripping steam in CDU-1 and FCCU from MP to LP steam**

Stripping steam in crude column and product strippers in CDU-1 and FCCU have been changed over to LP steam from MP steam, by laying a dedicated LP steam header from LP steam extraction line of Steam Turbine Generator (STG). Dedicated LP steam header ensures required super heat for the steam admitted to strippers.

### 2) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

a) **Naphtha Stabilizer reboiler:**

Replacement of fired heater with new steam Naphtha reboiler in CDU-1 reduces the fuel cost due to better efficiency of boilers than the existing heater.

b) **Coke Catcher in Vis-Breaker Unit:**

A coke catcher was installed in the bottom portion of the vis-breaker fractionator. This has resulted in the reduction of plugging of heavy materials in the heat exchangers, which are installed in the fractionator bottom circuit exchanging with crude. The project was commissioned during November/December 2008.

c) **Treatment of overhead gases from the Crude column and KHDS product separator:**

Amine absorbers were installed in the Crude column overhead gas accumulator overhead circuit and KHDS product separator off gases to utilize the gases as fuel gas directly in the fired heaters. This reduces the load in the main Amine Absorption Unit (AAU), thereby increasing its efficiency.

d) **Introduction of Auxiliary Firing in CO boiler:**

As a result of the introduction of auxiliary firing in the CO boiler, system efficiency, reliability and spare capacity have improved.

e) **Swapping of stripping steam in CDU-1 and FCCU from MP to LP steam**

Additional LP steam demand thus created enables increased LP steam extraction and reduces costly condensation load in STG. Estimated savings is about 2070 TPA of fuel oil.

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:**

| Technology | Year of import |
|---|---|
| • FCC – Feed Injection Technology, Riser termination Device, Packed Stripper from M/s. Stone & Webster for yield improvement. | 2003 |
| • Process technology for blocked out mode operation of VGO and Diesel in DHDS from M/s. Axens, France | 2003 |
| • Process technology for sweetening (MEROX) of catalytically cracked gasoline form M/s. UOP, USA | 2004 |
| • Colloidal Mill technology for production of Bitumen Emulsion from M/s. ENH Engineering, Denmark. | 2004 |
| • DHDS Reactor catalyst change to new generation HDS catalyst supplied by M/s. Axens, France in December 2006 to produce Low Sulphur Diesel for meeting the Euro III diesel demand. | 2006 |
| • SPM system capable of receiving VLCCs by M/s. Blue Water Energy Services, Netherlands | 2007 |
| • Biturox unit, capable of producing four different grades (VG-10/VG-20/VG-30 and VG-40) of Bitumen was commissioned during June 2008. Along with the Biturox Unit an incinerator, a scrubber and a wet air oxidation system were installed to convert sulphides to sulphates. This is the world's first eco friendly Biturox Unit. | 2008 |

b) **Has Technology been fully absorbed?**

Yes.

c) **If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action:**

Not applicable.

# ANNEXURE B

## Report on Corporate Governance

**1) Company's philosophy on Code of Governance**

Bharat Petroleum Corporation Limited's corporate philosophy on Corporate Governance has been to ensure fairness to the Stakeholders through transparency, full disclosures, empowerment of employees and collective decision making.

**2) Board of Directors**

As per the Articles of Association of the Company, the number of Directors shall not be less than three and more than sixteen.

As on 31st March, 2009, the BPCL Board comprised 5 Whole-time (Executive) Directors including Chairman & Managing Director, 2 Part-time (Ex-Officio) Directors and 4 Part-time (Independent) Directors. For nomination of additional 3 Part-time (Independent) Directors, required under revised Clause 49 of the Listing Agreement, the Company has taken up the matter with the Government of India.

During the year, all meetings of the Board and the Annual General Meeting were chaired by the Chairman & Managing Director.

None of the Non-Executive Directors of BPCL had any pecuniary relationship/transaction with the Company during the year.

The Directors neither held membership of more than 10 Board Committees nor Chairmanships of more than 5 Committees (as specified in Clause 49 of the Listing Agreement and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises) across all the companies in which they were Directors.

The required information as indicated in Annexure IA to Clause 49 of the Listing Agreement and Annex IV to Guidelines on Corporate Governance for Central Public Sector Enterprises were made available to the Board of Directors.

Details regarding the Board Meetings; Annual General Meeting; Directors' attendance thereat, Directorships and Committee positions held by the Directors are as under:

**Board Meetings**

Eleven Board Meetings were held during the financial year on the following dates:

| | | | |
|---|---|---|---|
| 2nd April, 2008 | 24th April, 2008 | 17th June, 2008 | 11th July, 2008 |
| 28th July, 2008 | 22nd September, 2008 | 30th October, 2008 | 4th December, 2008 |
| 14th January, 2009 | 29th January, 2009 | 30th March, 2009 | |

The Board has reviewed the compliance of all laws applicable to the Company.

The Board has adopted a Code of Conduct for the Directors and also for the Senior Management of the Company and the same has been posted on the website of the Company. There is a system in the organisation of affirming compliance with Corporate Governance by the Board Members and Senior Management Personnel of the Company.

**Particulars of Directors including their attendance at the Board /Shareholders' Meetings during the financial year 2008-09**

| Names of the Directors | Academic Qualifications | Attendance out of 11 Board Meetings held during the year and percentage thereof | | Attendance at the last Annual General Meeting | Details of Directorships held in other Public Limited Companies | Memberships held in Committees as specified under Clause 49 of the Listing Agreement |
|---|---|---|---|---|---|---|
| **Whole-time Directors** | | **No.of Meetings Attended** | **%** | | | |
| Shri A. Sinha<br>Chairman & Managing Director | B.Tech. (Elect.),<br>M.B.A. | 11 | 100 | Attended | Chairman<br>1. NRL 2. BORL 3. BREL<br>4. MBMSPL<br>Director<br>5. PLL 6. BPRL | Member<br>a) Audit Committee :<br>1. PLL 2. BPRL |
| Shri S.A. Narayan**<br>Director (Human Resources) | B.Sc. (Hons),<br>M.A. (Pers), L.L.B. | 2* | 100* | N.A. | Chairman<br>1. PIL 2 PCCKL | |
| Shri S. Radhakrishnan<br>Director (Marketing) | B.Tech. (Mech.),<br>M.B.A. | 11 | 100 | Attended | Chairman<br>1. IGL<br>Director<br>2. NRL 3. SGL<br>4. BSSPL 5. MBMSPL<br>6. OIDBDRT (Trustee) | |
| Shri S. K.Joshi<br>Director (Finance) | A.C.A.<br>M.B.A. | 11 | 100 | Attended | Director<br>1. NRL 2. BPRL<br>3. BPR JPDA Ltd<br>4. BORL 5. BSSPL | Member<br>a) Audit Committee<br>1. BPRL<br>b) Investors Grievance Committee<br>1. BPCL 2. BORL |
| Shri R. K. Singh<br>Director (Refineries) | B.Tech. (Mech.) | 11 | 100 | Attended | Director<br>1. NRL 2. BORL<br>3. BPRL 4. POC | Member<br>a) Audit Committee<br>1. NRL 2. BPRL |
| Shri S. Mohan #<br>Director (Human Resources) | B.E. (Hons) Mech.,<br>M.B.A | 9* | 100* | Attended | Chairman<br>1. PIL 2. PCCKL | |

NRL: Numaligarh Refinery Limited, BORL: Bharat Oman Refineries Limited, BREL : Bharat Renewable Energy Ltd, MBMSPL : Matrix Bharat Marine Services Pte Ltd, PLL: Petronet LNG Limited, BPRL : Bharat PetroResources Limited, PIL : Petronet India Limited, PCCKL : Petronet CCK Ltd, IGL : Indraprastha Gas Limited, SGL : Sabarmati Gas Limited, BSSPL: Bharat Stars Services Pvt Ltd, OIDBDRT: Oil Industry Development Board Drought Relief Trust, BPR JPDA Ltd: Bharat PetroResources JPDA Ltd., POC: Premier Oil Cachar B.V., BPCL: Bharat Petroleum Corporation Ltd.

* percentage computed by considering the meetings attended with the total meetings held during his tenure
** laid down office of Director effective 9.6.2008
# appointed with effect from 25.6.2008

**Particulars of Directors including their attendance at the Board /Shareholders' Meetings during the financial year 2008-09**

| Names of the Directors | Academic Qualifications | Attendance out of 11 Board Meetings held during the year and percentage thereof | | Attendance at the last Annual General Meeting | Details of Directorships held in other Public Limited Companies | Memberships held in Committees as specified under Clause 49 of the Listing Agreement |
|---|---|---|---|---|---|---|
| **Non-Executive Directors (a) Part-time (Ex-Officio)** | | **No of Meetings Attended** | **%** | | | |
| Shri P. K. Sinha Addl. Secretary & Financial Advisor, Ministry of Petroleum & Natural Gas | I.A.S., Postgraduate in Economics, M. Phil., M. P. A. | 5 | 45 | Did not Attend | Director 1. IOC 2. HPC | |
| Shri P. H. Kurian @ Secretary, (Investment Promotion), Govt. of Kerala | I.A.S., Postgraduate in Chemistry | 6 | 55 | Did not Attend | Director 1. KFVL | |
| **Non-Executive Directors (b) Part-time (Independent)** | | | | | | |
| Shri V. D. Gupta** | B.Sc. Engg (Hons) | 2* | 100* | N.A. | | Member a) Audit Committee 1. BPCL |
| Shri P. C. Sen** | B.A.(History) (Hons), M.A. (History), M.Sc. (Eco), IAS | 1* | 50* | N.A. | Director 1. HCL | Member a) Audit Committee 1. BPCL |

IOC : Indian Oil Corporation Limited, HPC : Hindustan Petroleum Corporation Limited, KFVL : Kinfra Firm Videopark Ltd

HCL : HCL Technologies Ltd, BPCL : Bharat Petroleum Corporation Ltd.

* percentage computed by considering the meetings attended with the total meetings held during his tenure

** ceased to be Directors with effect from 19.5.2008

@ ceased to be a Director with effect from 15.6.2009

| Names of the Directors | Academic Qualifications | Attendance out of 11 Board Meetings held during the year and percentage thereof | | Attendance at the last Annual General Meeting | Details of Directorships held in other Public Limited Companies | Memberships held in Committees as specified under Clause 49 of the Listing Agreement |
|---|---|---|---|---|---|---|
| **Non-Executive Directors (b) Part-time (Independent)** | | **No of Meetings Attended** | **%** | | | |
| Prof. A .H. Kalro | B.Tech (Hons) (Elect), M.S., Ph.D (Industrial Engg) | 11 | 100 | Attended | Director<br>1. BORL | Chairman<br>a) Audit Committee<br>1. BPCL 2. BORL<br>b) Investors' Grievance Committee<br>1. BPCL |
| Prof. N. Venkiteswaran | B.A. Economics<br>A.C.A. | 9 | 82 | Attended | Director<br>1. DCAIL<br>2. ACIIL<br>3. VEL | Member<br>a) Audit Committee<br>1. BPCL |
| Ms. Rama Bijapurkar** | B.Sc (Hons)<br>M.B.A. | 6* | 67* | Did not Attend | Chairperson<br>1. CRISSL<br>Director<br>2. IPLICL 3. ITL 4. GCPL<br>5. CRISIL 6. AXIS 7. MHRIL<br>8. MMFSL 9. AHPL 10. GF<br>11. JFSPL | Member<br>a) Audit committee<br>1. MHRIL<br>2. MMFSL<br>Chairperson<br>b) Investors' Grievance Committee<br>1. ITL |
| Prof. S. K. Barua** | M. Tech,<br>Doctorate in Management | 9* | 100* | Attended | Director<br>1. CIL 2. PPL<br>3. STCIL 4. TPL | Member<br>a) Audit Committee<br>1. CIL 2. PPL 3. STCIL<br>4. TPL 5. BPCL |

BORL : Bharat Oman Refineries Ltd, DCAIL: Dalton Capital Advisors India P. Ltd., ACIIL Asit C Mehta Investment Intermediates Ltd., VEL : Virgo Engineers Ltd., CRISSL : CRISIL Risk & Infra Structure Solutions Ltd, IPLICL : ICICI Prudential Life Insurance Company Ltd, ITL : Infosys Technologies Ltd, GCPL : Godrej Consumer Products Ltd, CRISIL : CRISIL Ltd, AXIS : AXIS Bank Ltd, MHRIL : Mahindra Holidays & Resorts India Ltd, MMFSL : Mahindra & Mahindra Financial Services Ltd, AHPL: Ambit Holdings Pvt Ltd, GF : Give Foundation, JFSPL : Jayalakshmi Financial Services Pvt. Ltd, CIL : Coal India Ltd, PPL : Paras Pharmaceuticals Ltd, STCIL : Securities Trading Corporation of India Ltd, TPL : Torrent Power Ltd. & BPCL: Bharat Petroleum Corporation Ltd.

* percentage computed by considering the meetings attended with the total meetings held during his / her tenure

** appointed with effect from 20.5.2008

### 3) Audit Committee

BPCL took the initiative to introduce Corporate Governance in the organisation during the year 1996 itself, by constituting an Audit Compliance Committee. The said Committee was reconstituted and renamed as Audit Committee in the year 2000 and the role, powers and functions of the Audit Committee were specified and approved by the Board.

As on 31st March, 2009, the Audit Committee comprises three Part-time (Independent) Directors. The quorum for the meetings of the Committee is two members. Prof. A.H. Kalro is the Chairman of the Committee and Prof. N. Venkiteswaran and Prof. S.K. Barua are the present Members of the Committee. Prof. Kalro, Prof. Venkiteswaran and Prof. Barua possess the requisite knowledge of Finance & Accounting for effective functioning of the Audit Committee. Shri V.D. Gupta and Shri P.C. Sen ceased to be members of the Audit Committee on their resignation from the Board w.e.f. 19th May, 2008. Prof. S.K. Barua, who was appointed as Director w.e.f. 20th May, 2008 was inducted as a Member of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

Director (Finance) is a permanent invitee at the meetings of the Committee. Executive Director (Audit) is actively involved with the meetings of the Audit Committee and also attends and participates at the said meetings. In addition, the other Whole-time Directors also attend the meetings. The Statutory Auditors and Cost Auditors also attend and participate at the meetings, on invitation.

The terms of reference of the Audit Committee cover all matters specified in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956 and Guidelines on Corporate Governance for Central Public Sector Enterprises.

The role and responsibilities of the Committee include the following:

1) Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2) Recommending to the Board the fixation of audit fees.
3) Approval of payment to Statutory Auditors for any other services rendered by them.
4) Reviewing, with the Management, the financial statements before submission to the Board for approval, with particular reference to:
    a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    b) Changes, if any, in accounting policies and practices and reasons for the same .
    c) Major accounting entries involving estimates based on the exercise of judgement by Management.
    d) Significant adjustments made in the financial statements arising out of audit findings.
    e) Compliance with listing and other legal requirements relating to financial statements.
    f) Disclosure of any related party transactions.
    g) Qualifications in the draft audit report.
5) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6) Reviewing, with the Management, performance of the Statutory and Internal Auditors and adequacy of the internal control systems.
7) Reviewing the adequacy of the Internal Audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8) Discussing with the Internal Auditors any significant findings and follow up thereon.
9) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

10) Discussing with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

11) Looking into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non-payment of declared dividends) and Creditors.

12) Defining the significant related party transactions.

13) Carrying out any other function as mentioned in the DPE Guidelines and 'Terms of reference' of the Audit Committee.

Eight meetings of the Audit Committee were held during the financial year on the following dates:

| | | | |
|---|---|---|---|
| 5th May, 2008 | 17th June, 2008 | 28th July, 2008 | 29th August, 2008 |
| 30th October, 2008 | 5th January, 2009 | 29th January, 2009 | 17th March, 2009 |

**Attendance at the Audit Committee Meetings:**

| Names of the members | No of meetings attended | % | Attendance at the Last Annual General Meeting |
|---|---|---|---|
| Prof. A.H. Kalro, Chairman | 8 | 100 | Attended |
| Prof. N. Venkiteswaran, Member | 8 | 100 | Attended |
| Prof. S.K. Barua, Member | 7* | 100* | Attended |
| Shri V.D. Gupta, Member | 1* | 100* | N.A. |
| Shri P.C. Sen, Member | 1* | 100* | N.A. |

* percentage computed by considering the meetings attended with the total meetings held during his tenure.

The Committee, at its meetings held on 28th July, 2008, 30th October, 2008, and 29th January, 2009 reviewed the Quarterly/Half Yearly/Year to date Financial Statements as on 30th June, 2008, 30th September, 2008 and 31st December, 2008 respectively. Further, Annual Financial Statements as on 31st March, 2009 were reviewed by the Committee at its meeting held on 29th May, 2009, before the same were submitted to the Board for approval.

BPCL has presently three unlisted Indian subsidiary companies i.e. Numaligarh Refinery Ltd. (NRL), Bharat PetroResources Ltd. (BPRL) and Bharat PetroResources JPDA Ltd. (Wholly owned subsidiary of BPRL) and three Foreign subsidiary companies i.e BPRL International B.V. (Wholly owned subsidiary of BPRL), BPRL Ventures B.V. & BPRL Ventures Mozambique B.V. (Wholly owned subsidiaries of BPRL International B.V.). These Subsidiary Companies do not fall under the category of 'material non listed Indian subsidiary' as indicated in Clause 49 III of the Listing Agreement and DPE Guidelines on Corporate Governance. The Financial Statements of the Subsidiary Companies including investments made, if any, are reviewed by the Audit Committee/Board. The performance of the Subsidiary Companies and the minutes of their Board meetings are discussed at the Board meetings of the Company. Any significant transactions or arrangement entered into by the Subsidiary Companies are also reported to the Board of Directors of the Company. BPRL International B.V. and BPRL Ventures B.V. were formed in March 2008 and BPRL Ventures Mozambique B.V. in July 2008 in the Netherlands.

**4) Remuneration to Directors**

BPCL being a Government Company, appointment and remuneration of Whole-time Directors are determined by the Government through the Ministry of Petroleum & Natural Gas. The Part-time (Ex-officio) Directors do not receive any remuneration from the Company. The Part-time (Independent) Directors received sitting fees of Rs. 20,000 for each Board/Audit Committee meeting attended by them and Rs. 10,000 for each of the other Committee meetings from July 2008 and prior to that, Rs. 10,000 for each Board/Committee meeting during the year 2008-09.

Details of remuneration paid/payable to the Whole-time Directors during the financial year 2008-09 are as follows:

| Names of Directors | All elements of remuneration packages of the Directors. i.e. salary, benefits, bonus, pension etc. Rs. | Details of fixed component and performance linked incentives Rs. | Other Benefits Rs. |
|---|---|---|---|
| Shri Ashok Sinha Chairman & Managing Director | 21,73,041 | Fixed compensation Rs. 10,51,147 PI / PLIS Rs. 4,81,815 Recoverable advance and 6% Notional benefit on basic: Rs. 1,50,000 | 4,90,079 |
| Shri S.A. Narayan* Director (Human Resources) | 19,97,851 | Fixed compensation Rs. 2,27,891 PI / PLIS Rs. 4,56,606 Recoverable advance and 6% Notional benefit on basic: Rs. 63,535 | 12,49,819 |
| Shri S. Radhakrishnan Director (Marketing) | 19,98,531 | Fixed compensation Rs. 10,55,820 PI / PLIS Rs. 4,60,427 Recoverable advance and 6% Notional benefit on basic: Rs. 1,66,977 | 3,15,307 |
| Shri S.K. Joshi Director (Finance) | 19,31,540 | Fixed compensation Rs. 10,00,639 PI / PLIS Rs. 4,39,487 Recoverable advance and 6% Notional benefit on basic: Rs. 3,08,900 | 1,82,514 |
| Shri R.K. Singh Director (Refineries) | 32,32,735 | Fixed compensation Rs. 10,00,639 PI / PLIS Rs. 4,39,487 Recoverable advance and 6% Notional benefit on basic: Rs. 3,08,900 | 14,83,709 |
| Shri S. Mohan Director (Human Resources) | 18,14,682 | Fixed compensation Rs. 7,30,933 PI / PLIS Rs. 3,98,228 Recoverable advance and 6% Notional benefit on basic: Rs. 2,67,650 | 4,17,871 |

* laid down the office of Director (Human Resources) with effect from 9.6.2008.

PI : Productivity Incentive

PLIS : Performance Linked Incentive Scheme

Service Contracts : Five years / till extension or until further orders, whichever is earlier. It is renewable for further periods

Notice period : Three months

BPCL has not introduced any Stock Options Scheme. None of the Non-Executive Directors hold any share in BPCL.

During the year, the Part-time (Independent) Directors received sitting fees for attending the meetings of the Board/Committees as follows:

| Name of Director | Amount (Rs.) |
|---|---|
| Shri V.D. Gupta | 30,000 |
| Shri P.C. Sen | 20,000 |
| Prof. A.H. Kalro | 4,20,000 |
| Prof. N. Venkiteswaran | 3,00,000 |
| Prof. S.K. Barua | 3,30,000 |
| Smt R. Bijapurkar | 1,10,000 |

**5) Investors' Grievance Committee**

The Committee, comprising Prof. A.H. Kalro, Director, and Shri S.K. Joshi, Director (Finance), monitors the Shareholders'/Investors' complaints and redressal of their grievances. The Committee, at its meeting held on 29th January, 2009, reviewed the services rendered to the Shareholders/Investors including response to complaints/ communications and expressed its satisfaction on the performance of the Investor Relations Department of the Company.

The Company Secretary acts as the Compliance Officer for matters related to investor relations.

During the year, 7 complaints were received from investors through SEBI, BSE, Registrar of Companies, which were attended to and resolved on priority basis.

All valid share transfer requests received during the year were duly processed and approved within the stipulated period of 30 days. There was no share transfer request in physical form pending as on 31st March, 2009.

**6) Annual General Meetings during the last three years**

The details of these meetings are given below :

| | Date and Time of the Meeting | Venue |
|---|---|---|
| 53rd Annual General Meeting | 18th December, 2006 at 10.30 a.m. | Y.B. Chavan Auditorium, Yeshwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai-400 021 |
| 54th Annual General Meeting | 19th September, 2007 at 10.30 a.m. | Y.B. Chavan Auditorium, Yeshwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai-400 021 |
| 55th Annual General Meeting | 22nd September, 2008 at 10.30 a.m. | Y.B. Chavan Auditorium, Yeshwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai-400 021 |

During the year 2008-09, in accordance with Section 192A of the Companies Act, 1956, read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001, Postal Ballot Notice dated 7th July, 2008 containing Special Resolution for amendment of Object Clause of the Company's Memorandum of Association by inclusion of certain new Objects under Section 17(1) of the Act and for commencement of new business under Section 149(2A) of the Act, was circulated to the Shareholders of the Company. The Company appointed Shri B.V. Dholakia, a Practising Company Secretary, M/s. Dholakia & Associates, Mumbai, as Scrutinizer for conducting the Postal Ballot process. Out of a total of 4042 ballots received for 250947095 number of equity shares, 539 ballots for 83173 equity shares representing 0.03% were invalid, 3446 ballots for 250856139 equity shares representing 99.97% of votes received, voted in favour of the resolution, 57 ballots for 7783 shares representing 0.00% dissented to the resolution. The Special Resolution was accordingly passed by the requisite majority. The results of the Postal Ballot were announced on 22nd August, 2008. The procedure prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 has been followed for the Postal Ballot conducted during the year for the resolution mentioned above.

No Special Resolution is proposed to be passed through postal ballot at the AGM.

The Special Resolution for fixation of the remuneration of the Statutory Auditors was approved by the Shareholders at the Annual General Meeting held on 18th December, 2006.

**6A) Brief Resumes of Directors seeking appointment/re-appointment**

**1) Prof. N. Venkiteswaran**

Prof. N. Venkiteswaran is a Chartered Accountant, Gold medallist in the postgraduate management accountancy examination conducted by ICAI and Graduate in Economics from Madurai (Kamaraj) University. Presently, he is a Professor in Indian Institute of Management, Ahmedabad. He has extensive experience of about 15 years in the finance, accounting and business planning functions in well known companies. He is also a Director on the Boards of Dalton Capital Advisors India P. Ltd., Asit C Mehta Investment Intermediates Ltd. and Virgo Engineers Ltd. Prof. N. Venkiteswaran was appointed as Additional Director w.e.f. 16th July, 2007, by the Board of Directors, under the provisions of Article 77A of the Articles of Association of the Company. At the Annual General Meeting (AGM) held on 19th September, 2007, Shareholders have appointed him as a Director of the Company. He is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

2) **Shri P.K. Sinha**

Shri P.K. Sinha, Additional Secretary and Financial Advisor, Ministry of Petroleum & Natural Gas, is a senior IAS officer belonging to the1977 Batch of U.P. Cadre. He is a postgraduate in Economics from Delhi School of Economics and M. Phil in Social Sciences and has a Masters Diploma in Public Administration. In addition to BPCL, he holds Directorship in Indian Oil Corporation Ltd. and Hindustan Petroleum Corporation Ltd.

Shri P.K. Sinha was appointed as Additional Director w.e.f. 21st February, 2006, by the Board of Directors, under the provisions of Article 77A of the Articles of Association of the Company. At the AGM held on 18th December, 2006, Shareholders have appointed him as a Director of the Company. Further, he was reappointed at the AGM held on 22nd September, 2008. He is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

3) **Shri T. Balakrishnan**

Shri T. Balakrishnan, Principal Secretary, Industries & Commerce, Government of Kerala, is a senior IAS officer. In addition to being on the Board of BPCL, he also holds Chairmanship / Directorship of a number of other companies including Apollo Tyres Ltd., Kerala Minerals & Metals Ltd., Hindustan Newsprint Ltd., Malabar Cements Ltd., Indian Rare Earths Ltd. etc.

Shri T. Balakrishnan was appointed as Additional Director w.e.f. 17th June, 2009 by the Board of Directors, under the provisions of Article 77A of the Articles of Association of the Company. Being an Additional Director, he holds office up to the date of the AGM. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Member proposing his name as Director of the Company.

7) **Disclosures and Compliance**

Except where the Company has incurred expenses on behalf of joint ventures as co-promoter and the same are recoverable from the joint venture companies, there were no transactions of material nature that may have potential conflict with the interests of the Company at large. The details of ‘Related Party Disclosures’ are shown in Notes forming part of Accounts.

BPCL has been adhering to the provisions of the laws and guidelines of regulatory authorities including SEBI, and covenants in the agreements with the Stock Exchanges and Depositories. Subject to the following paragraph, there was no instance of non-compliance of any provisions of law, guidelines from regulatory authorities and matters related to capital markets, during the last three years.

The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement and DPE Guidelines on Corporate Governance except provisions relating to the composition of the Board of Directors with respect to the number of Independent Directors, for which the Government of India is taking necessary action, as BPCL is a Government Company.

There are no items of expenditure in the books of accounts, which are not for the purpose of Business. Further, no expenses were incurred which were personal in nature and incurred for the Board of Directors and Top Management.

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure ID to Clause 49 of the Listing Agreements with the Stock Exchanges :-

a) Independent Directors appointed by the Government of India have initial tenure not exceeding 3 years. No Independent Director has served in aggregate a period of nine years, on the Board of a Company.

b) The Company has adopted requirements with regard to sending of quarterly / half yearly financial results to the Shareholders of the Company.

c) The Statutory Financial Statements of the Company are unqualified.

The Chairman & Managing Director and Director (Finance) have certified to the Board in accordance with Clause 49V of the Listing Agreement and DPE Guidelines on Corporate Governance pertaining to CEO/CFO Certification for the Financial Year 2008-09.

The Company has also laid down a Risk Management Policy and procedures thereof for periodically informing the Board Members about the risk assessment and procedures for minimising risks.

**8) Code of Conduct, Procedure and Disclosures for Prevention of Insider Trading and Code of Corporate Disclosure Practices**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted the 'Code of Conduct, Procedure and Disclosures for Prevention of Insider Trading in the Securities of Bharat Petroleum Corporation Limited' and 'Code of Corporate Disclosure Practices'. The Company Secretary has been appointed as the Compliance Officer for implementation of the said Codes.

**9) Means of Communication of Financial performance**

In order to give wider publicity and to reach the Shareholders and other investing public across the nation, the half-yearly and quarterly results were published in various editions of leading newspapers having wide circulation. Reports on Limited Review of the Financial Results for the quarters ended 30th June, 2008, 30th September, 2008, and 31st December, 2008 were obtained from the Auditors of the Company and filed with the Stock Exchanges. The Financial Statements for the first quarter ended June 2008, half year ended September 2008, and third quarter ended December 2008, were sent to all Shareholders at their registered addresses.

Periodic financial performance of the Company is also displayed on the website of the Company at www.bharatpetroleum.in and on the Electronic Data Information Filing and Retrieval System (EDIFAR), (www.sebiedifar.nic.in) website launched by SEBI in collaboration with the National Informatics Centre/ Corporate Filing and Dissemination System (www.corpfiling.co.in) website as per the provisions of the Listing Agreement.

**10) Management Discussion & Analysis Report**

A detailed chapter on Management Discussion & Analysis is attached to the Directors' Report.

**11) Investors' Service Centre**

BPCL's Investors' Service Centre (ISC), by Data Software Research Co. Pvt. Ltd., our Share Transfer Agent, has been functional at the registered office of the Company at the following address :

Data Software Research Co. Pvt. Ltd. (DSRC)
c/o Bharat Petroleum Corporation Ltd.
Bharat Bhavan No.1, Ground Floor,
Ballard Estate, Mumbai 400 001
Tel. No. 022 – 2271 3170
Fax. No. 022 – 2271 3688
Email : z_dsrc@bharatpetroleum.in

This centre has been effectively catering to the needs of the Shareholders / Investors located in Western Region. It coordinates with DSRC based at Chennai and facilitates our efficient investor complaint redressal mechanism.

For any assistance/information on share related matters such as transfer / transmission of shares, issue of duplicate share certificates, dividend etc., or for redressal of any grievance in this regard, Shareholders / Investors located in Western Region may get in touch with ISC at the above address.

Further, BPCL has designated an exclusive e-mail ID : ssc@bharatpetroleum.in for the purpose of communication from Shareholders including investor complaints.

## 12) General Shareholders' Information

SEBI has included BPCL shares for compulsory trading in dematerialised form.

| | |
|---|---|
| Annual General Meeting Date, Time and Venue | Tuesday, the 8th September, 2009, at 10.30 a.m. at Rama Watumull Auditorium, Kishinchand Chellaram College (K.C. College), 124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020 |
| Financial Calendar | BPCL follows the financial year from April to March. The Unaudited/Audited Results for the four quarters were taken on record by the Board and published on the following dates : |

| Quarter Ended | Date of Board Meeting | Date of Publication |
|---|---|---|
| April-June 2008 | 28th July, 2008 | 29th July, 2008 |
| July-September 2008 | 30th October, 2008 | 31st October, 2008 |
| October-December 2008 | 29th January, 2009 | 30th January, 2009 |
| Audited Results for the year 2008-09 | 29th May, 2009 | 30th May, 2009 |

| | |
|---|---|
| Dividend and Payment Date | The Board has recommended dividend @ Rs. 7 per share of Rs. 10 each for consideration of the Shareholders at the ensuing Annual General Meeting. If approved by the Shareholders, the same will be paid on or before 17th September, 2009. |
| Date of Book Closure | Friday, 28th August, 2009 to Tuesday, 8th September, 2009, both days inclusive, for the purpose of determining the names of Shareholders/Beneficial Owners who would be entitled for dividend. |
| Listing on Stock Exchanges & Security Code | The Company's shares are listed on the following Stock Exchanges: |

| Name of Stock Exchange | Security Code/Symbol: |
|---|---|
| Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. | 500547 |
| National Stock Exchange of India Ltd., Exchange Plaza, 5th Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051. | BPCL |

The Listing Fees have been paid for the year 2009-10 to both the above Exchanges.

| | |
|---|---|
| ISIN Number For National Securities Depository Ltd. (NSDL) & Central Depository Services India Ltd. (CDSL) for equity shares | INE029A01011 |
| Market Price Data : High, low during each month in the last financial year | Please see Annexure I |
| Performance in comparison to broad based indices i.e.BSE100 | Please see Annexure II |
| Registrar and Transfer Agents | Shri H. Krishnamoorthy, General Manager (Operations),<br>Data Software Research Co. Pvt. Ltd.<br>'Sree Sovereign Complex', No. 22, 4th Cross Street, Trustpuram,<br>Kodambakkam, Chennai, Tamil Nadu-600 024.<br>Ph: +91-44-2483 3738/2483 4487. Fax: 91-44-2483 4636.<br>Email : dsrcmd@vsnl.com |

| | |
|---|---|
| Share Transfer System | A Committee comprising two Whole-time Directors considers the requests for transfer/transmission of shares, dematerialisaton of shares etc. A Committee comprising four Directors i.e. two Whole-Time Directors and two Part-time Directors considers request for issue of share certificates. Transfers in physical form are registered after ascertaining objections, if any, from the transferors; and no valid transfer applications are kept pending beyond the stipulated period of thirty days. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories viz. NSDL and CDSL within 15 days. |

Distribution of shareholding as on 31st March, 2009

| | **Shareholder** | **No. of Shares Held** | **% of Holding** |
|---|---|---|---|
| 1) | Government of India | 198,600,060 | 54.93 |
| 2) | Government of Kerala | 3,111,111 | 0.86 |
| 3) | BPCL Trust for Investment in Shares | 33,728,737 | 9.33 |
| 4) | Unit Trust of India | 2,897,356 | 0.80 |
| 5) | Life Insurance Corporation of India | 39,396,785 | 10.90 |
| 6) | Other Financial Institutions/Banks/Mutual Funds | 31,844,645 | 8.81 |
| 7) | Foreign Institutional Investors | 30,320,731 | 8.39 |
| 8) | Private Corporate Bodies | 10,232,532 | 2.83 |
| 9) | Non Resident Indians/Overseas Corporate Bodies | 288,209 | 0.08 |
| 10) | Employees | 1,604,643 | 0.44 |
| 11) | Indian Public | 9,517,315 | 2.63 |
| | TOTAL | 361,542,124 | 100.00 |

Distribution of shareholding on number of shares held by Shareholders and shareholding pattern are given in Annexure III.

| | |
|---|---|
| Dematerialisation of shares and liquidity | After merger of KRL with BPCL, out of the shares held by the Shareholders other than the Government of India, Government of Kerala, BPCL Trust for Investment in Shares, 98.86% are held in dematerialised form as on 31st March, 2009.<br>The Company has not issued any GDRs /ADRs/ Warrants etc. |

Plant Locations

| | | |
|---|---|---|
| Mumbai Refinery | : | Bharat Petroleum Corporation Limited<br>Mahul, Mumbai-400 074 |
| Kochi Refinery | : | Bharat Petroleum Corporation Limited<br>Ambalamugal, Kochi-682 302 |
| Lubricant Plants | : | Bharat Petroleum Corporation Limited<br>Wadilube Installation, Mallet Road,<br>Mumbai-400 009 |
| | | Bharat Petroleum Corporation Limited<br>24, Parganas, Budge-Budge 743 319 |
| | | Bharat Petroleum Corporation Limited<br>35, Vaidyanatha Mudali Street, Tondiarpet,<br>Chennai-600 081. |

| | | |
|---|---|---|
| Address for Correspondence | The Secretarial Department<br>Bharat Petroleum Corporation Ltd.<br>Bharat Bhavan No. I,<br>Currimbhoy Road, Ballard Estate,<br>Mumbai,<br>Maharashtra - 400 001.<br>Tel No. 022-2271 3170 / 2271 3435<br>Fax No. 022-2271 3688<br>Email : ssc@bharatpetroleum.in | General Manager (Operations),<br>Data Software Research Co. Pvt. Ltd.<br>'Sree Sovereign Complex',<br>No. 22, 4th Cross Street, Trustpuram,<br>Kodambakkam, Chennai,<br>Tamil Nadu-600 024<br>Ph: +91-44-2483 3738/2483 4487<br>Fax: 91-44-2483 4636<br>Email : dsrcmd@vsnl.com |

## Annexure I

**BPCL MARKET PRICE DATA**

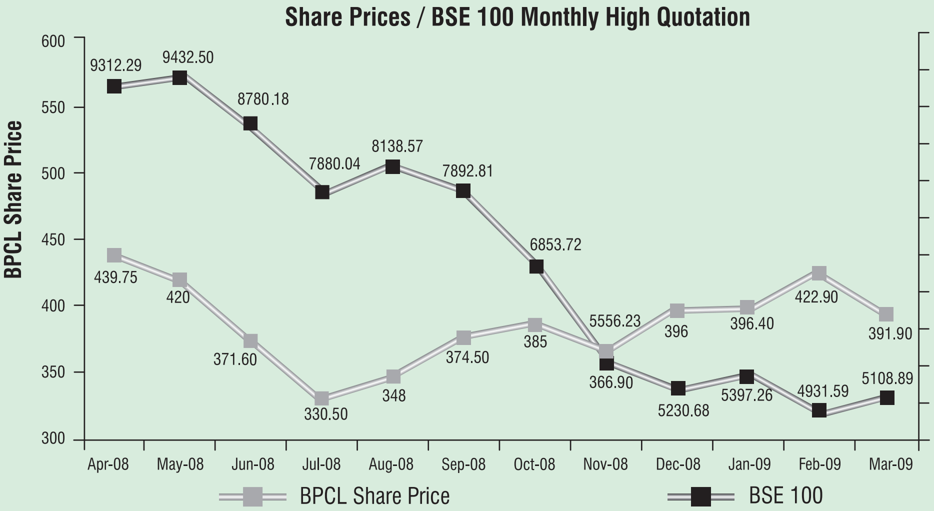
| Month(s) (April 2008-March 2009) | Bombay Stock Exchange Ltd. | | | National Stock Exchange of India Ltd. | | |
|---|---|---|---|---|---|---|
| | High (Rs. per share) | Low (Rs. per share) | Monthly Volume (No. of Shares) | High (Rs. per share) | Low (Rs. per share) | Monthly Volume (No. of Shares) |
| April | **439.75** | 381.00 | 1245079 | **440.00** | 375.85 | 7245533 |
| May | 420.00 | 330.40 | 2392531 | 419.90 | 330.35 | 10244767 |
| June | 371.60 | 226.15 | 5059805 | 371.70 | 221.20 | 19063617 |
| July | 330.50 | **206.00** | 2124369 | 339.00 | **206.00** | 10020981 |
| August | 348.00 | 280.25 | 1786242 | 366.00 | 278.70 | 12317406 |
| September | 374.50 | 292.30 | 5665556 | 374.85 | 292.00 | 22372880 |
| October | 385.00 | 227.05 | 4253248 | 385.90 | 226.20 | 17302339 |
| November | 366.90 | 284.40 | 2329282 | 369.90 | 282.30 | 10517177 |
| December | 396.00 | 314.20 | 3805692 | 400.00 | 313.95 | 16344586 |
| January | 396.40 | 351.00 | 3061912 | 423.30 | 351.05 | 15021941 |
| February | 422.90 | 368.20 | 1739774 | 421.90 | 367.60 | 8834196 |
| March | 391.90 | 329.15 | 2728435 | 391.90 | 329.50 | 12743214 |

**SHARES TRADED DURING 1ST APRIL, 2008 TO 31ST MARCH, 2009**

| | BSE | NSE |
|---|---|---|
| No. of Shares traded | 36191925 | 162028637 |
| Highest Share Price (Rs.) | (on 2-4-08) 439.75 | (on 2-4-08) 440.00 |
| Lowest Share Price (Rs.) | (on 3-7-08) 206.00 | (on 3-7-08) 206.00 |
| Closing Share price as on 31st March, 2009 (Rs.) | 376.65 | 376.05 |
| Market Capitalisation as on 31st March, 2009 (Rs. in Crores) | 13617.48 | 13595.79 |

## Annexure II

### PERFORMANCE IN COMPARISON TO BROAD BASED INDICES i.e. BSE 100

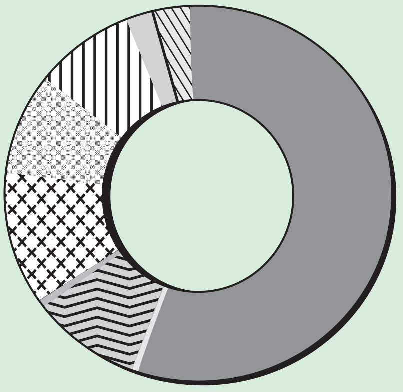



## Annexure III

### DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2009

| No. of Equity Shares held | No. of Shareholders | No. of Shares | % of Total |
|---|---|---|---|
| Upto 5000 | 85200 | 10623684 | 2.94 |
| 5001 to 10000 | 124 | 889599 | 0.24 |
| 10001 to 50000 | 174 | 4249731 | 1.17 |
| 50001 to 100000 | 58 | 4000685 | 1.11 |
| 100001 to 500000 | 98 | 22150798 | 6.13 |
| 500001 to 1000000 | 18 | 13011597 | 3.60 |
| 1000001 to 2000000 | 15 | 20601701 | 5.70 |
| 2000001 to 3000000 | 5 | 13698897 | 3.79 |
| 3000001 and above | 6 | 272315432 | 75.32 |
| TOTAL | 85698 | 361542124 | 100.00 |

### SHAREHOLDING PATTERN OF BPCL AS ON 31ST MARCH 2009 (Percentage)



| | |
|---|---|
| 54.93% | Government of India |
| 0.86% | Government of Kerala |
| 9.33% | BPCL Trust for Investment in Shares |
| 0.80% | Unit Trust of India |
| 10.90% | Life Insurance Corporation of India |
| 8.81% | Other Financial Institutions/Banks/Mutual Funds |
| 8.39% | Foreign Institutional Investors |
| 2.83% | Private Corporate Bodies |
| 0.08% | NRIs / Overseas Corporate Bodies |
| 3.07% | Others |

# AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Bharat Petroleum Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Bharat Petroleum Corporation Limited for the year ended 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the mandatory requirements of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except for non-compliance of Clause 49(I)(A)(ii) relating to the number of Independent Directors on the Board of Directors of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **B.K.KHARE & CO.**
Chartered Accountants

Sd/-

**Padmini Khare Kaicker**
Partner
M No. 44784

Place : Mumbai
Date : July 22, 2009

# AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Bharat Petroleum Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Bharat Petroleum Corporation Limited for the year ended 31st March, 2009, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises 2007 (the Guidelines) issued by Department of Public Enterprises of Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in the Guidelines except for non-compliance of Clause 3.1.4 relating to the number of Independent Directors on the Board of Directors of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **B.K.KHARE & CO.**
Chartered Accountants

Sd/-
**Padmini Khare Kaicker**
Partner
M No. 44784

Place : Mumbai
Date : July 22, 2009

# ANNEXURE C

**Particulars of Employees under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March 2009**

**Employed throughout the financial year and in receipt of remuneration of more than Rs. 24 lakhs**

| Sr. No. | Name | Qualification | Age | Designation / Nature of Duties | Date of Commencement of Employment | Experience (No. of years) | Remuneration Rs. | Particulars of last employment |
|---|---|---|---|---|---|---|---|---|
| 1 | MAJUMDAR C | B.Tech, Dip in Mgmt | 60 | DGM (Advisory Services) | 16.08.1982 | 37 | 3,128,872.24 | Uhde (I) Pvt. Ltd. |
| 2 | OZA J M | B Sc, MBA | 53 | DGM Busines Development | 01.09.1982 | 28 | 2,424,709.99 | |
| 3 | REDDY D M | B A , MLS | 57 | ED (I &C) | 14.07.1986 | 30 | 2,542,405.87 | Standard Batteries Ltd. |
| 4 | SANZGIRI DIPTI (MS) | B Com, ACA | 49 | ED (HRD) | 01.12.1983 | 26 | 2,453,544.30 | Sarab S. Engineer & Co. |
| 5 | SARKAR A R | B Tech | 59 | GM (Materials) | 03.01.1983 | 38 | 2,692,927.15 | L&T |
| 6 | SHASTRI PADAM LAL | B A | 50 | Dy. Mgr. Materials | 02.02.1988 | 30 | 5,582,374.15 | The Associated Cement Co. Ltd. |
| 7 | SINGH R K | B Tech | 56 | Director (Refineries) | 20.06.1978 | 33 | 3,232,734.91 | Hindalco |
| 8 | SOMANATH T | M Sc | 56 | Team Leader Proj Des | 21.05.1980 | 29 | 2,427,299.84 | |
| 9 | VIEGAS MILDRED (MS) | B Com | 49 | Secretary | 01.04.1982 | 29 | 2,643,846.03 | Systa Pvt. Ltd., Mumbai |

**Employed for part of the financial year and in receipt of remuneration of more than Rs. 2 lakhs per month**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 10 | A Y BHATE | Under Graduate, NCTVT Certificate | 50 | C/H Craftsman | 06.12.1982 | 26 | 709,431.61 | Apcotex Division of Asian Paints |
| 11 | AJIT KUMAR | B Sc Engg | 49 | Project Leader, VBCPLP | 18.06.1984 | 25 | 1,021,037.91 | Kerala Land Development, Trichur |
| 12 | ALEXANDER K C | Diploma in Catering | 60 | Manager (Catering) | 30.10.1992 | 17 | 1,095,808.86 | Hindustan Motors Ltd. |
| 13 | AMRIK SINGH | Under Graduate | 60 | Tallyman-II | 03.03.1986 | 41 | 553,806.58 | |
| 14 | ANIL KUMAR | Non Metriculate | 44 | Operator -III (Field) | 04.08.1993 | 15 | 455,709.09 | |
| 15 | ANTONY K J | Matriculate-NCTVT Certificate | 60 | Leading Fireman | 24.02.1986 | 23 | 412,040.22 | Indian Army |
| 16 | ANUJ RAM | AMIE | 52 | Manager (Audit) Refinery | 21.10.1987 | 31 | 1,431,477.38 | J K Tyers |
| 17 | APPUKUTTAN K R | B A, PG Diploma | 60 | Manager (P&CS), KR | 07.06.1977 | 32 | 1,606,599.37 | Npol, Cochin |
| 18 | AYYAPPAN C | Matriculate | 60 | Security Sergeant-VII | 04.07.1988 | 21 | 455,384.54 | Indian Air Force |
| 19 | BABU S | B Sc (Engg) | 60 | DGM (Fire & Safety), KR | 03.04.1981 | 28 | 2,591,734.69 | Instrumentation Ltd., Palghat |
| 20 | BALASUNDARAM M | B Sc, BL | 60 | Manager (Legal) South | 01.06.1983 | 37 | 1,965,548.98 | Railways |
| 21 | BHATIA A S | B E, MBA | 60 | GM (Retail) ER | 15.12.1982 | 39 | 2,356,609.13 | Fertilizer Corp. of India Ltd. |
| 22 | BISWAS SUBODH CHANDRA | Non Metriculate | 60 | L.V.D(P) | 01.07.1981 | 28 | 861,722.61 | A.S.C. Record (MT), Aurangabad |
| 23 | BOSE XAVIER ROSHAN | B E, MBA | 37 | Asst. Manager Engg. (Retail) | 05.08.1996 | 13 | 1,203,645.63 | |
| 24 | CHAKRABARTI C S | B E., MBA | 60 | GM (Maintenance), MR | 16.12.1985 | 39 | 3,355,470.27 | Roberts, Mchean & Co. Ltd. |
| 25 | CHAKRABORTY SRIPADA | Under Graduate | 60 | Security Guard (P) | 16.06.1986 | 41 | 548,874.61 | |
| 26 | CHATTERJEE S | BE | 60 | ED (I & C) | 09.08.1984 | 40 | 2,947,008.17 | Hindustan Fertilizer Corporation Ltd. |
| 27 | CHAUDHURI S | BE | 60 | DGM (Infra), BORL | 11.04.1984 | 39 | 2,289,210.47 | Hindustan Fertilizers |

| Sr. No. | Name | Qualification | Age | Designation / Nature of Duties | Date of Commencement of Employment | Experience (No. of years) | Remuneration Rs. | Particulars of last employment |
|---|---|---|---|---|---|---|---|---|
| 28 | CHET RAM | | 60 | Attendant (P) (Services) | 01.02.1979 | 30 | 793,720.56 | |
| 29 | CHITHIRAI E | Dip. In Engg | 60 | Dy. Manager (Utilities) | 14.08.1980 | 28 | 907,168.76 | Sun Paper Mills |
| 30 | CHOUDHARY JAGANNATH | Non Metriculate | 60 | Security Guard-I | 03.04.1992 | 17 | 651,126.60 | Indian Army R/O E.M.E., Secunderabad |
| 31 | D B BAGAM | Non Metriculate | 60 | Driver | 08.02.1983 | 26 | 432,932.66 | Indian Army, Maratha Ltd. |
| 32 | DALVI RAJNIKANT L | Non Metriculate | 45 | Aviation Fitter-I | 20.05.1985 | 28 | 425,356.03 | Raj Engg Works |
| 33 | DAVID V | Under Graduate | 60 | Security Sergeant-VII | 06.11.1984 | 25 | 494,026.82 | Indian Air Force |
| 34 | DEVADAS R C I | M Tech, Diploma in Mgmt | 60 | Chief Manager (F&S) | 09.12.1985 | 24 | 1,199,531.42 | UP Indl. Consultants Ltd. Kanpur |
| 35 | DHAR S P | Matriculate-Diploma | 60 | Dy. Manager (Housekeeping) | 22.04.1983 | 26 | 1,070,133.99 | Municipal Corpn. of Greater Mumbai |
| 36 | GANESH RADHAKRISHNAN | B.Sc, ACA, ICWAI | 40 | Team Member ERP, IIS | 21.12.1993 | 20 | 688,090.71 | |
| 37 | GOKHALE JAYANT | BCS | 37 | Dy. Manager (Ops). | 27.12.1993 | 18 | 892,812.64 | Income Tax, Pune |
| 38 | GOPI K | Matric, NCTVT Certificate | 60 | Operator – B (S&OM) | 04.11.1985 | 24 | 457,061.80 | Indian Army |
| 39 | GORAHAVA K S | Dip. In Engg | 60 | Dy. Manager (P&CS) | 06.08.1984 | 24 | 1,538,369.98 | Mathura Oil Refinery, IOC Mathura |
| 40 | GUDIVADA EASWARA RAO | Under Graduate | 50 | Security Guard II | 15.11.1993 | 16 | 391,447.17 | |
| 41 | GURDAS SINGH | Matriculate | 60 | Operator – (P) (Field) | 04.03.1986 | 23 | 838,416.75 | |
| 42 | HARIBABU V N | B.Sc, MA, M.Sc. | 48 | Manager Sales (Retail) | 06.04.1987 | 22 | 755,555.29 | |
| 43 | HARINDER SINGH | Matriculate | 60 | Tallyman-III | 18.12.1986 | 44 | 398,999.46 | Stepan Chemicals Ltd.,Rajpura |
| 44 | HARSHAL MESHRAM | BE | 26 | Engineering Executive | 26.07.2004 | 5 | 413,149.55 | |
| 45 | HUKAM SINGH | Matriculate | 60 | Security Guard (P) | 20.05.1983 | 43 | 653,496.43 | |
| 46 | J C MUSALE | Matriculate, NCTVT Certificate | 60 | C/H Craftsman | 01.10.1976 | 32 | 1,731,984.34 | |
| 47 | JAIN S K | BSc.(Engg), LLB | 60 | ED (LPG) | 06.08.1982 | 39 | 3,234,549.08 | IBP Ltd. |
| 48 | JOHN K C | BSc (Engg) | 60 | DGM (QC), KR | 23.05.1983 | 26 | 2,670,514.36 | Bhilai Steel Plant |
| 49 | JOHNY V O | B.Com | 60 | Store Keeper | 06.11.1984 | 24 | 600,703.01 | Indian Air Force |
| 50 | JOSEPH DESAI C T | Matriculate, NCTVT Certificate | 60 | General Craftsman (Fitter) | 07.01.1985 | 24 | 345,749.17 | Indian Army |
| 51 | JOY M P | M.Tech | 55 | DGM, Manufacturing | 11.10.1984 | 24 | 1,311,228.63 | Hindustan Fertilizers |
| 52 | K. VIJAYA PADMANABHAN | ITI Certificate | 60 | Tech. (P), Retail | 13.11.1978 | 38 | 806,108.57 | Arcee Industires |
| 53 | KAMAL MEENA | Under Graduate, ITI Cert. | 41 | Technician-III (Retail) | 13.04.1993 | 16 | 423,550.62 | Munna Engg. & Oil Reparing Work |
| 54 | KAMBLE T K | B. Tech | 50 | Manager (CP&CD) | 01.01.1986 | 23 | 974,798.26 | |
| 55 | KERALADAS P | SSC, Diploma | 60 | Leading Fireman | 08.04.1985 | 24 | 582,003.69 | Indian Air Force |
| 56 | KOCHU PAUL T A | Matric, NCTVT Certificate | 60 | Operator - B (S&OM) | 01.04.1985 | 24 | 717,128.21 | Indian Army |
| 57 | KRISHNAMURTHY S | BA, LLB, Diploma | 60 | Dy Manager (Services) – JVR | 22.03.1984 | 30 | 1,394,968.04 | Gajri Bad Gears Ltd, M.P |
| 58 | KUMBLE M D | Matriculate | 53 | Dy. Manager (LPG) | 10.02.1978 | 31 | 1,622,538.53 | Meto Labs Mumbai |
| 59 | LEKSHMIKUTTY K N | Matriculate – Diploma | 60 | Safety Officer (Statutes) | 29.10.1979 | 29 | 1,241,942.20 | Exploratory Fishery Project |
| 60 | MAHAPATRA SOMNATH | Under Graduate | 60 | Security Guard - P | 13.10.1986 | 22 | 884,244.38 | Indian Army |
| 61 | MATHEW K M | Matriculate, ITI Certificate | 60 | Deputy Manager (Manufacturing) | 20.08.1973 | 36 | 1,122,816.89 | Telcon Eng |

| Sr. No. | Name | Qualification | Age | Designation / Nature of Duties | Date of Commencement of Employment | Experience (No. of years) | Remuneration Rs. | Particulars of last employment |
|---|---|---|---|---|---|---|---|---|
| 62 | MISHRA SANKATHA PRASAD | Matriculate | 58 | Security Guard-I | 04.07.1986 | 29 | 354,622.99 | Jilha Sainik Karyalay, Jabalpur |
| 63 | MOHANDAS P K | Matriculate, ITI Certificate | 60 | Engineer (S&OM) | 16.08.1974 | 34 | 599,821.80 | |
| 64 | MURUGESAN NADAR N | Matric, NCTVT Certificate | 60 | Engineer (Maintenance) | 14.05.1981 | 28 | 739,975.80 | Voltas Ltd |
| 65 | N G PATEL | Under Graduate, NCTVT Cert. | 49 | Craftsman | 22.09.1982 | 26 | 1,053,352.76 | Industrial Training Institute Byculla |
| 66 | N I GEORGE | Under Graduate | 60 | HVD-V | 29.10.1979 | 41 | 950,268.74 | |
| 67 | NAIK V S | BE | 37 | Manager (Tech) | 03.01.1994 | 15 | 1,399,130.94 | |
| 68 | NARAYAN S A | B.Sc, LLB, A (PM&IR) | 59 | Director (HR) | 01.01.1979 | 36 | 1,997,851.48 | Shamrao Vithal Co-Op. Bank Ltd. |
| 69 | NATH R K | Licentiate in Engg. | 60 | Chief Manager (Inspection) | 01.02.1977 | 37 | 3,121,879.32 | Herdilla Chemicals Ltd, Thane |
| 70 | NEELAKANDHAN A | Matriculate – ITI | 60 | Sr. Materials Officer | 01.03.1973 | 36 | 876,954.66 | |
| 71 | PADH K N | BE | 60 | Sr. Manager (Hindi), CO | 02.02.1984 | 27 | 1,892,512.32 | Karachi Engg Works Jamnagar |
| 72 | PADMANABHAN K A | B. Sc Engineering | 52 | DGM (Retail), North | 07.05.1980 | 30 | 905,174.80 | Staple Fibre Divn, Gwalior Rayons |
| 73 | PANDE G N | BE, MHRDM | 35 | Dy.Manager Mint. (Mech) | 19.08.1996 | 12 | 536,008.06 | |
| 74 | PANGAL SUBHASH N | B E | 45 | Manager (ARB Payments) | 31.10.1988 | 22 | 1,532,926.42 | XLO India Ltd |
| 75 | PAPPACHAN M I | Matriculate, NAC/NCT Cert. | 60 | Store Keeper | 07.01.1985 | 24 | 636,007.01 | Indian Army |
| 76 | PARAJIA M S (MS) | M.Sc, Dip. In Mgmt | 53 | DGM (IS) Projects | 06.11.1978 | 30 | 1,575,971.42 | |
| 77 | PATEL D C | BE. | 60 | Ch. Manager (E&C) | 16.10.1985 | 23 | 1,918,392.61 | RCF |
| 78 | PILLAI R K R | B.Tech | 60 | Tech. Asst. to GM (Tech) | 06.06.1983 | 25 | 1,747,167.92 | Otto India Pvt Ltd, Calcutta |
| 79 | PRASAD A G | M.Sc, Dip. In Boiler Ops. | 60 | Chief Manager (Utilities) | 13.06.1984 | 25 | 1,569,137.44 | |
| 80 | PRATHAB BABU S | Matriculate, ITI Certificate | 60 | Sr. Electrical Engineer | 04.01.1971 | 38 | 490,869.00 | |
| 81 | PREM SINGH | Non Metriculate | 52 | Security Guard – I | 19.10.1985 | 23 | 814,058.28 | |
| 82 | PUSHP KANT DEVAND | BE | 36 | Asst. Manager – Sales (Retail) | 05.08.1996 | 13 | 916,294.11 | |
| 83 | R M MISHRA | HSC, Certificate | 60 | UTI.OPR. | 14.02.1979 | 29 | 842,717.11 | V.V.F. Company |
| 84 | RAGHUNATH D THAKAR | Non Metriculate | 60 | GO (Field) | 07.12.1979 | 29 | 562,677.65 | Sarvoday Laboratory Mumbai |
| 85 | RAJAN BABU M K | Metric, ITI Certificate | 60 | Manager (Maintenance) | 13.06.1973 | 35 | 2,315,963.73 | Stewarts And Lloyds Of India |
| 86 | RAJASEKHARAN NAIR R | B.Tech | 39 | Manager (Maintenance) | 01.12.1993 | 16 | 712,374.23 | |
| 87 | RAJENDRAN NAIR K | Undergraduate, Dip. in Infotech | 50 | Security Sergeant-IV | 01.07.1999 | 10 | 1,087,091.37 | Indian Army |
| 88 | RAKESH NARAIN SHARMA | MA, PG-Diploma | 60 | Executive (Operations) | 11.08.1978 | 39 | 1,490,281.84 | Ministry of Works, Housing & Supply |
| 89 | RAMACHANDRAN K P | Matriculate, Dip.in Engg. | 60 | Sr. HEO Mechanic | 24.02.1986 | 23 | 364,303.59 | Indian Air Force |
| 90 | RAMAKRISHNAN K | Non Metriculate | 60 | Security Guard (P) | 01.11.1983 | 44 | 580,395.00 | Army (Infantry) |
| 91 | RANJIT SINGH RAWAT | Non Metriculate | 60 | Security Guard I | 21.02.1987 | 40 | 676,778.01 | |
| 92 | RAO PURNIMA J (MS) | B Sc | 60 | Secretary | 04.06.1974 | 38 | 1,636,394.15 | Ciba-Geigy of India Ltd |
| 93 | RAVAL BHUPENDRA G | Under Graduate | 48 | Operator (P)(Field) | 21.11.1984 | 24 | 570,404.86 | |

| Sr. No. | Name | Qualification | Age | Designation / Nature of Duties | Date of Commencement of Employment | Experience (No. of years) | Remuneration Rs. | Particulars of last employment |
|---|---|---|---|---|---|---|---|---|
| 94 | RAVEENDRAN N KARTHA | B.Com, PG Diploma | 51 | Secretary | 08.02.1991 | 18 | 778,637.02 | Hitech Drilling Services India Ltd. |
| 95 | RAVI JOSEPH | Dip. In Engg | 60 | Chief Manager(Manufacturing), Kr | 10.07.1967 | 42 | 2,015,469.04 | |
| 96 | RAY J P | BE, MFM | 40 | Manager (E&C) | 17.09.1990 | 18 | 1,355,263.26 | |
| 97 | ROHIT KUMAR PATIL | BE | 26 | Asst. Mgr. Engg (Const) | 26.07.2004 | 5 | 514,531.77 | |
| 98 | RR DHOKE | BE | 28 | Sr. Ops. Officer (Ccu) | 25.08.2003 | 6 | 574,407.16 | |
| 99 | S K MISHRA | Under Graduate | 60 | Operator (P)(Field) | 23.10.1979 | 30 | 502,168.30 | |
| 100 | S S PRADHAN | Matriculate | 60 | Sr. Asst. | 17.01.1977 | 32 | 1,475,663.23 | Foundation Corpn. Of India Ltd, Mumbai |
| 101 | S SIVABALAN | Non Metriculate | 51 | Operator-I (Field) | 01.12.1986 | 33 | 585,514.19 | Diocesan Co-Op. |
| 102 | S V MORE | ITI, NCTVT Certificate | 60 | Uti Opr C/H | 13.07.1978 | 30 | 940,585.83 | Shree Ram Mills, Mumbai |
| 103 | SAHA RAJSHEKHAR | BE | 42 | Manager | 14.09.1992 | 16 | 1,338,558.85 | |
| 104 | SANKARARAMAN P | MA | 47 | Asst. Manager (Logistic) LPG | 05.03.1987 | 22 | 880,525.62 | |
| 105 | SAPKALE SURESH BANSI | Matriculate | 60 | Security Guard (P) | 24.03.1986 | 42 | 695,025.35 | M.L.I.R.C |
| 106 | SATHYENDRA KASYAP J V | MBBS, MD | 49 | Sr. Manager Medical Services | 23.02.1995 | 14 | 682,820.99 | Vrinda Clinic Bangalore |
| 107 | SAVE V B | Diploma in para Medical | 60 | Dy Manager Medical Lab | 01.05.1972 | 41 | 1,273,714.54 | K.E.M. Hospital |
| 108 | SAWAKHANDE SHIVRAM RAO | Matriculate | 60 | E/P Operator- I | 01.06.1978 | 33 | 1,181,755.77 | Bombay Texttile Mills |
| 109 | SHUKLA J C | Matriculate-Diploma | 60 | Manager (E&C) | 27.01.1983 | 40 | 1,601,632.49 | Engineers (I) Ltd, Baroda |
| 110 | SUKUMARAN NAIR K P | Matric, NCTVT Certificate | 60 | Operator-A (S&Om) | 01.04.1985 | 24 | 515,729.64 | Indian Army |
| 111 | T K RADHAKRISHNAN | Matriculate | 60 | UTI Operator | 01.06.1984 | 25 | 1,095,950.90 | Indian Navy |
| 112 | THIRUMARAN A | B.Tech, PG Diploma | 34 | Sr. Manuf. Engg. | 17.07.2001 | 8 | 475,009.25 | Chemplast Sanmar Ltd, Salem |
| 113 | THOMASKUTTY ABRAHAM | BE, MBA | 49 | Sr. Manager (Electrical) | 06.06.1986 | 23 | 790,819.49 | Bajaj Eletricals Ltd, Bangalore |
| 114 | THORAT C C | B.Com, M.Com | 50 | Manager Sales Tax & VAT | 08.10.1980 | 28 | 1,277,816.95 | |
| 115 | V D SHIRAHATTI | BA, Diploma | 60 | Assistant I | 09.10.1987 | 22 | 732,510.56 | Hindustan Lever Ltd |
| 116 | VALMIKI JAGNA | Non Metriculate | 60 | Sweeper-I | 22.01.1985 | 24 | 939,215.61 | S N Building, Budge Budge |
| 117 | VARADE SOPAN TRIYAMBAK | Matriculate | 60 | Security Guard (P) | 24.09.1986 | 41 | 731,382.49 | |
| 118 | VIJAY KUMAR | BE | 40 | Dy. Mgr. Construction, VBPP | 20.07.1990 | 19 | 727,505.64 | Bhilai Steel Plant |
| 119 | VIJAYAPPAN NAIR P N | Matric, ITI Dip. In Engineering | 60 | Operator - B (S&OM) | 04.11.1985 | 24 | 416,412.73 | Health Serves Dept, Kerala |
| 120 | YACOB K P | M Sc. | 60 | Sr. Manager QC | 19.05.1982 | 26 | 2,224,271.98 | Fact |
| 121 | ZAIDI IQBAL NADIR | B. Sc Engineering | 45 | Project Leader, VBPLP | 01.08.1988 | 21 | 977,824.54 | SM International |

Notes:

1. The remuneration includes, apart from regular salary, Company's contribution to Provident & Pension Funds, medical expenses.
2. There is no employee who is in receipt of remuneration in excess of that drawn by Chairman & Managing Director / Whole-time Director / Manager and holds not less than 2% of the equity shares of the Company.
3. The above employees are not related to any Director.

# ANNEXURE D

**ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCHEDULED CASTES (SC), SCHEDULED TRIBES (ST) AND OTHER BACKWARD CLASSES (OBC) AS ON 1st JANUARY, 2009 AND NUMBER OF APPOINTMENTS MADE DURING THE CALENDAR YEAR 2008**

**NAME: BHARAT PETROLEUM CORPORATION LTD.**

| Groups | Number of Employees (As on 1.1.2009) | | | | Number of appointments made during the calendar year 2008 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | By Direct Recruitment | | | | By Promotion | | | By Other Methods | | |
| | Total | SCs | STs | OBCs | Total | SCs | STs | OBCs | Total | SCs | STs | Total | SCs | STs |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| Group-A | 4699 | 768 | 269 | 396 | 234 | 33 | 15 | 33 | 82 | 15 | 2 | 11* | – | – |
| Group-B | 3459 | 493 | 188 | 220 | – | – | – | – | 145 | 25 | 10 | 3** | – | – |
| Group-C | 3348 | 550 | 205 | 329 | 133 | 20 | 3 | 44 | 132 | 12 | 2 | – | – | – |
| Group-D(Excluding Safai Karamcharis) | 2444 | 496 | 153 | 254 | – | – | – | – | – | – | – | – | – | – |
| Group-D (Safai Karamcharis) | 71 | 42 | 3 | 6 | – | – | – | – | – | – | – | – | – | – |
| Total | 14021 | 2349 | 818 | 1205 | 367 | 53 | 18 | 77 | 359 | 52 | 14 | 14 | – | – |

* 1 Sportsperson recruited in Management - Group 'A' (entry level) & 10 Sportspersons promoted from Non-Management - Group 'B' to Management - Group 'A' (entry level)

** 3 Sportspersons recruited in Non-Management-Group 'B'

**ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCHEDULED CASTES (SC), SCHEDULED TRIBES (ST) AND OTHER BACKWARD CLASSES (OBC) IN VARIOUS GROUP 'A' SERVICES AS ON 1st JANUARY, 2009 AND NUMBER OF APPOINTMENTS MADE IN THE SERVICE IN VARIOUS GRADES DURING THE CALENDAR YEAR 2008**

**NAME: BHARAT PETROLEUM CORPORATION LTD.**

| Pay Scale (in Rupees) | Representation of SCs/STs/OBCs (As on 1.1.2009) | | | | Number of appointments made during the calendar year 2008 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | By Direct Recruitment | | | | By Promotion | | | By Other Methods | | |
| | Total | SCs | STs | OBCs | Total | SCs | STs | OBCs | Total | SCs | STs | Total | SCs | STs |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 12000-17500 | 1021 | 173 | 74 | 184 | 225 | 31 | 15 | 30 | 82 | 15 | 2 | 11* | — | — |
| 13750-18750 | 1181 | 182 | 70 | 139 | 6 | 2 | — | 3 | — | — | — | — | — | — |
| 16000-20800 | 1001 | 203 | 78 | 67 | 2 | — | — | — | — | — | — | — | — | — |
| 17500-22300 | 643 | 134 | 35 | 4 | — | — | — | — | — | — | — | — | — | — |
| 18500-23900 | 464 | 55 | 9 | 2 | 1 | — | — | — | — | — | — | — | — | — |
| 19000-24750 | 207 | 12 | 2 | — | — | — | — | — | — | — | — | — | — | — |
| 19500 & above | 182 | 9 | 1 | — | — | — | — | — | — | — | — | — | — | — |
| TOTAL | 4699 | 768 | 269 | 396 | 234 | 33 | 15 | 33 | 82 | 15 | 2 | 11 | — | — |

* 1 Sportsperson recruited in Management - Group 'A' (entry level) & 10 Sportspersons promoted from Non-Management - Group 'B' to Management - Group 'A' (entry level)

## ANNUAL STATEMENT SHOWING THE REPRESENTATION OF THE PERSONS WITH DISABILITIES AS ON 1st JANUARY, 2009 AND DIRECT RECRUITMENT/PROMOTION DURING THE CALENDAR YEAR 2008

**NAME: BHARAT PETROLEUM CORPORATION LTD.**

| Group | Number of Employees as on 1.1.2009 | | | | Direct Recruitment – 2008 | | | | | | | Promotion – 2008 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | No. of Vacancies Reserved | | | No. of Appointments made | | | | No. of Vacancies Reserved | | | No. of Appointments made | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) |
| | Total | VH | HH | OH | VH | HH | OH | Total | VH | HH | OH | VH | HH | OH | Total | VH | HH | OH |
| A | 4699 | 4 | 2 | 25 | 2 | 2 | 3 | 234 | — | — | 2 | — | — | — | 82 | — | — | — |
| B | 3459 | 7 | 4 | 69 | — | — | — | — | — | — | — | — | — | — | 145 | 1 | — | 1 |
| C | 3348 | 14 | 7 | 35 | 2 | 1 | 1 | 133 | — | — | — | 1 | 1 | 2 | 132 | — | — | 4 |
| D/DS | 2515 | 6 | 6 | 30 | — | — | — | — | — | — | — | — | — | — | — | — | — | — |
| **TOTAL** | 14021 | 31 | 19 | 159 | 4 | 3 | 4 | 367 | 0 | 0 | 2 | 1 | 1 | 2 | 359 | 1 | 0 | 5 |

Note : (I) VH Stands for Visually Handicapped, HH stands for Hearing Handicapped & OH stands for Orthopaedically Handicapped

(ii) There is no reservation for persons with disabilities in case of promotion to Group A & B Posts. However, persons with disabilities can be promoted to such posts, provided the concerned post is identified suitable for persons with disabilities.

iii) There are no promotions within Group D

# ANNEXURE E

# ADDENDUM

## COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA U/S 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH, 2009

The preparation of financial statements of Bharat Petroleum Corporation Limited for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29 May 2009.

I, on the behalf of the Comptroller & Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Bharat Petroleum Corporation Limited for the year ended 31 March 2009. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

For and on the behalf of the Comptroller and

Auditor General of India

Sd/-
**SARIT JAFA**
Principal Director of Commercial Audit &
*ex-officio* Member, Audit Board II, Mumbai

Place : Mumbai
Date : 26th June 2009

| | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **1. Crude Oil Processed (000 Tonnes)** | | | | | | | | | | | |
| Imported | **13143** | 13904 | 13465 | 11584 | 5093 | 4543 | 3230 | 3587 | 2743 | 2546 | 1731 |
| Indigenous | **6802** | 7042 | 6317 | 5653 | 4045 | 4214 | 5481 | 5183 | 5919 | 6323 | 7205 |
| TOTAL | **19945** | 20946 | 19782 | 17237 | 9138 | 8757 | 8711 | 8770 | 8662 | 8869 | 8936 |
| **2. Production Quantity (000 KL)** | **22820** | 23960 | 22154 | 19795 | 10314 | 10210 | 10291 | 10355 | 10348 | 10643 | 10861 |
| Light Distillates % | **30.46** | 30.73 | 28.20 | 31.97 | 31.35 | 33.27 | 34.32 | 33.51 | 34.74 | 32.69 | 34.85 |
| Middle Distillates % | **53.67** | 54.13 | 53.55 | 50.43 | 49.89 | 49.13 | 50.73 | 50.45 | 49.43 | 53.45 | 53.90 |
| Heavy Ends % | **15.87** | 15.14 | 18.25 | 17.60 | 18.76 | 17.60 | 14.95 | 16.04 | 15.83 | 13.86 | 11.25 |
| **3. Fuel and Loss as % of Crude Processed** | **6.6** | 6.6 | 6.6 | 6.7 | 5.9 | 5.7 | 5.6 | 5.6 | 5.4 | 4.9 | 4.5 |
| **4. Aromatics Production (MT)** | | | | | | | | | | | |
| Benzene | **79653** | 88313 | 103585 | 61335 | 44243 | 43178 | 69798 | 56360 | 75293 | 76351 | 70496 |
| Toluene | **28375** | 26336 | 39544 | 43051 | 10042 | 12759 | 20013 | 16610 | 16344 | 19569 | 16990 |
| **5. Market Sales (MMT)** | **27.16** | 25.79 | 23.45 | 21.63 | 21.03 | 20.37 | 19.86 | 19.15 | 19.35 | 18.68 | 17.50 |
| **6. Lubricants Production (MT)** | **151788** | 161957 | 116337 | 100461 | 106287 | 101245 | 112730 | 99875 | 96624 | 100396 | 102684 |
| **7. Market Participation %** | **22.7** | 22.7 | 22.6 | 22.4 | 21.9 | 22.1 | 22.0 | 21.5 | 21.4 | 20.7 | 20.6 |
| **8. Marketing Network** | | | | | | | | | | | |
| Installations | **12** | 12 | 12 | 12 | 12 | 12 | 17 | 19 | 19 | 19 | 16 |
| Depots | **120** | 126 | 121 | 121 | 123 | 129 | 153 | 171 | 164 | 146 | 131 |
| Aviation Service Stations | **23** | 22 | 21 | 20 | 19 | 19 | 19 | 19 | 19 | 19 | 16 |
| Total Tankages (Million KL) | **3.33** | 3.32 | 3.27 | 3.01 | 3.05 | 3.08 | 3.13 | 3.23 | 2.94 | 2.88 | 2.72 |
| Retail Outlets | **8402** | 8251 | 7537 | 7332 | 6426 | 5530 | 4854 | 4711 | 4562 | 4489 | 4423 |
| LPG Bottling Plants | **49** | 48 | 48 | 45 | 44 | 42 | 40 | 40 | 38 | 32 | 27 |
| LPG Distributors | **2117** | 2137 | 2129 | 2123 | 2061 | 1922 | 1828 | 1729 | 1421 | 1345 | 1200 |
| LPG Customers (No. Million) | **26.6** | 25.25 | 23.51 | 22.24 | 21.32 | 19.43 | 16.99 | 15.28 | 13.80 | 11.40 | 9.11 |
| **9. Manpower (Nos.)** | **14016** | 14006 | 13970 | 13876 | 12029 | 12434 | 12494 | 12586 | 12670 | 12638 | 12264 |
| **10. Sales and Earnings (Figures in Rs. Crores)** | | | | | | | | | | | |
| i) Sales and Other Income * | **130118** | 113936 | 102428 | 82935 | 63343 | 52983 | 47584 | 42560 | 47153 | 35891 | 25830 |
| ii) Gross Profit before Depreciation, Interest & Tax | **4246** | 4368 | 4204 | 1423 | 2092 | 3302 | 2720 | 2114 | 2033 | 1738 | 1557 |
| iii) Depreciation | **1076** | 1098 | 904 | 768 | 596 | 561 | 481 | 481 | 665 | 615 | 404 |
| iv) Interest | **2166** | 673 | 533 | 247 | 140 | 105 | 246 | 307 | 256 | 185 | 175 |
| v) Profit before Tax | **1004** | 2597 | 2768 | 407 | 1356 | 2636 | 1994 | 1327 | 1113 | 937 | 978 |
| vi) Tax | **261** | 1010 | 955 | 117 | 427 | 928 | 728 | 491 | 293 | 233 | 277 |
| vii) Excess / (Short) provision for Taxation in earlier years written back/provided for | **(7)** | (7) | (7) | 1 | 37 | (13) | (15) | 14 | 13 | (2) | 5 |
| viii) Profit after Tax # | **736** | 1581 | 1806 | 292 | 966 | 1695 | 1250 | 850 | 833 | 702 | 706 |

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

# After adjusting prior period tax.

| 1997-98 | 1996-97 | 1995-96 | 1994-95 | 1993-94 | 1992-93 | 1991-92 | 1990-91 | 1989-90 | 1988-89 | 1987-88 | 1986-87 | 1985-86 | 1984-85 | 1980-81 | 1976 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1222 | 1486 | 1110 | 1891 | 2610 | 2685 | 2062 | 1397 | 1008 | 623 | 1204 | 105 | 67 | 175 | 1268 | 3596 |
| 6720 | 6108 | 6240 | 5491 | 4596 | 4550 | 4900 | 5514 | 6024 | 5535 | 5352 | 5467 | 6311 | 5279 | 3603 | 159 |
| 7942 | 7594 | 7350 | 7382 | 7206 | 7235 | 6962 | 6911 | 7032 | 6158 | 6556 | 5572 | 6378 | 5454 | 4871 | 3755 |
| 9648 | 8986 | 8816 | 8788 | 8644 | 8653 | 8372 | 8329 | 8525 | 7367 | 7858 | 6667 | 7574 | 6619 | 5769 | 4312 |
| 34.47 | 32.54 | 33.27 | 32.29 | 31.20 | 31.49 | 32.29 | 30.87 | 31.09 | 29.29 | 27.83 | 27.78 | 28.08 | 25.75 | 22.22 | 19.97 |
| 54.29 | 55.23 | 54.74 | 54.62 | 53.59 | 53.88 | 54.95 | 55.70 | 57.07 | 60.12 | 59.38 | 60.39 | 59.35 | 54.36 | 55.66 | 55.93 |
| 11.24 | 12.23 | 11.99 | 13.09 | 15.21 | 14.63 | 12.76 | 13.43 | 11.84 | 10.59 | 12.79 | 11.83 | 12.57 | 19.89 | 22.12 | 24.10 |
| 4.8 | 4.8 | 5.6 | 5.4 | 4.7 | 4.2 | 4.2 | 4.5 | 4.5 | 5.6 | 5.6 | 5.8 | 6.2 | 4.5 | 4.9 | 5.7 |
| 57169 | 81533 | 60575 | 57511 | 22037 | 56612 | 69564 | 68426 | 56499 | 59624 | 45928 | 18603 | 20112 | - | - | - |
| 18664 | 20689 | 13182 | 13437 | 7047 | 11070 | 9048 | 10877 | 8843 | 7494 | 8414 | 4948 | 4455 | - | - | - |
| 16.37 | 15.76 | 14.78 | 13.23 | 12.10 | 11.41 | 10.71 | 10.38 | 10.18 | 9.31 | 8.56 | 7.93 | 7.57 | 7.05 | 5.29 | 3.63 |
| 86951 | 69164 | 67876 | 66681 | 74154 | 82911 | 95091 | 87459 | 94672 | 92725 | 84691 | 74763 | 72414 | 69425 | 60813 | 40939 |
| 20.5 | 20.4 | 20.3 | 20.2 | 20.0 | 19.5 | 18.8 | 18.9 | 18.9 | 18.7 | 18.5 | 18.3 | 18.7 | 18.3 | 17.2 | 15.3 |
| 16 | 16 | 16 | 16 | 16 | 14 | 12 | 10 | 10 | 10 | 9 | 9 | 8 | 8 | 7 | 5 |
| 128 | 131 | 122 | 118 | 117 | 98 | 94 | 83 | 78 | 69 | 69 | 65 | 62 | 60 | 57 | 61 |
| 15 | 16 | 16 | 16 | 14 | 14 | 13 | 13 | 13 | 12 | 11 | 9 | 8 | 8 | 3 | 2 |
| 2.3 | 1.81 | 1.62 | 1.57 | 1.52 | 1.37 | 1.17 | 1.01 | 0.91 | 0.87 | 0.74 | 0.75 | 0.67 | 0.66 | 0.66 | 0.61 |
| 4407 | 4373 | 4312 | 4214 | 4090 | 4040 | 4005 | 3965 | 3894 | 3822 | 3741 | 3663 | 3567 | 3486 | 3311 | 3183 |
| 21 | 19 | 18 | 16 | 16 | 15 | 15 | 15 | 15 | 14 | 8 | 4 | 2 | 2 | - | - |
| 1179 | 1146 | 1062 | 948 | 866 | 816 | 793 | 767 | 740 | 704 | 651 | 616 | 518 | 409 | 154 | 90 |
| 8.03 | 6.93 | 6.02 | 5.37 | 4.78 | 4.35 | 4.05 | 3.77 | 3.61 | 3.31 | 3.03 | 2.70 | 2.32 | 1.96 | 0.59 | 0.49 |
| 12094 | 11704 | 11499 | 11207 | 11299 | 11167 | 11158 | 11029 | 10616 | 10578 | 10203 | 9397 | 8321 | 7894 | 5808 | 4847 |
| 20919 | 18156 | 15023 | 13386 | 11520 | 10235 | 8883 | 7395 | 6082 | 5476 | 5080 | 4488 | 3165 | 2664 | 1512 | 673 |
| 1214 | 977 | 910 | 762 | 546 | 474 | 403 | 349 | 301 | 242 | 190 | 184 | 177 | 93 | 39 | 10 |
| 382 | 226 | 218 | 260 | 137 | 143 | 103 | 96 | 103 | 79 | 64 | 82 | 78 | 53 | 13 | 2 |
| 112 | 82 | 39 | 44 | 47 | 38 | 44 | 37 | 31 | 33 | 34 | 34 | 31 | 19 | 4 | 2 |
| 720 | 670 | 653 | 458 | 362 | 292 | 256 | 216 | 167 | 130 | 93 | 69 | 69 | 21 | 23 | 6 |
| 187 | 237 | 267 | 169 | 147 | 122 | 107 | 88 | 44 | 26 | 15 | 8 | 8 | 7 | 13 | 4 |
| (11) | (25) | – | 3 | 2 | – | – | – | – | – | – | – | – | – | – | – |
| 521 | 408 | 386 | 292 | 218 | 170 | 149 | 128 | 123 | 104 | 78 | 60 | 61 | 14 | 10 | 2 |

## PERFORMANCE PROFILE (CONTD.)

| | | 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **11.** | **What the Company Owned (Rs. Crores)** | | | | | | | | | | | |
| i) | Gross Fixed Assets (including Capital Work-in-Progress) | **24560** | 22268 | 20310 | 18545 | 14017 | 12566 | 10935 | 9722 | 8824 | 7630 | 6223 |
| ii) | Net Fixed Assets (including Capital Work-in-Progress) | **14003** | 12735 | 11833 | 11086 | 8349 | 7454 | 6366 | 5602 | 5166 | 4592 | 3789 |
| iii) | Net Current Assets (including Investments and Advance for Investments) | **20536** | 15445 | 10652 | 7783 | 2890 | 1908 | 2414 | 2943 | 3071 | 1496 | 900 |
| | Total Assets Net (ii + iii) | **34539** | 28180 | 22485 | 18869 | 11239 | 9362 | 8780 | 8545 | 8237 | 6088 | 4689 |
| **12.** | **What the Company Owed (Rs. Crores)** | | | | | | | | | | | |
| i) | Share Capital | **362** | 362 | 362 | 362 | 300 | 300 | 300 | 300 | 300 | 150 | 150 |
| ii) | Reserves and Surplus | **11766** | 11315 | 9912 | 8778 | 6088 | 5550 | 4447 | 3697 | 3779 | 3345 | 2872 |
| iii) | Net Worth ( i +ii ) | **12128** | 11677 | 10273 | 9139 | 6388 | 5850 | 4747 | 3997 | 4079 | 3495 | 3022 |
| iv) | Borrowings | **21172** | 15022 | 10829 | 8374 | 3882 | 2690 | 3286 | 3849 | 4158 | 2593 | 1667 |
| v) | Deferred Tax Liability (net) | **1239** | 1481 | 1383 | 1356 | 969 | 822 | 747 | 699 | - | - | - |
| | Total Funds Employed (iii + iv + v) | **34539** | 28180 | 22485 | 18869 | 11239 | 9362 | 8780 | 8545 | 8237 | 6088 | 4689 |
| **13.** | **Internal Generation (Rs. Crores)** | **1282** | 2636 | 2218 | 1061 | 1282 | 1740 | 1276 | 1100 | 1231 | 1089 | 899 |
| **14.** | **Value Added (Rs. Crores)** | **10447** | 8024 | 7955 | 4781 | 4877 | 5774 | 5203 | 4372 | 4145 | 3693 | 3002 |
| **15.** | **Earnings in Foreign Exchange (Rs. Crores)** | **6567** | 7440 | 5585 | 4287 | 1945 | 1320 | 1191 | 655 | 870 | 573 | 299 |
| **16.** | **Ratios** | | | | | | | | | | | |
| i) | Gross Profit before Depreciation, Interest & Tax as % age of Sales and Other Income | **2.9** | 3.5 | 3.9 | 1.7 | 3.3 | 6.1 | 5.6 | 5.3 | 4.4 | 5.2 | 7.1 |
| ii) | Profit after Tax as % age of average Net Worth | **6.2** | 14.4 | 18.6 | 3.2 | 15.8 | 32.0 | 28.6 | 21.0 | 22.0 | 21.5 | 25.5 |
| iii) | Profit after Tax as % age of Share Capital | **203.6** | 437.2 | 499.4 | 80.7 | 321.9 | 564.9 | 416.7 | 283.3 | 277.5 | 467.8 | 470.7 |
| iv) | Average Net Worth as % age of Share Capital | **3292.4** | 3036.0 | 2685.0 | 2527.8 | 2039.7 | 1766.2 | 1457.5 | 1346.1 | 1262.4 | 2172.2 | 1848.5 |
| v) | Gross Profit before Depreciation, Interest & Tax as % age of Capital Employed | **13.1** | 15.9 | 19.4 | 8.0 | 21.2 | 41.5 | 34.8 | 26.1 | 26.7 | 31.1 | 38.5 |
| vi) | Profit before Tax as % age of Capital Employed | **3.1** | 9.5 | 12.8 | 2.3 | 13.7 | 33.1 | 25.5 | 16.4 | 14.6 | 16.8 | 24.2 |
| vii) | Profit After Tax as % age of Capital Employed (ROCE) | **2.3** | 5.8 | 8.3 | 1.6 | 9.8 | 21.3 | 16.0 | 10.5 | 10.9 | 12.5 | 17.4 |
| viii) | Debt Equity Ratio | **1.75** | 1.29 | 1.05 | 0.92 | 0.61 | 0.46 | 0.69 | 0.96 | 1.02 | 0.7 | 0.6 |
| **17.** | **Earnings per Share (Rupees)#** | **20.36** | 43.72 | 49.94 | 8.07 | 32.19 | 56.49 | 41.67 | 28.33 | 27.76* | 46.78 | 47.07 |
| **18.** | **Book Value per Share (Rupees)** | **335.48** | 323.01 | 284.19 | 252.79 | 212.95 | 194.99 | 158.25 | 133.25 | 135.98@ | 232.98 | 201.45 |

# After adjusting prior period tax

* Issue of Bonus Shares in the ratio 1:1.

** Issue of Bonus Shares in the ratio 2:1.

@ On Post-Bonus Capital

Note : The figures for the years 2005-06 and onwards are merged figures including estwhile KRL.

| 1997-98 | 1996-97 | 1995-96 | 1994-95 | 1993-94 | 1992-93 | 1991-92 | 1990-91 | 1989-90 | 1988-89 | 1987-88 | 1986-87 | 1985-86 | 1984-85 | 1980-81 | 1976 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5046 | 3949 | 3250 | 2791 | 2369 | 2057 | 1753 | 1523 | 1325 | 1122 | 955 | 752 | 601 | 495 | 96 | 46 |
| 3005 | 2276 | 1794 | 1546 | 1374 | 1193 | 1024 | 894 | 787 | 683 | 599 | 428 | 360 | 329 | 47 | 23 |
| 983 | 1170 | 462 | 258 | 184 | 84 | 124 | 114 | 80 | 31 | 14 | 90 | 109 | 58 | 87 | 26 |
| 3988 | 3446 | 2256 | 1804 | 1558 | 1277 | 1148 | 1008 | 867 | 714 | 613 | 518 | 469 | 387 | 134 | 49 |
| 150 | 150 | 150 | 150 | 50 | 50 | 50 | 50 | 50 | 28 | 28 | 28 | 28 | 17 | 15 | 15 |
| 2374 | 1935 | 1582 | 1246 | 1102 | 901 | 748 | 614 | 496 | 406 | 307 | 206 | 150 | 104 | 50 | 19 |
| 2524 | 2085 | 1732 | 1396 | 1152 | 951 | 798 | 664 | 546 | 433 | 335 | 234 | 178 | 120 | 64 | 34 |
| 1464 | 1361 | 524 | 408 | 406 | 326 | 350 | 344 | 321 | 281 | 278 | 284 | 291 | 267 | 70 | 15 |
| - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3988 | 3446 | 2256 | 1804 | 1558 | 1277 | 1148 | 1008 | 867 | 714 | 613 | 518 | 469 | 387 | 134 | 49 |
| 823 | 578 | 554 | 503 | 338 | 297 | 237 | 214 | 215 | 186 | 136 | 143 | 135 | 65 | 21 | 3 |
| 2445 | 2077 | 1956 | 1562 | 926 | 889 | 786 | 682 | 481 | 499 | 387 | 341 | 292 | 224 | 101 | 28 |
| 357 | 417 | 361 | 272 | 236 | 204 | 160 | 197 | 136 | 120 | 110 | 116 | 103 | 88 | 1 | 2 |
| 10.1 | 9.1 | 9.6 | 9.3 | 8.4 | 7.8 | 7.0 | 6.6 | 6.1 | 5.5 | 4.7 | 5.2 | 7.5 | 4.3 | 3.2 | 1.8 |
| 22.6 | 21.4 | 24.7 | 22.9 | 20.7 | 19.5 | 20.3 | 21.1 | 25.0 | 28.4 | 26.7 | 29.3 | 41.2 | 12.1 | 17.4 | 6.7 |
| 347.6 | 271.7 | 257.2 | 194.8 | 435.1 | 340.1 | 296.9 | 255.6 | 245.1 | 391.7 | 273.0 | 216.7 | 220.2 | 83.3 | 71.8 | 11.5 |
| 1536.2 | 1272.2 | 1042.4 | 849.2 | 2103.1 | 1748.5 | 1461.5 | 1210.2 | 979.8 | 1379.7 | 1021.5 | 738.9 | 534.3 | 689.8 | 412.4 | 170.9 |
| 34.0 | 33.0 | 45.9 | 50.6 | 43.1 | 47.8 | 44.1 | 46.5 | 45.5 | 44.3 | 48.4 | 51.1 | 49.0 | 37.5 | 33.5 | 21.8 |
| 20.1 | 22.6 | 33.0 | 30.4 | 28.6 | 29.5 | 28.0 | 28.7 | 25.2 | 23.8 | 23.7 | 19.0 | 19.0 | 8.4 | 19.7 | 12.6 |
| 14.6 | 13.8 | 19.5 | 19.4 | 17.2 | 17.2 | 16.3 | 17.0 | 18.5 | 19.9 | 19.4 | 16.7 | 16.9 | 5.6 | 8.9 | 3.5 |
| 0.6 | 0.7 | 0.3 | 0.3 | 0.4 | 0.3 | 0.4 | 0.5 | 0.6 | 0.6 | 0.8 | 1.2 | 1.6 | 2.2 | 1.1 | 0.4 |
| 34.76 | 27.17 | 25.72 | 19.48** | 43.51 | 34.02 | 29.69 | 25.56 | 24.51 | 37.45 | 28.01 | 21.71 | 22.01 | 6.07 | 4.68 | 0.72 |
| 168.25 | 139.00 | 115.45 | 93.04@ | 230.42 | 190.21 | 159.49 | 132.80 | 109.24 | 155.69 | 120.23 | 84.04 | 63.74 | 52.23 | 27.97 | 14.56 |

## SOURCES AND APPLICATION OF FUNDS

| | **2008-09** | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 | 2000-01 | 1999-00 | 1998-99 | 1997-98 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **SOURCES OF FUNDS** | | | | | | | | | | | | |
| **OWN** | | | | | | | | | | | | |
| Profit after Tax* | **736** | 1,581 | 1,806 | 292 | 966 | 1,695 | 1,250 | 850 | 833 | 702 | 706 | 521 |
| Capital Grants received/ (Reversed) (Net of amortisation) | – | – | (1) | 3 | – | – | – | – | – | – | – | – |
| Adjustment on account of Transitional Provisions | – | (36) | – | – | – | – | – | – | – | – | – | – |
| Depreciation | **1,084** | 1,099 | 1,056 | 771 | 596 | 562 | 478 | 483 | 646 | 616 | 401 | 384 |
| Investment | – | – | – | – | 300 | 129 | 233 | – | – | 23 | 514 | – |
| Shareholders' Investment | – | – | – | – | – | – | – | – | – | – | – | – |
| Deferred Tax Provision | **(242)** | 111 | 27 | 102 | 147 | 76 | 48 | 97 | – | – | – | – |
| **BORROWINGS** | | | | | | | | | | | | |
| Loans (net) | **6,149** | 4,193 | 2,456 | 3,715 | 1,192 | – | – | – | 1,565 | 925 | 203 | 104 |
| LPG Deposits | **237** | 232 | 154 | 150 | 170 | 238 | 183 | 198 | 385 | 345 | 168 | 247 |
| Decrease in Working Capital | **2,432** | – | 1,382 | – | – | 138 | 114 | 862 | – | – | – | 774 |
| Adjustment on account of Deletion/Re-classification, etc. | **38** | 38 | 4 | 7 | 17 | 3 | 6 | 6 | 14 | 3 | 2 | 3 |
| | **10,434** | 7,218 | 6,884 | 5,040 | 3,388 | 2,841 | 2,312 | 2,496 | 3,443 | 2,614 | 1,994 | 2,033 |
| **APPLICATION OF FUNDS** | | | | | | | | | | | | |
| Capital Expenditure | **2,389** | 2,039 | 1,808 | 2,009 | 1,509 | 1,653 | 1,249 | 924 | 1,235 | 1,422 | 1,186 | 1,115 |
| Dividend | **253** | 145 | 579 | 90 | 375 | 525 | 450 | 330 | 225 | 188 | 188 | 75 |
| Tax on distributed profits | **32** | 9 | 92 | 13 | 52 | 67 | 50 | – | 23 | 41 | 21 | 8 |
| Repayment of Loans (net) | – | – | – | – | – | 596 | 563 | 310 | – | – | – | – |
| Investment | **7,760** | 2,023 | 4,405 | 2,788 | – | – | – | 932 | 864 | – | – | 835 |
| Increase in Working Capital | – | 3,002 | – | 140 | 1,452 | – | – | – | 1,096 | 963 | 599 | – |
| | **10,434** | 7,218 | 6,884 | 5,040 | 3,388 | 2,841 | 2,312 | 2,496 | 3,443 | 2,614 | 1,994 | 2,033 |

* After adjusting prior period tax

Note : The figures for the years 2005-06 and onwards are merged figures including estwhile KRL.

| 1996-97 | 1995-96 | 1994-95 | 1993-94 | 1992-93 | 1991-92 | 1990-91 | 1989-90 | 1988-89 | 1987-88 | 1986-87 | 1985-86 | 1984-85 | 1980-81 | 1976 (Rs. Crores) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 408 | 386 | 292 | 218 | 170 | 149 | 128 | 123 | 104 | 78 | 60 | 61 | 14 | 10 | 2 |
| – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 225 | 218 | 260 | 136 | 143 | 103 | 96 | 103 | 87 | 63 | 86 | 77 | 53 | 13 | 2 |
| – | 76 | – | – | – | – | – | – | – | – | – | – | – | – | – |
| – | – | – | – | – | – | – | – | – | – | – | – | – | – | 17 |
| – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 836 | 117 | 2 | 80 | – | 6 | 22 | 40 | 3 | – | – | 24 | 75 | 62 | 12 |
| 120 | 97 | 79 | 52 | 26 | 37 | 18 | 28 | 21 | 22 | 28 | 33 | 26 | 1 | 1 |
| – | – | – | – | 54 | – | – | – | – | 55 | – | – | – | – | – |
| 2 | 5 | 4 | 1 | 4 | 1 | – | 3 | 2 | 1 | – | 3 | – | – | (8) |
| 1,591 | 899 | 637 | 487 | 397 | 296 | 264 | 297 | 217 | 219 | 174 | 198 | 168 | 86 | 26 |
| 709 | 472 | 435 | 319 | 316 | 234 | 203 | 210 | 173 | 207 | 154 | 110 | 154 | 23 | 2 |
| 49 | 49 | 49 | 16 | 17 | 15 | 10 | 10 | 6 | 6 | 4 | 4 | 2 | 2 | 2 |
| 5 | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| – | – | – | – | 25 | – | – | – | – | 6 | 7 | – | – | – | – |
| 79 | – | 92 | 72 | 39 | 7 | 27 | 2 | 1 | – | – | – | 1 | – | – |
| 749 | 378 | 61 | 80 | – | 40 | 24 | 75 | 37 | – | 9 | 84 | 11 | 61 | 22 |
| 1,591 | 899 | 637 | 487 | 397 | 296 | 264 | 297 | 217 | 219 | 174 | 198 | 168 | 86 | 26 |

## SALES VOLUME (‘000 MT)

| | **2008-09** | | 2007-08 | | 2006-07 | | 2005-06 | | 2004-05 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Sales** | **Market Share (%)** | Sales | Market Share (%) | Sales | Market Share (%) | Sales | Market Share (%) | Sales | Market Share (%) |
| **Light Distillates:** | | | | | | | | | | |
| Naphtha | **1,129** | **20.6** | 1,022 | 20.8 | 1,136 | 22.2 | 1,307 | 25.4 | 1,047 | 16.0 |
| LPG (Bulk & Packed) | **3,033** | **26.2** | 2,933 | 26.4 | 2,734 | 26.3 | 2,586 | 26.1 | 2,593 | 26.1 |
| Motor Spirit | **3,229** | **28.9** | 2,914 | 29.5 | 2,635 | 29.9 | 2,475 | 30.0 | 2,460 | 30.0 |
| Special Boiling Point Spirit/ Hexane | **34** | **29.5** | 32 | 26.6 | 35 | 27.2 | 36 | 17.5 | 24 | 16.9 |
| Benzene | **73** | **88.3** | 87 | 87.4 | 101 | 98.5 | 59 | 88.5 | 48 | 53.2 |
| Toluene | **27** | **97.4** | 27 | 91.0 | 40 | 89.4 | 44 | 92.6 | 11 | 20.3 |
| Polypropylene Feedstock | **62** | | 62 | | 46 | | 38 | | 49 | |
| Regassified – LNG | **866** | | 905 | | 679 | | 479 | | 250 | |
| Others | **204** | | 207 | | 167 | | 122 | | 79 | |
| Sub Total | **8,657** | | 8,189 | | 7,573 | | 7,146 | | 6,561 | |
| **Middle Distillates:** | | | | | | | | | | |
| Aviation Turbine Fuel | **917** | **21.0** | 959 | 21.1 | 880 | 21.9 | 680 | 20.6 | 587 | 20.6 |
| Superior Kerosene Oil | **1,599** | **16.8** | 1,637 | 17.0 | 1,643 | 17.1 | 1,626 | 16.9 | 1,619 | 16.8 |
| High Speed Diesel | **12,630** | **24.6** | 11,482 | 24.7 | 9,922 | 24.4 | 8,551 | 23.5 | 9,112 | 23.9 |
| Light Diesel Oil | **78** | **14.2** | 107 | 16.1 | 113 | 15.7 | 156 | 18.7 | 158 | 14.5 |
| Mineral Turpentine Oil | **84** | **53.2** | 102 | 55.1 | 113 | 59.9 | 124 | 61.9 | 85 | 36.8 |
| Others | | | | | | | | | 7 | |
| Sub Total | **15,308** | | 14,287 | | 12,671 | | 11,137 | | 11,568 | |
| **Others:** | | | | | | | | | | |
| Furnace Oil | **1,644** | **21.1** | 1,745 | 21.6 | 1,923 | 23.6 | 1,944 | 23.7 | 1,671 | 20.7 |
| Low Sulphur Heavy Stock | **591** | **18.6** | 600 | 18.5 | 585 | 17.5 | 753 | 19.3 | 708 | 16.2 |
| Bitumen | **680** | **15.0** | 653 | 14.6 | 490 | 12.8 | 480 | 13.8 | 387 | 11.7 |
| Lubricants | **203** | **20.1** | 232 | 20.5 | 133 | 14.6 | 116 | 13.0 | 117 | 14.1 |
| Others | **76** | **16.6** | 80 | | 77 | | 54 | | 14 | |
| Sub Total | **3,194** | | 3,310 | | 3,208 | | 3,347 | | 2,897 | |
| **Grand Total** | **27,159** | **22.62** | 25,786 | 22.66 | 23,452 | 22.63 | 21,630 | 22.37 | 21,026 | 21.92 |

Note 1: Market Share is based on Sales Volumes of Public Sector Oil Companies.

Note 2: The figures for the years 2005-06 and onwards are merged figures including erstwhile KRL.

## PRODUCTION ('000 MT)

| | **2008-09** | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|---|---|---|---|---|---|
| **Light Distillates:** | | | | | |
| Naphtha | **1821** | 2057 | 1810 | 1957 | 1125 |
| LPG | **818** | 890 | 822 | 739 | 359 |
| Motor Spirit | **2081** | 2054 | 1856 | 1632 | 929 |
| Special Boiling Point Spirit/Hexane | **33** | 33 | 37 | 44 | 24 |
| Benzene | **80** | 88 | 104 | 61 | 44 |
| Toluene | **28** | 26 | 40 | 43 | 10 |
| Polypropylene Feedstock | **62** | 63 | 46 | 38 | 48 |
| Others | **1** | 3 | 3 | 3 | 0 |
| Sub Total | **4924** | 5214 | 4718 | 4517 | 2539 |
| **Middle Distillates:** | | | | | |
| Aviation Turbine Fuel | **981** | 984 | 706 | 536 | 329 |
| Superior Kerosene Oil | **996** | 1403 | 1745 | 1551 | 772 |
| High Speed Diesel | **7805** | 7960 | 6939 | 5785 | 2828 |
| Light Diesel Oil | **84** | 109 | 151 | 165 | 164 |
| Mineral Turpentine Oil | **84** | 98 | 115 | 128 | 85 |
| Lube Oil Base Stock | **155** | 154 | 105 | 0 | 0 |
| Sub Total | **10104** | 10708 | 9762 | 8165 | 4178 |
| **Heavy Ends :** | | | | | |
| Furnace Oil | **2254** | 2360 | 2871 | 2209 | 1041 |
| Low Sulphur Heavy Stock | **593** | 574 | 569 | 706 | 518 |
| Sulphur | **78** | 81 | 71 | 48 | 15 |
| Bitumen | **661** | 622 | 481 | 439 | 307 |
| Others | **15** | 11 | | | |
| Sub Total | **3600** | 3648 | 3993 | 3402 | 1881 |
| **Grand Total** | **18629** | 19570 | 18472 | 16084 | 8598 |

## Lubricants Production (MT)

| **2008-09** | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|---|---|---|---|---|
| **151788** | 161957 | 116337 | 100461 | 106287 |

## Quantity of LPG Filled in Cylinders (MT)

| **2008-09** | 2007-08 | 2006-07 | 2005-06 | 2004-05 |
|---|---|---|---|---|
| **2760136** | 2657199 | 2468571 | 2349675 | 2355545 |

Note: The figures for the years 2005-06 and onwards are merged figures including erstwhile KRL

## HOW VALUE IS GENERATED

| | 2008-09 | 2007-08 |
|---|---|---|
| | | **Rs. Crores** |
| Value of Production (Refinery) | **63,982** | 56,925 |
| Less: Direct Materials Consumed | **(53,893)** | (48,842) |
| Added Value | **10,089** | 8,083 |
| Marketing Operations | **116** | (83) |
| Value added by Manufacturing & Trading Operations | **10,205** | 8,000 |
| Add: Other Income and prior period items | **1,495** | 1,521 |
| **Total Value Generated** | **11,700** | 9,521 |

## HOW VALUE IS DISTRIBUTED

| | | 2008-09 | | 2007-08 |
|---|---|---|---|---|
| | | | | **Rs. Crores** |
| 1. OPERATIONS | | | | |
| Operating & Service Costs | | **5,811** | | 3,880 |
| 2. EMPLOYEES' BENEFITS | | | | |
| Salaries, Wages & Bonus | **1,026** | | 1,012 | |
| Other Benefits | **859** | **1,885** | 285 | 1,297 |
| 3. PROVIDERS OF CAPITAL | | | | |
| Interest on Borrowings | **2,166** | | 672 | |
| Dividend | **285** | **2,451** | 154 | 826 |
| 4. INCOME TAX | | **268** | | 906 |
| 5. RE-INVESTMENT IN BUSINESS | | | | |
| Depreciation | **1,076** | | 1,098 | |
| Deferred Tax | **(242)** | | 111 | |
| Retained Profit | **451** | **1,285** | 1,403 | 2,612 |
| **Total Value Distributed** | | **11,700** | | 9,521 |

# AUDITOR'S REPORT TO THE MEMBERS OF BHARAT PETROLEUM CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **BHARAT PETROLEUM CORPORATION LIMITED** as at 31st March 2009 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order'), issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:

   a) 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.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.

   c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.

   d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   e) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs.

   f) Without qualifying our opinion, we invite attention to Note No. 10 of Schedule X – Notes to Accounts, regarding impairment of assets wherein, being technical matters subject to uncertainty we have relied on the estimates and assumptions made by the Company in arriving at recoverable value of assets, based on desired margins.

   g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;

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

      iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
**B. K. KHARE AND CO.**
Chartered Accountants

Sd/-
**PADMINI KHARE KAICKER**
Partner
M. No. 44784

Place : Mumbai
Dated : May 29, 2009

**Referred to in Paragraph (3) of our report of even date on the accounts of BHARAT PETROLEUM CORPORATION LIMITED for the year ended 31st March 2009.**

(i) In respect of fixed assets

a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets except in respect of items like pipes, valves, meters, instruments and other similar items peculiar to a continuous process plants.

b) The Company has carried out physical verification of fixed assets, other than LPG cylinders with customers, in accordance with the verification programme and the frequency of verification is reasonable. According to information and explanations given to us, no material discrepancies have been reported on such verification.

c) In our opinion, the disposals of fixed assets during the year are not of the significant value so as to affect the going concern assumption.

(ii) In respect of inventories:

a) The inventories of finished goods, stores, spares parts and raw materials, except those lying with third parties and in transit, have been verified by the management at reasonable intervals. In respect of inventories lying with third parties, these have been confirmed by them.

b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were generally reasonable and adequate in relation to the size of the company and the nature of its business.

c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the records of inventories.

(iii) Based on the audit procedures applied by us and according to the information and explanations given to us, the company has not granted or taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (b) to (d), (f) and (g) of sub-para (iii) of para 4 of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of a special nature and suitable alternative sources do not exist for obtaining comparable quotations, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

(v) In respect of transactions entered in the register maintained under section 301 of the Companies Act, 1956:

a) In our opinion and according to the information and explanation given to us, there were no transactions that need to be entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956.

b) As there are no transactions that need to be entered in the Register maintained pursuant to section 301 of the Companies Act, 1956, sub-clause (b) of sub-para (v) of Para 4 of the Order regarding reasonability of price at which such transactions have been entered is not applicable.

(vi) In our opinion and according to the information and explanation given to us, the company has complied with the directives issued by the Reserve Bank of India, the provision of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.

(vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed records have been kept and maintained. We have not made a detailed examination of these records.

(ix) According to the information and explanations given to us, in respect of statutory and other dues:

a) According to the records of the Company, the company has been generally regular in depositing undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees' State Insurance Fund, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty, cess and any other statutory dues, with appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were outstanding, at the year end for a period of more than six months from the date they became payable.

b) The details of disputed dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty, cess, which have not been deposited are given in Annexure I.

(x) The company does not have any accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not defaulted in repayment of dues to Financial Institutions / Banks.

(xii) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.

(xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.

(xiv) (a) The Company does not deal or trade in shares, securities, debentures and other investments.

(b) The shares, securities, debentures and other investments are held by the Company in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.

(xv) The Company has given guarantees for loans taken by others from banks or financial institutions, aggregating to Rs. 611 crore (USD 120 Million) where the terms and conditions, according to the information and explanations given to us, and in our opinion, are not prima facie prejudicial to the interests of the Company.

(xvi) In our opinion, the term loans obtained during the year, prima facie, have been applied for the purpose for which the loans were raised.

(xvii) According to the information and explanations given to us, based on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act 1956

(xix) The Company has created security / charge on the debentures issued during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) As presented to us by the management and based on our examination in the normal course of audit, no material frauds on or by the Company have been noticed or reported during the year.

For and on behalf of
**B. K. KHARE AND CO.**
Chartered Accountants

Sd/-
**PADMINI KHARE KAICKER**
Partner
M. No. 44784

Place : Mumbai
Dated : May 29, 2009

**Annexure 1**
(Amount in Rs. Crores)

| Nature of Statute / Nature of Dues | Period Block | Forum where Dispute is pending | | | | | | | Grand Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Supreme Court | High Court | Appellate Tribunal* | Appellate Authority** | Adjudicating Authority*** | Joint Secretary, MOF | Board of Revenue | |
| Customs Act, 1962 (Customs Duty Including Penalty & Interest, wherever applicable) | 1995 to 2000 | – | – | 52.45 | – | 3.25 | – | – | 55.70 |
| | 2000 to 2005 | – | – | 14.35 | 2.07 | 5.08 | – | – | 21.50 |
| | 2005 to 2009 | – | – | – | 0.01 | 5.34 | – | – | 5.35 |
| **Customs Duty Total** | | – | – | **66.80** | **2.08** | **13.67** | – | – | **82.55** |
| Central Excise Act, 1944 (Excise Duty Including Penalty & Interest, wherever applicable) | 1985 to 1990 | – | – | – | 0.07 | – | – | – | 0.07 |
| | 1990 to 1995 | – | – | 0.01 | 0.24 | – | – | – | 0.25 |
| | 1995 to 2000 | 12.31 | – | 31.28 | 23.23 | – | – | – | 66.82 |
| | 2000 to 2005 | – | – | 979.90 | 189.07 | – | 0.10 | – | 1,169.07 |
| | 2005 to 2009 | – | – | 170.01 | 7.29 | – | 0.18 | – | 177.48 |
| **Excise Duty Total** | | **12.31** | – | **1,181.20** | **219.89** | – | **0.29** | – | **1,413.68** |
| Sales Tax/ VAT Legislations (Sales Tax Including Penalty & Interest, wherever applicable) | 1980 to 1985 | – | 0.04 | 0.09 | – | – | – | – | 0.13 |
| | 1985 to 1990 | – | 1.70 | 0.36 | 18.65 | 1.55 | – | 0.02 | 22.27 |
| | 1990 to 1995 | – | 11.06 | 6.24 | 12.05 | 56.88 | – | – | 86.24 |
| | 1995 to 2000 | – | 4.10 | 269.70 | 780.14 | 102.74 | – | 1.00 | 1,157.68 |
| | 2000 to 2005 | 0.86 | 295.34 | 2.65 | 801.36 | 6.27 | – | – | 1,106.48 |
| | 2005 to 2009 | – | – | 86.61 | 12.86 | 27.28 | – | – | 126.75 |
| **Sales Tax Total** | | **0.86** | **312.23** | **365.65** | **1,625.07** | **194.71** | – | **1.02** | **2,499.54** |
| Income Tax Act, 1961 (Income Tax including Penalty & Interest, wherever applicable) | 1990 to 1995 | – | 6.73 | 0.22 | – | – | – | – | 6.95 |
| | 1995 to 2000 | – | 0.26 | 0.48 | 1.35 | – | – | – | 2.09 |
| | 2000 to 2005 | – | – | 5.51 | – | – | – | – | 5.51 |
| **Income Tax Total** | | – | **6.99** | **6.21** | **1.35** | – | – | – | **14.56** |
| Finance Act, 1994 (Service Tax) | 2000 to 2005 | – | – | – | 0.21 | – | – | – | 0.21 |
| | 2005 to 2009 | – | – | – | 0.28 | – | – | – | 0.28 |
| **Service Tax Total** | | – | – | – | **0.49** | – | – | – | **0.49** |
| **Grand Total** | | **13.17** | **319.23** | **1,619.86** | **1,848.87** | **208.38** | **0.29** | **1.02** | **4,010.81** |

* Appellate Tribunal includes Sales Tax Tribunal, CESTAT and ITAT.

** Apellate Authority includes Commissioner Appeals, Assistant Commissioner Appeals, Deputy Commissioner Appeals, Joint Commissioner Appeals and Deputy Commissioner Commercial Taxes Appeals.

*** Adjudicating Authority includes Collector of Sales Tax, Sales Tax Officer and Deputy Commissioner Sales Tax, Joint / Deputy/ Additional Commissioner of Commercial Taxes

# BALANCE SHEET AS AT 31ST MARCH, 2009

| | SCHEDULE | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|---|
| **I. SOURCES OF FUNDS** | | | |
| **1. Shareholders' funds:** | | | |
| Share Capital | A | **361.54** | 361.54 |
| Reserves and Surplus | B | **11,766.57** | 11,315.29 |
| | | **12,128.11** | 11,676.83 |
| **2. Loan funds:** | C | | |
| Secured Loans | | **3,661.60** | 2,730.21 |
| Unsecured Loans | | **17,509.81** | 12,292.17 |
| | | **21 ,171.41** | 15,022.38 |
| **3. Deferred tax liability (net)** | | **1,239.24** | 1,481.37 |
| **TOTAL** | | **34,538.76** | 28,180.58 |
| **II. APPLICATION OF FUNDS** | | | |
| **1. Fixed Assets:** | D | | |
| Gross block | | **22,522.33** | 21,500.93 |
| Less: Depreciation and amortisation | | **(10,556.54)** | (9,532.26) |
| Net block | | **11,965.79** | 11,968.67 |
| Capital work-in-progress | E | **2,037.48** | 766.71 |
| | | **14,003.27** | 12,735.38 |
| **2. Investments** | F | **16,715.19** | 9,358.01 |
| **3. Advance for Investments** | FA | **1,363.19** | 960.20 |
| **4. Current assets, loans and advances:** | | | |
| Inventories | G | **6,823.92** | 10,603.84 |
| Sundry debtors | H | **1,425.67** | 1,608.61 |
| Cash and bank balances | I | **441.55** | 961.59 |
| Other current assets | J | **3,094.51** | 4,932.87 |
| Loans and advances | K | **3,502.77** | 1,600.45 |
| | | **15,288.42** | 19,707.36 |
| **Less: Current liabilities and provisions:** | | | |
| Liabilities | L | **11,118.87** | 13,594.11 |
| Provisions | M | **1,712.44** | 986.26 |
| | | **12,831.31** | 14,580.37 |
| **Net current assets** | | **2,457.11** | 5,126.99 |
| **TOTAL** | | **34,538.76** | 28,180.58 |
| Statement of Significant Accounting Policies and Notes forming part of Accounts | X | | |

For and on behalf of the Board of Directors

Sd/-
**ASHOK SINHA**
Chairman and Managing Director

Sd/-
**S. K. JOSHI**
Director (Finance)

Sd/-
**N. VISWAKUMAR**
Company Secretary

Place : Mumbai
Dated : 29th May, 2009

As per our attached report of even date
For and on behalf of
**B. K. KHARE & CO.**
Chartered Accountants
Sd/-
**PADMINI KHARE KAICKER**
Partner
Membership No. 44784

# PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | SCHEDULE | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|---|
| **INCOME** | | | |
| Sale of products & related income | N | **145,392.07** | 121,684.07 |
| Less: Excise Duty Paid | | **(10,154.37)** | (11,137.31) |
| | | **135,237.70** | 110,546.76 |
| Miscellaneous income | O | **1,508.74** | 1,395.42 |
| Increase/(Decrease) in Inventory | P | **(1,575.88)** | (392.50) |
| **TOTAL** | | **135,170.56** | 111,549.68 |
| **EXPENDITURE** | | | |
| Purchase of products for resale | | **67,867.81** | 52,664.64 |
| Raw materials consumed | Q | **53,936.93** | 48,921.93 |
| Packages consumed | | **107.51** | 87.19 |
| Excise Duty on Inventory differential | | **(10.49)** | (203.61) |
| Other duties, taxes etc. and other charges applicable to products | | **1,174.76** | 542.24 |
| Transportation | | **2,426.14** | 2,052.39 |
| Consumption of stores, spares and materials | R | **79.04** | 70.23 |
| Power and Fuel | S | **67.17** | 61.75 |
| Employees' remuneration and other benefits | T | **1,884.88** | 1,297.20 |
| Interest | U | **2,166.37** | 672.47 |
| Other operating and administration expenses | V | **3,377.34** | 1,813.13 |
| Depreciation and amortisation | | **1,075.53** | 1,098.21 |
| **TOTAL** | | **134,152.99** | 109,077.77 |
| **Profit** | | **1,017.57** | 2,471.91 |
| Prior period income/(expenses) net | W | **(13.46)** | 125.38 |
| **Profit before tax** | | **1,004.11** | 2,597.29 |
| Provision for Taxation | | | |
| – Current Tax | | **490.00** | 883.90 |
| – Fringe Benefit Tax | | **13.25** | 15.30 |
| – Deferred Tax (Net) | | **(242.13)** | 110.80 |
| – Short provision for Taxation in earlier years provided for | | **7.09** | 6.73 |
| **Profit after tax** | | **735.90** | 1,580.56 |
| Transfer from/(to) Debenture Redemption Reserve | | **(300.00)** | – |
| Balance brought forward | | **#** | # |
| **Disposable Profit** | | **435.90** | 1,580.56 |
| **Appropriations:** | | | |
| Proposed dividend | | **253.08** | 144.62 |
| Corporate Dividend Tax on proposed dividend | | **31.45** | 9.16 |
| | | **284.53** | 153.78 |
| Transfer to General Reserve | | **75.00** | 1,426.78 |
| **Balance Carried to Balance Sheet** | | **76.37** | # |
| # Rs. 10,000.00 | | | |
| **Earnings per Share – Rs.** | | | |
| – **Basic** | | **20.35** | 43.72 |
| – **Diluted** | | **20.35** | 43.72 |
| Statement of Significant Accounting Policies and Notes forming part of Accounts | X | | |

For and on behalf of the Board of Directors

Sd/-
**ASHOK SINHA**
Chairman and Managing Director

Sd/-
**S. K. JOSHI**
Director (Finance)

Sd/-
**N. VISWAKUMAR**
Company Secretary

Place : Mumbai
Dated : 29th May, 2009

As per our attached report of even date

For and on behalf of
**B. K. KHARE & CO.**
Chartered Accountants
Sd/-
**PADMINI KHARE KAICKER**
Partner
Membership No. 44784

## SCHEDULE 'A' – SHARE CAPITAL

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **Authorised** | | |
| 450,000,000 equity shares of Rs.10 each | **450.00** | 450.00 |
| | **450.00** | 450.00 |
| **Issued, subscribed and paid-up** | | |
| 361,542,124 (previous year 361,542,124) equity shares of Rs. 10 each fully paid-up * | **361.54** | 361.54 |
| **Total** | **361.54** | 361.54 |
| Share Application Money Suspense Account | **#** | # |
| **Total** | **361.54** | 361.54 |

* Includes:

i) 22,950,000 equity 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.

ii) 277,000,000 equity shares of Rs. 10 each allotted as fully paid bonus shares by capitalisation of Capital Reserve and General Reserve.

iii) 61,542,124 equity shares of Rs. 10 each issued as fully paid-up to the Shareholders of erstwhile Kochi Refineries Limited as per the Scheme of Amalgamation.

\# Value Rs. 21,000

## SCHEDULE 'B' – RESERVES AND SURPLUS

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **Capital Reserve** | | |
| As per last Balance Sheet | **15.03** | 15.15 |
| Add/(Less): Grant received/(reversed) during the year | **–** | (0.03) |
| (Less): Amortisation of Capital Grant | **(0.09)** | (0.09) |
| | **14.94** | 15.03 |
| **Debenture Redemption Reserve** | | |
| As per last Balance Sheet | **–** | – |
| Add: Transfer from Profit & Loss Account | **300.00** | – |
| | **300.00** | – |
| **General Reserve** | | |
| As per last Balance Sheet | **11,300.26** | 9,896.84 |
| Add: Transfer from Profit & Loss Account | **75.00** | 1,426.78 |
| (Less): Transitional provision for Employee Benefits | **–** | (23.36) |
| | **11,375.26** | 11,300.26 |
| **Surplus as per Profit & Loss Account** | **76.37** | # |
| **Total** | **11,766.57** | 11,315.29 |

\# Value Rs. 10,000

## SCHEDULE 'C' – LOAN FUNDS

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Secured Loans** | | |
| **Debentures** | **1,000.00** | – |
| (refer note 3 of Schedule 'X'-B) | | |
| **Banks** | | |
| Working Capital Loans/Cash Credit | **2,497.70** | 930.12 |
| (Secured in favour of the participating banks ranking pari passu inter-alia by hypothecation of raw materials, finished goods, stock-in-process, book debts, stores, components and spares and all movables both present and future) | | |
| Interest accrued and due | **13.90** | 0.09 |
| Term Loan | **–** | 800.00 |
| Collateralised Borrowing and Lending Obligation (CBLO) through Clearing Corporation of India Limited | **150.00** | 1,000.00 |
| [Secured by Oil Marketing Companies GOI Special Bonds 2023 of **Rs. 1,300.00 crores** (previous year Rs. 1,398.70 crores)] | | |
| | **3,661.60** | 2,730.21 |
| **Unsecured Loans** | | |
| **Fixed deposits** | **3.45** | 28.80 |
| [Due for repayment within one year **Rs. 3.01 crores** (previous year Rs. 25.09 crores)] | | |
| **Short Term (From Banks)** | | |
| Rupee Loans | **12,855.00** | 6,265.00 |
| Foreign Currency Loans | **2,060.25** | 3,906.14 |
| **Syndicated Loans from various banks (repayable in foreign currency)** | **1,829.61** | 1,438.99 |
| [Due for repayment within one year **Rs. 606.07 crores** (previous year Rs. Nil)] | | |
| **Others** | | |
| Oil Industry Development Board | **761.50** | 653.24 |
| [Due for repayment within one year **Rs. 203.13 crores** (previous year Rs. 364.90 crores)] | | |
| | **17,509.81** | 12,292.17 |
| **Total** | **21,171.41** | 15,022.38 |

# SCHEDULE 'D' – FIXED ASSETS

Rs. Crores

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION AND AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AS AT 01-04-2008 | ADDITIONS | DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI-CATIONS | **AS AT 31-03-2009** | UPTO 31-03-2008 | THIS YEAR | DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI-CATIONS | **UPTO 31-03-2009** | **AS AT 31-03-2009** | AS AT 31-03-2008 |
| (1) | (2) | (3) | (4) | **(5)** | (6) | (7) | (8) | **(9)** | **(10)** | (11) |
| 1. LAND | | | | | | | | | | |
| (a) Freehold | 389.14 | 8.40 | 7.77 | **389.77** | – | – | – | – | **389.77** | 389.14 |
| (b) Leasehold | 98.24 | 4.20 | – | **102.44** | 15.09 | 1.92 | – | **17.01** | **85.43** | 83.15 |
| 2. BUILDINGS | 3,641.66 | 336.92 | 6.02 | **3,972.56** | 446.84 | 79.11 | 2.69 | **523.26** | **3,449.30** | 3,194.83 |
| 3. RAILWAY SIDINGS | 221.65 | 0.15 | (0.19) | **221.99** | 100.82 | 10.55 | (0.10) | **111.47** | **110.52** | 120.83 |
| 4. PLANT and MACHINERY | 6,518.97 | 96.78 | 34.75 | **6,581.00** | 2,623.63 | 314.25 | 16.09 | **2,921.79** | **3,659.21** | 3,895.34 |
| 5. TANKS and PIPELINES | 3,885.38 | 87.04 | 23.45 | **3,948.97** | 1,635.93 | 242.07 | 7.56 | **1,870.44** | **2,078.53** | 2,249.45 |
| 6. FURNITURE and FITTINGS | 149.64 | 20.37 | 1.36 | **168.65** | 64.97 | 11.28 | 2.77 | **73.48** | **95.17** | 84.66 |
| 7. VEHICLES | 140.66 | 13.70 | 2.35 | **152.01** | 74.24 | 11.79 | 2.05 | **83.98** | **68.03** | 66.42 |
| 8. OTHER ASSETS | | | | | | | | | | |
| (a) Dispensing Pumps | 1,273.46 | 141.89 | (0.67) | **1,416.02** | 284.25 | 62.91 | 0.63 | **346.53** | **1,069.49** | 989.21 |
| (b) LPG Cylinders and Allied Equipment | 3,574.31 | 230.24 | 5.43 | **3,799.12** | 3,574.31 | 230.24 | 5.43 | **3,799.12** | – | – |
| (c) Sundries | 1,527.20 | 175.99 | 16.90 | **1,686.29** | 680.58 | 108.72 | 22.21 | **767.09** | **919.20** | 846.62 |
| 9. INTANGIBLE ASSETS (refer Note 19 of Schedule 'X'-B) | 80.62 | 2.89 | – | **83.51** | 31.60 | 10.77 | – | **42.37** | **41.14** | 49.02 |
| **TOTAL** | **21,500.93** | **1,118.57** | **97.17** | **22,522.33** | **9,532.26** | **1,083.61** | **59.33** | **10,556.54** | **11,965.79** | **11,968.67** |
| PREVIOUS YEAR | 19,457.58 | 2,152.16 | 108.81 | 21,500.93 | 8,476.53 | 1,102.03 | 46.31 | 9,532.26 | 11,968.67 | 10,981.04 |

NOTES:

1) Land:
   a) Freehold land includes **Rs. 31.73 crores** (previous year Rs. 42.17 crores) with more than 99 years lease period.
   b) Freehold land includes **Rs. 88.05 crores** (previous year Rs. 99.91 crores) capitalised at various locations for which conveyance deeds are yet to be executed and/or mutation is pending.
   c) Includes the following which though in the possession of Corporation, the lease deeds are yet to be registered:
      i) Land acquired on lease for a period exceeding 99 years **Rs. 0.91 crores** (previous year Rs. 0.91 crores).
      ii) Other leasehold land – Gross Block **Rs. 0.60 crores** (previous year Rs. 0.60 crores), Net Block **Rs. 0.48 crore** (previous year Rs. 0.49 crores).
   d) Freehold land includes **Rs. 2.13 crores** (previous year Rs. 2.13 crores) which is in the process of being surrendered to competent authority.
2) Buildings include:
   a) Ownership flats of **Rs. 47.92 crores** (previous year Rs. 47.92 crores) in proposed/existing co-operative societies and others.
   b) Residential flats and office complex which are in possession of the Corporation and in respect of which the lease deeds are yet to be registered: Gross Block **Rs. 30.87 crores** (previous year Rs. 30.87 crores), Net Block **Rs. 28.72 crores** (previous year Rs. 29.20 crores).
3) Land, Plant & Machinery, Tanks & Pipelines, Railway Sidings and Buildings jointly owned in varying extent with other Oil Companies/Railways: Gross Block **Rs. 192.41 crores** (previous year Rs. 181.51 crores), Cumulative Depreciation **Rs. 77.67 crores** (previous year Rs. 67.07 crores), Net Block **Rs. 114.75 crores** (previous year Rs. 114.44 crores).
4) Buildings, Plant & Machinery and Sundries includes **Rs. 14.25 crores** (previous year Rs. 12.83 crores) towards assets, ownership of which does not vest with the Corporation. This amount is amortised over a period of five years. The amount charged off as depreciation for the current year is **Rs. 1.87 crores** (previous year Rs. 0.96 crores).
5) Deduction from Gross Block (column 4) includes:
   a) Write back of excess capitalisation of **Rs. 42.99 crores** (previous year Rs. 27.31 crores).
   b) Deletions during the year **Rs. 54.18 crores** (previous year Rs. 81.50 crores).
6) Depreciation for the year (column 7) includes :-
   a) Charged to Profit & Loss account **Rs. 1,082.25 crores** (previous year Rs. 1,100.12 crores).
   b) Charged to Prior Period expenses **Rs. 1.36 crores** (previous year Rs. 1.91 crores).
7) Deductions from depreciation (column 8) includes withdrawal of depreciation:
   a) On excess capitalisation **Rs. 3.50 crores** (previous year Rs. 3.23 crores).
   b) On deletion during the year **Rs. 48.77 crores** (previous year Rs. 43.02 crores).
   c) On reclassification of assets **Rs. 3.22 crores** (previous year Rs. 0.06 crores)
   d) Credited to Prior Period **Rs. 3.84 crores** (previous year Nil)
8) Gross Block includes **Rs. 6.62 crores** (previous year Rs. 9.52 crores) towards assets which are identified as held for disposal during the year in respect of which additional depreciation of **Rs. 4.13 crores** (previous year Rs. 4.30 crores) has been provided to recognise the expected loss on disposal.

## SCHEDULE 'E' - CAPITAL WORK-IN-PROGRESS

| | | 31/03/2008 | | 31/03/2008 |
|---|---|---|---|---|
| | | | **Rs. Crores** | Rs. Crores |
| **Capital work-in-progress (at cost)** | | | | |
| Work-in-progress | | | **1,559.37** | 398.68 |
| Capital Advances (Unsecured, Considered good) | | | **116.04** | 130.64 |
| Capital stores including lying with contractors | | | **285.96** | 195.57 |
| Capital goods in transit | | | **13.02** | 23.77 |
| Intangible assets pending amortisation (refer Note 19 of Schedule 'X'-B) | | | **5.96** | –- |
| **Construction period expenses** | | | | |
| Opening balance | **18.05** | 38.02 | | |
| **Add: Expenditure during the year** | | | | |
| Establishment charges | **21.51** | 12.36 | | |
| Interest | **14.02** | 8.23 | | |
| Others | **8.75** | 13.68 | | |
| | **62.33** | 72.29 | | |
| Less: Allocated to assets capitalised during the year | **(5.20)** | (54.24) | | |
| Closing balance | | | **57.13** | 18.05 |
| **Total** | | | **2,037.48** | 766.71 |

| | | No. | Face Value | Book Value | 31/03/2008 |
|---|---|---|---|---|---|
| | | | Rs. Crores | Rs. Crores | Rs. Crores |
| | **CURRENT** | | | | |
| | (Current Investments are valued at lower of cost or fair market value) | | | | |
| | **IN GOVERNMENT SECURITIES** | | | | |
| | NON TRADE - QUOTED | | | | |
| 1 | 6.35% Oil Marketing Companies GOI Special Bonds 2024 | | **1,605.80** | **1,605.80** | – |
| 2 | 6.90% Oil Marketing Companies GOI Special Bonds 2026 | | **330.00** | **330.00** | – |
| 3 | 6.96% Oil Marketing Companies GOI Special Bonds 2009 | | – | – | 37.00 |
| 4 | 7.00% Oil Marketing Companies GOI Special Bonds 2012 | | **3.39** | **3.39** | 1,308.39 |
| 5 | 7.47% Oil Marketing Companies GOI Special Bonds 2012 | | – | – | 175.00 |
| 6 | 7.59% Oil Marketing Companies GOI Special Bonds 2015 | | **2.31** | **2.31** | 2.31 |
| 7 | 7.61% Oil Marketing Companies GOI Special Bonds 2015 | | **0.81** | **0.81** | 0.81 |
| 8 | 7.75% Oil Marketing Companies GOI Special Bonds 2021 | | – | – | 755.00 |
| 9 | 7.95% Oil Marketing Companies GOI Special Bonds 2025 | | **695.63** | **695.63** | 2,524.63 |
| 10 | 8.00% Oil Marketing Companies GOI Special Bonds 2026 | | **2,144.32** | **2,144.32** | – |
| 11 | 8.01% Oil Marketing Companies GOI Special Bonds 2023 | | **16.00** | **16.00** | 586.00 |
| 12 | 8.13% Oil Marketing Companies GOI Special Bonds 2021 | | **2.80** | **2.80** | 432.80 |
| 13 | 8.20% Oil Marketing Companies GOI Special Bonds 2023 * | | **2,860.76** | **2,860.76** | – |
| 14 | 8.20% Oil Marketing Companies GOI Special Bonds 2024 | | **1.03** | **1.03** | 181.03 |
| 15 | 8.40% Oil Marketing Companies GOI Special Bonds 2025 | | **1.92** | **1.92** | 2,078.92 |
| 16 | 8.40% Oil Marketing Companies GOI Special Bonds 2026 | | **2.87** | **2.87** | 747.87 |
| | | | | **7,667.64** | 8,829.76 |
| | Less: Provision for dimunition in value of investment | | | | |
| | in 6.35% Oil Marketing Companies GOI Special Bonds 2024 | | | **(252.92)** | – |
| | in 6.90% Oil Marketing Companies GOI Special Bonds 2026 | | | **(23.08)** | – |
| | in 6.96% Oil Marketing Companies GOI Special Bonds 2009 | | | – | (0.39) |
| | in 7.00% Oil Marketing Companies GOI Special Bonds 2012 | | | – | (78.50) |
| | in 7.47% Oil Marketing Companies GOI Special Bonds 2012 | | | – | (0.54) |
| | in 7.61% Oil Marketing Companies GOI Special Bonds 2015 | | | – | (0.01) |
| | in 7.59% Oil Marketing Companies GOI Special Bonds 2015 | | | – | (0.03) |
| | in 8.13% Oil Marketing Companies GOI Special Bonds 2021 | | | – | (17.77) |
| | in 7.75% Oil Marketing Companies GOI Special Bonds 2021 | | | – | (26.43) |
| | in 8.01% Oil Marketing Companies GOI Special Bonds 2023 | | | – | (32.23) |
| | in 7.95% Oil Marketing Companies GOI Special Bonds 2025 | | | **(12.03)** | (155.25) |
| | in 8.20% Oil Marketing Companies GOI Special Bonds 2024 | | | – | (6.80) |
| | | | | **(288.03)** | (317.95) |
| | | | | **7,379.61** | 8,511.81 |
| * | Kept as Collateral Security with Clearing Corporation of India Limited for borrowing in CBLO (face value of Rs. 1,300 crores) | | | | |
| | **LONG TERM** | | | | |
| | **IN GOVERNMENT SECURITIES** | | | | |
| | NON TRADE – QUOTED | | | | |
| 1 | 6.35% Oil Marketing Companies GOI Special Bonds 2024 @ | | **3,099.96** | **3,099.96** | – |
| 2 | 6.90% Oil Marketing Companies GOI Special Bonds 2026 @ | | **4,986.71** | **4,986.71** | – |
| | @(refer Note 9 of Schedule 'X'-B) | | | | |
| 3 | Deposited with Local Authorities | | | | |
| | 7% Loan 2009 | | **0.02** | **0.02** | 0.02 |
| | 7 1/2% Loan 2010 | | **0.02** | **0.02** | 0.02 |
| | 8% Loan 2011 | | ** | **#** | # |
| | | | | **8,086.71** | 0.04 |

# Rs. 22,327.65
** Rs. 20,000.00

| | No. | Face Value Rs. Crores | Book Value Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|---|---|
| **IN SHARES, DEBENTURES AND BONDS** | | | | |
| TRADE – QUOTED | | | | |
| 1. Equity Shares of Rs.10 each (fully paid up) of Petronet LNG Limited | **93,750,000** (93,750,000) | **93.75** | **98.75** | 98.75 |
| 2. Equity Shares of Rs.10 each (fully paid up) of Indraprastha Gas Limited | **31,500,080** (31,500,080) | **31.50** | **31.50** | 31.50 |
| TRADE - UNQUOTED | | | | |
| 1. Equity Shares of Rs.10 each (fully paid up) of Bharat Oman Refineries Limited | **75,500,000** (75,500,000) | **75.50** | **75.50** | 75.50 |
| 2. Equity Shares of Rs.10 each (fully paid up) of Petronet India Limited | **16,000,000** (16,000,000) | **16.00** | **16.00** | 16.00 |
| 3. Equity Shares of Rs.10 each (fully paid up) of Cochin International Airport Limited | **10,500,000** (10,500,000) | **10.50** | **10.50** | 10.50 |
| 4. Equity Shares of Rs.10 each (fully paid up) of Petronet CCK Limited | **49,000,000** (49,000,000) | **49.00** | **49.00** | 49.00 |
| 5. Equity Shares of Rs.10 each (fully paid up) of Petronet CI Limited | **1,584,000** (1,584,000) | **1.58** | **1.58** | 1.58 |
| 6. Equity Shares of Rs.10 each (fully paid up) of VI e Trans Private Limited | – (100,000) | – | – | 0.10 |
| 7. Equity Shares of Rs.10 each (fully paid up) of Petroleum Infrastructure Limited | **7,500,000** (7,500,000) | **7.50** | **7.50** | 7.50 |
| 8. Equity Shares of Rs.10 each (fully paid up) of Central UP Gas Limited | **13,500,000** (13,500,000) | **13.50** | **13.50** | 13.50 |
| 9. Equity Shares of Premier Oil Cachar B.V. Face value of Euro 453.78 each (fully paid up) | **40** (40) | **0.10** | **0.10** | 0.10 |
| 10. Equity Shares of Rs.10 each (fully paid up) of Sabarmati Gas Limited | **12,500** (12,500) | **0.01** | **0.01** | 0.01 |
| 11. Equity Shares of Rs.10 each (fully paid up) of Maharashtra Natural Gas Limited | **12,500** (12,500) | **0.01** | **0.01** | 0.01 |
| 12. Equity Shares of Rs.10 each (fully paid up) of Bharat Stars Services Pvt. Ltd | **5,000,000** (3,400,000) | **5.00** | **5.00** | 3.40 |
| 13. Equity Shares of Rs.10 each (fully paid up) of Bharat Renewable Energy Pvt. Ltd | **1,000,000** – | **1.00** | **1.00** | – |
| 14. Equity Shares of Matrix Bharat Marine Services Pte. Ltd. Face value USD1 each (fully paid up) | **2,000,000** – | **8.41** | **8.41** | – |
| | | | **318.36** | 307.45 |
| Less: Provision for dimunition in value of investment | | | | |
| in Petroleum Infrastructure Limited | | | **(7.50)** | (7.50) |
| in Petronet CI Limited | | | **(1.58)** | (1.58) |
| in Petronet India Limited | | | **(16.00)** | (16.00) |
| in Petronet CCK Limited | | | **(23.50)** | (23.50) |
| in VI e Trans Private Limited | | | **-** | (0.10) |
| | | | **(48.58)** | (48.68) |
| | | | **269.78** | 258.77 |

| | No. | Face Value | Book Value | |
|---|---|---|---|---|
| | | | | 31/03/2008 |
| | | Rs. Crores | Rs. Crores | Rs. Crores |
| NON TRADE – QUOTED | | | | |
| 1. 6.75% Tax Free US64 Bonds of Rs.10 each | – (8,874,580) | | – | 8.88 |
| | | | – | 8.88 |
| NON TRADE – UNQUOTED | | | | |
| 1. Debentures (Irredeemable – Fully Paid up ) – 5% debentures of East India Clinic Limited | **1** (1) | **0.01** | **0.01** | 0.01 |
| 2 Ordinary Shares (Fully paid up) of Sindhu Resettlement Corporation Limited | **6** (6) | **#** | **#** | # |
| 3. Shares of Kochi Refineries Employees Consumer Co-operative Society Limited (Fully paid up) | **500** (500) | **##** | **##** | ## |
| | | | **0.01** | 0.01 |
| IN SUBSIDIARY COMPANIES | | | | |
| UNQUOTED | | | | |
| 1. Equity Shares of Rs. 10 each (fully paid up) of Numaligarh Refinery Limited | **453,545,998** (453,545,998) | **453.55** | **453.55** | 453.55 |
| 2. Equity Shares of Rs. 10 each (fully paid up) of Bharat PetroResources Limited | **502,552,610** (102,552,610) | **502.55** | **502.55** | 102.55 |
| | | | **956.10** | 556.10 |
| IN ASSOCIATION OF PERSONS | | | | |
| NON TRADE – UNQUOTED | | | | |
| Capital Contribution in Petroleum India International | | | **10.00** | 10.00 |
| Share in accumulated surplus of Petroleum India International as at 31st March 2009 (31st March 2008) | | | **12.98** | 12.40 |
| | | | **22.98** | 22.40 |
| Member Companies ### | | | | |
| Bharat Petroleum Corporation Limited | | | | |
| Bongaigaon Refinery & Petrochemicals Limited | | | | |
| Engineers India Limited | | | | |
| Hindustan Petroleum Corporation Limited | | | | |
| Indian Oil Corporation Limited | | | | |
| Indian Petrochemicals Corporation Limited | | | | |
| Chennai Petroleum Corporation Limited | | | | |
| Oil and Natural Gas Corporation Limited | | | | |
| Oil India Limited | | | | |
| **Total** | | | **16,715.19** | 9,358.01 |

# Value Rs. 19,000
## Value Rs. 5,000
### The total capital of AOP is **Rs. 55.00 crores** of which share of Bharat Petroleum Corporation Limited and Indian Oil Corporation Limited is **Rs. 10.00 crores** each and other members have equal share of **Rs. 5.00 crores** each.

Aggregate value of Unquoted Securities **Rs. 1,118.63 crores** (Rs. 707.04 crores).

Aggregate value of Quoted Securities **Rs. 15,596.57 crores** (Rs. 8,650.98 crores).

Market value of Quoted Securities **Rs. 15,338.25 crores** (Rs. 9,628.55 crores).

**Investment made and sold during the year**

| | No. | Face Value Rs. Crores | Cost Rs. Crores |
|---|---|---|---|
| 8.20% Oil Marketing Companies GOI Special Bonds 2023 | 2,470,000 | **2,470.00** | **2,470.00** |
| 6.35% Oil Marketing Companies GOI Special Bonds 2024 | 625,000 | **625.00** | **625.00** |

## SCHEDULE 'FA' – ADVANCE FOR INVESTMENTS

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **SHARE APPLICATION MONEY/ADVANCE TOWARDS EQUITY PENDING ALLOTMENT** | | |
| Maharashtra Natural Gas Limited | **22.49** | 18.50 |
| Sabarmati Gas Limited | **40.70** | 40.70 |
| Bharat Stars Services Private Limited | **–** | 1.00 |
| Bharat Oman Refineries Limited | **1,300.00** | 900.00 |
| **Total** | **1,363.19** | 960.20 |

## SCHEDULE 'G' – INVENTORIES

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| Stores and spares<br>[Including in transit **Rs. 0.76 crores** (previous year Rs. 4.89 crores)] | **181.46** | 144.73 |
| Raw materials<br>[Including in transit **Rs. 547.71 crores** (previous year Rs. 1,756.04 crores)] | **1,519.63** | 3,757.88 |
| Stock in process | **485.52** | 565.92 |
| Finished products<br>[Including in transit **Rs. 78.40 crores** (previous year Rs. 70.66 crores)] | **4,631.30** | 6,126.78 |
| Packages | **6.01** | 8.53 |
| **Total** | **6,823.92** | 10,603.84 |

## SCHEDULE 'H' – SUNDRY DEBTORS

(Unsecured, Considered good unless otherwise stated)

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **Debts outstanding for over six months:** | | |
| Considered good * | **198.60** | 228.73 |
| Considered doubtful | **183.64** | 183.64 |
| | **382.24** | 412.37 |
| **Other debts** | **1,227.07** | 1,379.88 |
| | **1,609.31** | 1,792.25 |
| Less: Provision for doubtful debts | **(183.64)** | (183.64) |
| **Total** | **1,425.67** | 1,608.61 |

* Includes **Rs. 19.86 crores** (previous year Rs. 9.89 crores) which are secured.

## SCHEDULE 'I' – CASH AND BANK BALANCES

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **Cash on Hand** | **124.49** | 395.84 |
| [Includes drafts and cheques on hand of **Rs. 108.00 crores** (previous year Rs. 377.67 crores)] | | |
| **With Scheduled banks:** | | |
| In current accounts | **314.46** | 564.83 |
| In deposit accounts * | **0.93** | 0.92 |
| **Remittances in transit** | **1.67** | # |
| **Total** | **441.55** | 961.59 |

* Includes deposit of **Rs. 0.80 crores** (previous year Rs. 0.80 crores) that have been pledged/deposited with local authorities.

# Value Rs. 2,423.76

## SCHEDULE 'J' – OTHER CURRENT ASSETS

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| Interest accrued on investments | **246.89** | 101.18 |
| Interest accrued on bank deposits | **0.02** | 0.02 |
| Oil Marketing Companies GOI Special Bonds Receivable (refer Note 2 of Schedule 'X'-B) | **2,065.28** | 3,971.45 |
| Deferred premium (foreign exchange forward contract) | **123.22** | 201.12 |
| Others (refer Note 4 of Schedule 'X'-B) | **659.10** | 659.10 |
| **Total** | **3,094.51** | 4,932.87 |

## SCHEDULE 'K' – LOANS AND ADVANCES

(Unsecured, Considered good unless otherwise stated)

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Loans (Secured):** | | |
| To companies | | |
| Considered doubtful | **0.10** | 0.11 |
| Less: Provision for doubtful loans | **(0.10)** | (0.11) |
| To staff * | **632.46** | 634.88 |
| Material given on Loan | **0.46** | 0.46 |
| Less: Deposits Received | **(0.46)** | (0.46) |
| | **632.46** | 634.88 |
| **Loans:** | | |
| To Subsidiaries | | |
| Considered good | **95.00** | – |
| To companies | | |
| Considered good | **1,658.53** | 100.69 |
| Considered doubtful | **2.81** | 2.81 |
| Less: Provision for doubtful loans | **(2.81)** | (2.81) |
| To others | **40.75** | 38.59 |
| Interest accrued on Loans | **33.63** | 2.74 |
| | **1,827.91** | 142.02 |
| **Advances:** | | |
| Advances Recoverable in cash, or in kind or for value to be received | **272.47** | 234.40 |
| Advances considered doubtful | **4.27** | 1.84 |
| Less: Provision for doubtful advances | **(4.27)** | (1.84) |
| | **272.47** | 234.40 |
| **Dues from Petroleum Planning & Analysis Cell – Government of India** | **29.91** | 5.40 |
| **Due from Subsidiaries** | **3.27** | 29.02 |
| **Claims:** | | |
| Considered good | **356.08** | 262.98 |
| Considered doubtful | **55.65** | 53.90 |
| Less: Provision for doubtful claims | **(55.65)** | (53.90) |
| | **356.08** | 262.98 |
| Advance Income Tax (Net of provision for taxation) | **194.42** | 145.52 |
| **Deposits:** | | |
| With Customs/Excise/Port Trust, etc. | **104.42** | 85.30 |
| Others** | **81.83** | 60.93 |
| | **186.25** | 146.23 |
| Considered doubtful | **–** | 0.02 |
| Less: Provision for doubtful deposits | **–** | (0.02) |
| | **186.25** | 146.23 |
| **Total** | **3,502.77** | 1,600.45 |

* Includes:
Dues from Officers : **Rs. 4.44 crores** (previous year Rs. 4.79 crores)
Maximum balances : **Rs. 6.11 crores** (previous year Rs. 5.92 crores)
Dues from Directors : **Rs. 0.01 crores** (previous year Rs. 0.08 crores)
Maximum balances : **Rs. 0.08 crores** (previous year Rs. 0.08 crores)

** Includes **Rs. 5.81 crores** (previous year Rs. 8.17 crores) along with interest of **Rs. 5.73 crores** (previous year Rs. 8.40 crores) deposited as per court order in Land Compensation cases for which appeals are pending.

## SCHEDULE 'L' – LIABILITIES

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **Current Liabilities :** | | |
| **Sundry creditors** | | |
| Total outstanding dues of micro and small enterprises (refer Note 11 of Schedule 'X'-B) | **0.73** | 0.77 |
| Total outstanding dues of creditors other than micro and small enterprises | **6,381.09** | 8,650.58 |
| Due to Subsidiaries | **131.12** | 461.75 |
| Materials taken on loan | **#** | # |
| Less: Deposits given | **#** | # |
| Deposits from Customers | **19.64** | 9.89 |
| Deposits for Containers | **3,343.98** | 3,106.48 |
| Unclaimed Dividend * | **3.18** | 3.18 |
| Unclaimed Deposits * | **0.37** | 0.58 |
| Unclaimed Interest on Deposits * | **0.21** | 0.12 |
| Other liabilities | **1,174.86** | 1,281.42 |
| Interest on loans (accrued but not due) | **63.69** | 79.34 |
| **Total** | **11,118.87** | 13,594.11 |

* No amount is due at the end of the year for credit to Investors Education and Protection Fund.
# Value Rs. 47,079

## SCHEDULE 'M' – PROVISIONS

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| Provision for Taxation (Net of Tax paid) | **493.72** | 330.05 |
| Proposed dividend | **253.08** | 144.62 |
| Corporate Dividend Tax on proposed dividend | **31.45** | 9.16 |
| Provision for employee/retirement benefits | **934.19** | 502.43 |
| **Total** | **1,712.44** | 986.26 |

## SCHEDULE 'N' – SALE OF PRODUCTS

| | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|
| Sales | **128,609.48** | 112,540.13 |
| Subsidy on LPG (Domestic) & SKO (PDS) | **566.21** | 554.44 |
| (As per the existing scheme of the Government of India) | | |
| Oil Marketing Companies GOI Special Bonds (refer Note 2 of Schedule 'X'-B) | **16,216.38** | 8,589.50 |
| **Total** | **145,392.07** | 121,684.07 |

## SCHEDULE 'O' – MISCELLANEOUS INCOME

| | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|
| **Interest on bank deposits and others *** | **160.13** | 48.02 |
| Tax deducted at source – **Rs. 21.47 crores** (previous year Rs. 6.92 crores) | | |
| **Income from Investments** | | |
| **Current** | | |
| Interest on Oil Marketing Companies GOI Special Bonds | **422.96** | 454.67 |
| **Long Term** | | |
| Interest | **108.35** | 0.66 |
| Dividend | | |
| from subsidiaries | **90.71** | 113.39 |
| from others | **27.84** | 21.82 |
| Income from AOP (Petroleum India International) | **1.24** | 1.32 |
| | **651.10** | 591.86 |
| **Profit on sale of Long-term Investments** | **–** | 155.97 |
| **Write back of liabilities no longer required (net)** | **17.58** | – |
| **Reversal of provision for doubtful debts and advances** | **–** | 1.71 |
| **Foreign Exchange fluctuations (net)** | **–** | 254.74 |
| **Other income #** | **679.93** | 343.12 |
| Tax deducted at source – **Rs. 6.24 crores** (previous year Rs. 4.54 crores) | | |
| **Total** | **1,508.74** | 1,395.42 |

* Includes interest received from Income Tax authorities **Rs. 10.85 crores** (previous year Rs. Nil).

# Includes amortisation of capital grants **Rs 0.09 crores** (previous year Rs 0.09 crores).

## SCHEDULE 'P' – INCREASE/(DECREASE) IN INVENTORY

| | | 31/03/2008 | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|---|---|
| **Value of closing stock of** | | | | |
| Finished goods | **4,631.30** | 6,126.78 | | |
| Stock in process | **485.52** | 565.92 | | |
| | | | **5,116.82** | 6,692.70 |
| Less: | | | | |
| **Value of opening stock of** | | | | |
| Finished goods | **6,126.78** | 6,606.20 | | |
| Stock in process | **565.92** | 479.00 | | |
| | | | **6,692.70** | 7,085.20 |
| **Total** | | | **(1,575.88)** | (392.50) |

## SCHEDULE 'Q' – RAW MATERIALS CONSUMED

| | Rs. Crores | 2007-08<br>Rs. Crores |
|---|---|---|
| Opening Stock | **3,757.88** | 1,457.47 |
| Add: Purchases | **51,698.68** | 51,222.34 |
| Less: Closing Stock | **(1,519.63)** | (3,757.88) |
| **Total** | **53,936.93** | 48,921.93 |

## SCHEDULE 'R' – CONSUMPTION OF STORES, SPARES AND MATERIALS

| | Rs. Crores | 2007-08<br>Rs. Crores |
|---|---|---|
| Stores, spares and materials | **218.38** | 181.67 |
| Less: Charged to other revenue accounts | **(139.34)** | (111.44) |
| **Total** | **79.04** | 70.23 |

## SCHEDULE 'S' – POWER AND FUEL

| | Rs. Crores | 2007-08<br>Rs. Crores |
|---|---|---|
| Power and Fuel | **2,800.30** | 2,438.08 |
| Less: Consumption of fuel out of own production | **(2,733.13)** | (2,376.33) |
| **Total** | **67.17** | 61.75 |

## SCHEDULE 'T' – EMPLOYEES' REMUNERATION AND OTHER BENEFITS

| | Rs. Crores | 2007-08<br>Rs. Crores |
|---|---|---|
| Salaries and wages (refer Note 7 of Schedule 'X'-B) | **1,026.27** | 1,012.44 |
| Contribution to provident fund | **65.21** | 60.32 |
| Contribution to gratuity fund | **211.73** | 9.67 |
| Contribution to other funds | **9.71** | 10.97 |
| Welfare expenses | **571.96** | 203.80 |
| **Total** | **1,884.88** | 1,297.20 |

## SCHEDULE 'U' – INTEREST

| | Rs. Crores | 2007-08<br>Rs. Crores |
|---|---|---|
| On Bonds | **31.76** | – |
| On Fixed Loans | **292.39** | 163.04 |
| Others | **1,842.22** | 509.43 |
| **Total** | **2,166.37** | 672.47 |

## SCHEDULE 'V' – OTHER OPERATING AND ADMINISTRATION EXPENSES

| | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|
| **Repairs and maintenance:** | | |
| Machinery | **347.09** | 229.54 |
| Building | **23.67** | 24.94 |
| Others | **90.20** | 93.11 |
| | **460.96** | 347.59 |
| Insurance | **25.82** | 26.21 |
| Rent | **122.39** | 139.22 |
| Rates and taxes | **32.93** | 34.82 |
| Charities and donations | **0.02** | – |
| Remuneration to auditors | **0.28** | 0.23 |
| Utilities | **127.75** | 104.04 |
| Write off: | | |
| Bad debts and Claims | **0.02** | 5.43 |
| Less: Provision made earlier | **–** | (5.24) |
| Others | **12.17** | 4.35 |
| Provision for: | | |
| Doubtful debts and advances | **4.17** | – |
| Dimunition in value of investments | **(30.02)** | 193.02 |
| Loss on sale of current Investments | **515.42** | 108.06 |
| Loss on sale/write off of fixed assets (net) | **1.77** | 1.01 |
| Charges paid to other oil companies | **95.87** | 62.73 |
| Travelling and conveyance | **109.66** | 118.08 |
| Telephone, Telex, Cables, Postage, etc. | **26.11** | 24.68 |
| Foreign Exchange fluctuations (net) | **1,302.73** | – |
| Other expenses | **569.29** | 648.90 |
| **Total** | **3,377.34** | 1,813.13 |

## SCHEDULE 'W' – PRIOR PERIOD INCOME/(EXPENSES) (NET)

| | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|
| Sale of products | **(12.93)** | 44.60 |
| Miscellaneous Income | **1.59** | 2.54 |
| Purchase of product for resale | **1.11** | 105.29 |
| Raw Materials Consumed | **–** | 1.58 |
| Duties, taxes etc. and other product charges | **0.94** | (16.90) |
| Transportation | **(6.19)** | 5.68 |
| Consumption of stores, spares and materials | **0.99** | – |
| Rent, Rates & Taxes | **(1.38)** | 5.60 |
| Employees' remuneration and other benefits | **(1.47)** | (8.29) |
| Other operating and administration expenses | **(6.98)** | 0.39 |
| Interest | **8.38** | (14.57) |
| Depreciation | **2.48** | (0.54) |
| **Total** | **(13.46)** | 125.38 |

## A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1. BASIS FOR PREPARATION

The financial statements are prepared under historical cost convention to comply in all material aspects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, adopting accrual system of accounting unless otherwise stated.

### 2. USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual amounts and estimates are recognised in the period in which they materialise.

### 3. FIXED ASSETS

#### 3.1. LAND

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

#### 3.2. FIXED ASSETS OTHER THAN LAND

3.2.1. Fixed Assets are stated at cost of acquisition (including incidental expenses) less accumulated depreciation.

3.2.2. Expenditure on assets, other than plant and machinery, LPG cylinders and pressure regulators, not exceeding Rs.1,000 per item is charged to revenue.

3.2.3. Machinery spares that are specific to a fixed asset are capitalised along with the fixed asset. Replacement of such spares is charged to revenue.

#### 3.3. EXPENDITURE DURING CONSTRUCTION PERIOD

Direct expenses including borrowing cost incurred during construction period on capital projects are capitalised. Indirect expenses of the project group which are allocated to projects costing Rs. 5 crores and above are also capitalised. Crop compensation expenses incurred in the process of laying pipelines are capitalised.

#### 3.4. INTANGIBLE ASSETS

3.4.1. Cost of right of way that is perennial in nature is not amortised.

3.4.2. Expenditure incurred for creating/acquiring other intangible assets of Rs. 0.50 crores and above, from which future economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years, whichever is lower, from the time the intangible asset starts providing the economic benefit.

3.4.3. In other cases, the expenditure is charged to revenue in the year the expenditure is incurred.

### 4. IMPAIRMENT OF ASSETS

The values of fixed assets in respect of Cash Generating Units are reviewed by the management for impairment at each Balance Sheet date if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the net selling price of the asset or present value, the difference is recognised as an impairment loss.

### 5. BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of qualifying asset are capitalised as part of the cost of that asset, till the month in which the asset is ready for use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

### 6. DEPRECIATION

6.1. Depreciation on fixed assets is provided under the straight line method, at rates prescribed under Schedule XIV to the Companies Act, 1956, except in following cases:

6.1.1. Premium paid for acquiring leasehold land for lease period not exceeding 99 years, is amortised over the period of lease.

6.1.2. LPG cylinders, pressure regulators and other fixed assets costing not more than Rs 5,000 each are depreciated @ 100 percent in the year of capitalisation.

6.1.3. Assets not owned by the Corporation are amortised over a period of five years from the year of capitalisation.

6.1.4. Computer equipments and peripherals, and mobile phones are depreciated over a period of four years. Furniture provided at the residence of management staff is depreciated over a period of seven years.

6.2. Depreciation is charged on addition / deletion on pro-rata monthly basis including the month of addition/ deletion.

**7. INVESTMENTS**

7.1. Current investments are valued at lower of cost or fair market value.

7.2. Long-term investments are valued at cost. Provision for diminution is made to recognise a decline, other than of temporary nature, in the value of such investments.

**8. INVENTORY**

8.1. Raw material and Intermediates are valued at cost or net realisable value, whichever is lower. Cost is determined as follows:

8.1.1. Raw materials on weighted average cost.

8.1.2. Intermediate Stocks at raw material cost plus cost of conversion.

8.2. Finished products are valued at weighted average cost or at net realisable value, whichever is lower.

8.3. Stores are valued at weighted average cost. Obsolete stores are valued at Re. Nil. Slow moving stores/ other materials identified as surplus and no longer usable are valued at Re. Nil.

8.4. Packages are valued at weighted average cost or at net realisable value, whichever is lower.

**9. REVENUE RECOGNITION**

9.1. Sales are net of trade discounts and include, inter alia, excise/customs duties/claim from Petroleum Planning and Analysis Cell, Government of India and other elements allowed by the Government from time to time.

9.2. Claims/Surrenders including subsidy on LPG and SKO on/to Petroleum Planning and Analysis Cell, Government of India are booked on 'in principle acceptance' thereof on the basis of available instructions/ clarifications subject to final adjustments after necessary audit, as stipulated. Adjustments if any, on completion of audit are recognised.

9.3. Other claims are booked when there is a reasonable certainty of recovery. Claims are reviewed on a periodical basis and if recovery is uncertain, provision is made in the accounts.

9.4. Income from sale of scrap is accounted for on realisation.

**10. CLASSIFICATION OF INCOME/EXPENSES**

10.1. Expenditure on Research, other than capital expenditure, is charged to revenue in the year in which the expenditure is incurred.

10.2. Income/expenditure upto Rs. 0.05 crores in each case pertaining to prior years is charged to the current year.

10.3. Prepaid expenses upto Rs. 0.05 crores in each case, are charged to revenue as and when incurred.

10.4. Deposits placed with Government agencies/local authorities which are perennial in nature are charged to revenue in the year of payment.

**11. EMPLOYEE BENEFITS**

11.1. Contributions to Provident Fund for the year are recognised in the Profit & Loss Account.

11.2. The liability towards gratuity, leave encashment, post retirement benefits and other long-term benefits are provided for in the accounts based on actuarial valuation as at the end of the year. To determine the present value of the defined benefit obligations and the current and past service costs, the Projected Unit Credit Method is used. Actuarial gains and losses are recognised in the Profit and Loss Account as income or expense.

### 12. DUTIES ON BONDED STOCKS

12.1. Customs duty on Raw materials/Finished goods lying in bond are provided for at the applicable rates except where liability to pay duty is transferred to consignee.

12.2. Excise duty on finished stocks lying in bond is provided for, at the assessable value applicable at each of the locations at maximum rates based on end use.

### 13. FOREIGN CURRENCY & DERIVATIVE TRANSACTIONS

13.1. Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.

13.2. Monetary items denominated in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet.

13.3. Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Profit & Loss Account either under foreign exchange fluctuations or interest as the case may be.

Premium/discount arising at the inception of the forward exchange contracts entered into to hedge foreign currency risks are amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit & Loss Account.

13.4. Gains/losses arising on settlement of Derivative transactions entered into by the Corporation to manage the commodity price risk and exposures on account of fluctuations in interest rates and foreign exchange are recognised in the Profit and Loss Account. Provision for losses in respect of outstanding contracts as on balance sheet date is made based on mark to market valuations of such contracts.

### 14. GOVERNMENT GRANTS

14.1. 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.

14.2. Government grants of the nature of promoters' contributions are credited to Capital Reserve and treated as part of Shareholders' Funds.

### 15. PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

15.1. Provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

15.2. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation.

15.3. Capital commitments and Contingent liabilities disclosed are in respect of items which exceed Rs.0.05 crores in each case.

15.4. Contingent liabilities are considered only on conversion of show cause notices issued by various Government authorities into demand.

### 16. TAXES ON INCOME

16.1. Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

16.2. Deferred tax on account of timing difference between taxable and accounting income is provided using the tax rates and tax laws enacted or substantively enacted by the Balance Sheet date.

16.3. Deferred tax assets are not recognised unless, in the management judgement there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## B. NOTES FORMING PART OF ACCOUNTS

**1)** In respect of sharing of under-recoveries on sensitive petroleum products viz. MS, HSD, LPG (Domestic) and SKO (PDS), as advised by the Ministry of Petroleum & Natural Gas, a part of the under-recovery suffered by the Corporation during the year was compensated by ONGC and GAIL by offering discount on price of Crude Oil, SKO and LPG purchased from them. Further, the under-recoveries on import losses in respect of petrol and diesel to the extent of **Rs. 237.86 crores** (previous year Rs. Nil) was also compensated by way of discount on price of crude oil purchased from ONGC. Accordingly, the Corporation has accounted the discount as follows:

a) **Rs. 6,709.94 crores** (previous year Rs. 5,243.03 crores) discount on crude oil purchased from ONGC has been adjusted against raw material cost; and

b) **Rs. 846.50 crores** (previous year Rs. 732.09 crores) discounts on SKO and LPG purchased from ONGC/GAIL has been adjusted against "Purchase of product for resale".

**2)** In lieu of the under-recoveries on sale of sensitive petroleum products during 2008-09, based on the approval of Government of India, the Corporation has accounted for Oil Marketing Companies Government of India Special Bonds amounting to **Rs. 16,216.38 crores** (previous year Rs. 8,589.50 crores) as income. This compensation has been received in the form of Oil Marketing Companies Government of India Special Bonds amounting to **Rs. 14,151.10 crores** (previous year Rs. 4,618.05 crores) and accounted for as investments. The balance amount of **Rs. 2,065.28 crores** (previous year Rs. 3,971.45 crores) which is receivable as on 31st March 2009 from Government of India is shown as Other Current Asset in Schedule J.

**3)** The Corporation has allotted redeemable non-convertible 10.35% Debentures of face value of Rs. 1,000 crores on 12th December 2008. These are secured by English mortgage, on first pari passu charge basis, by way of a Registered Debenture Trust Deed over the fixed assets of the Company, viz., a Flat at Mumbai and the Plant and Machinery in respect of Hydrocracker Unit and Aromatic Recovery Unit of the Mumbai Refinery. In order to maintain the security cover of 1.25 times, all future immovable properties including Land, Plant & Machinery and Fixtures & Fittings shall be a part of the Premises and Plant & Machinery which are mortgaged. These Debentures are redeemable at par on 11th June 2010.

**4)** As per the scheme of Amalgamation of the erstwhile Kochi Refineries Limited with the Corporation approved by the Government of India, 33,728,738 equity shares of the Corporation were allotted (in lieu of the shares held by the Corporation in the erstwhile Kochi Refineries Limited) to a trust for the benefit of the Corporation in the financial year 2006-07. Accordingly the cost of the original investment of Rs. 659.10 crores is reflected as 'Others' in Schedule 'J' – Other Current Assets. The income distributed by the trust during the year 2008-09 amounting to **Rs. 13.49 crores** (previous year Rs. 33.73 crores) has been included in 'Other income' in Schedule 'O' – Miscellaneous Income.

One shareholder of erstwhile KRL has challenged the amalgamation before Delhi High Court, which is pending adjudication.

**5)** Provision for taxation in the Profit and Loss Account includes **Rs. 1.40 crores** (previous year Rs. 0.90 crores) towards wealth tax.

**6)** The Corporation has numerous transactions with other oil companies, which are reconciled on an ongoing basis and subject to confirmation. Adjustments, if any, arising therefrom are not likely to be material on settlement.

**7)** The impact of pay revision due to Management staff w.e.f. 1st January 2007 based on the guidelines given by Department of Public Enterprises is estimated at Rs. 243 crores. After considering Rs. 129 crores already provided in 2007-08, the balance amount of Rs. 114 crores has been provided in 2008-09. Further, this estimated increase in pay, along with the increase in gratuity limit at Rs. 10 lakhs per employee, have been considered for making provision at the year end for leave encashment and gratuity benefits based on actuarial valuations.

**8)** Provision has not been made in the accounts towards revision in salary of: i) workmen at Mumbai Refinery w.e.f. 1st January 2007; ii) workmen at Kochi Refinery w.e.f. 1st August 2008; and iii) workmen at Marketing division w.e.f. 1st June 2008 as the additional liability arising from such revision is unascertainable since no reliable estimate of this revision can be made as of date.

**9)** The Corporation has classified investments in 6.35% Oil Marketing Companies GOI Special Bonds 2024 – Rs. 3,099.96 crores and 6.90% Oil Marketing Companies GOI Special Bonds 2026 – Rs. 4,986.71 crores as long term Investments. No provision for diminution in value has been made as there is no permanent decline in the value of these investments.

**10) Impairment of Assets**

Determination as to whether and how much an asset is impaired involve Management estimates of highly uncertain matters such as international prices of crude oil and products, duty structure and Government policies. It is assumed that suitable mechanism would be in place, in line with earlier/current year(s), to provide compensation towards under-recoveries of margin, if any, on account of sale of sensitive petroleum products in subsequent years. Hence, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. No impairment is therefore considered as at 31st March 2009.

**11)** To the extent, the Corporation has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under for the year 2008-09:

Rs. Crores

| | | | 2007-08 |
|---|---|---|---|
| (i) | Principal amount remaining unpaid as on 31st March | **0.73** | 0.77 |
| (ii) | Interest due thereon remaining unpaid as on 31st March | **–** | – |
| (iii) | Interest paid by the Corporation in terms of section 16 of the Micro, Small And Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | **–** | – |
| (iv) | Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small And Medium Enterprises Development Act, 2006 | **–** | – |
| (v) | Interest accrued and remaining unpaid as at 31st March | **–** | – |
| (vi) | Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise | **–** | – |

**12) Disclosure as per requirements of Accounting Standard 15 – "Employee Benefits"**:

**Gratuity:** The Company has a defined benefit gratuity plan managed by a trust. The contribution based upon actuarial valuation is paid to a trust which is invested as per investment pattern prescribed by the Government in plan assets. Gratuity is paid to the Staff member who has put in a minimum qualifying period of 5 years of continuous service on superannuation, resignation, termination or to his nominee on death.

**Leave Encashment:** The Employees are entitled to accumulate Earned Leave and Sick Leave, which can be availed during the service period. Employees are also allowed to encash the accumulated earned leave during the service period. Further, the accumulated earned leave and sick leave can be encashed by the employees on superannuation, resignation, and termination or by nominee on death.

**Other Defined Benefits:** These are (a) Post Retirement Medical Scheme paid benefit to employees, spouse, dependent children and dependent parents. (b) Pension/ex-gratia scheme to the retired employees who are entitled to receive the monthly pension/ex-gratia for life; (c) Death in service/Permanent disablement given to employee, the spouse of the employee, provided the deceased family/disabled employee deposits retirement dues such as PF, Gratuity, Leave encashment dues payable to them with the Corporation; and (d) Resettlement allowance paid to employees to permanently settle down at a place other than the location of last posting at the time of retirement.

# SCHEDULE 'X' – (CONTD.)

## Disclosures as per requirements of Accounting Standard 15 (Revised) continued:

Rs.Crores

| | | Gratuity Funded | | Leave Encashment Non Funded | | Post Retirement Medical Non Funded | | Burmah Shell Pension Non Funded | | Death / Permanent Disablement Non Funded | | Re-settlement Allowance Non Funded | | Ex-gratia scheme Non Funded* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| a) | **Reconciliation of balances of Defined Benefit Obligations.** | **2008-09** | 2007-08 | **2008-09** | 2007-08 | **2008-09** | 2007-08 | **2008-09** | 2007-08 | **2008-09** | 2007-08 | **2008-09** | 2007-08 | **2008-09** |
| | Defined Obligations at the beginning of the year | **235.54** | 217.12 | **280.79** | 196.40 | **118.55** | 110.98 | **61.08** | 55.73 | **8.95** | 8.79 | **4.77** | 4.79 | – |
| | Interest Cost | **20.00** | 18.00 | **23.00** | 16.00 | **10.00** | 10.00 | **4.00** | 4.00 | **1.00** | 1.00 | **0.47** | 0.43 | – |
| | Current Service Cost | **21.95** | 13.05 | **29.20** | 11.71 | **12.20** | 9.31 | – | – | – | – | **1.08** | 0.53 | – |
| | Past service cost | **104.07** | – | – | – | – | – | – | – | – | – | – | – | **234.10** |
| | Benefits paid | **(8.28)** | (7.45) | **(34.25)** | (26.85) | **(10.64)** | (9.86) | **(10.61)** | (3.06) | **(3.17)** | (2.58) | **(0.01)** | (0.01) | **(7.95)** |
| | Actuarial (Gains) / Losses on obligations | **96.06** | (5.18) | **25.12** | 83.53 | **135.18** | (1.88) | **7.08** | 4.41 | **3.67** | 1.74 | **(1.53)** | (0.97) | **9.55** |
| | Defined Obligations at the end of the year | **469.34** | 235.54 | **323.86** | 280.79 | **265.29** | 118.55 | **61.55** | 61.08 | **10.45** | 8.95 | **4.78** | 4.77 | **235.70** |

* Post retirement monthly fixed ex-gratia scheme effective April 2008.

| | | | |
|---|---|---|---|
| b) | **Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity Fund** | | |
| | Fair Value at the beginning of the year | **225.86** | 217.12 |
| | Expected Return | **18.51** | 17.85 |
| | Actuarial (Gains) / Losses | **(11.64)** | 1.65 |
| | Actual Return on Plan assets | **30.15** | 16.20 |
| | Contribution by employer | **9.68** | |
| | Benefits paid | **(8.28)** | (7.46) |
| | Fair Value of Plan Assets at the end of the year | **257.41** | 225.86 |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| c) | **Amount recognised in Balance sheet (a-b)** | **211.93** | 9.68 | **323.86** | 280.79 | **265.29** | 118.55 | **61.55** | 61.08 | **10.45** | 8.95 | **4.78** | 4.77 | **235.70** |
| d) | **Amount recognised in P & L Account** | | | | | | | | | | | | | |
| | Current Service Cost | **21.95** | 13.05 | **29.20** | 11.71 | **12.20** | 9.31 | – | – | – | – | **1.08** | 0.53 | – |
| | Past Service cost | **104.07** | – | – | – | – | – | – | – | – | – | – | – | **234.10** |
| | Interest Cost | **20.00** | 18.00 | **23.00** | 16.00 | **10.00** | 10.00 | **4.00** | 4.00 | **1.00** | 1.00 | **0.47** | 0.43 | – |
| | Expected Return on Plan Asssets | **(18.51)** | (17.84) | | | | | | | | | | | |
| | Actuarial (Gains)/ Losses | **84.42** | (3.53) | **25.12** | 83.53 | **135.18** | (1.88) | **7.08** | 4.41 | **3.67** | 1.74 | **(1.53)** | (0.97) | **9.55** |
| | Expenses for the period | **211.93** | 9.68 | **77.32** | 111.24 | **157.38** | 17.43 | **11.08** | 8.41 | **4.67** | 2.74 | **0.02** | (0.01) | **243.65** |
| e) | **Major Actuarial Assumptions** | | | | | | | | | | | | | |
| | Discount Rate | **7.75%** | 8.00% | **7.75%** | 8.00% | **7.75%** | 8.00% | **7.75%** | 8.00% | **7.75%** | 8.00% | **8.00%** | 8.00% | **7.75%** |
| | Salary Escalation/ Inflation | **4.00%** | 4.00% | **4.00%** | 4.00% | **6.00%** | 4.00% | – | – | – | – | – | – | – |
| | Expected Return on Plan assets | **8.00%** | 8.00% | – | – | – | – | – | – | – | – | – | – | – |

Notes : i) The estimates for future salary increases, considered in acturial valuation, take into account inflation, seniority, promotion and other relevant factors

ii) The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation

| f) | **Investment pattern for Gratuity Fund as on** | **31.3.2009** | 31.3.2008 |
|---|---|---|---|
| | Category of Asset | % | % |
| | Government of India Asset | **30.28** | 27.50 |
| | Corporate Bonds | **47.20** | 41.13 |
| | Special deposit Scheme | **0.21** | 7.93 |
| | State Government | **15.20** | 16.36 |
| | Others | **7.11** | 7.08 |
| | Total | **100.00** | 100.00 |

g) As per our best estimate, **Rs.53.65 crores** is expected to be paid to the Gratuity Fund as contribution in year 2009-10

h) **Effect of Increase/ Decrease of 1% in assumed medical cost trend to the Post Retirement Medical liability :**

| | **31.3.2009** | 31.3.2008 |
|---|---|---|
| Change in Liability for : 1% increase in Discount Rate | **(23.21)** | (10.37) |
| Change in Service Cost for : 1% increase in Discount Rate | **(0.99)** | (0.76) |
| Change in Liability for : 1% decrease in Discount rate | 25.57 | 11.43 |
| Change in Service cost for :1% decrease in Discount rate | 1.20 | 0.92 |

**13) Related Party Disclosures as per Accounting Standard 18**

**Names of the Related parties** : Indraprastha Gas Limited
Petronet India Limited
Petronet CCK Limited
Petronet CI Limited
Petronet LNG Limited
Bharat Oman Refineries Limited
VI e Trans Private Limited
Petroleum Infrastructure Limited
Petroleum India International
Maharashtra Natural Gas Limited
Central UP Gas Limited
Sabarmati Gas Limited
Bharat Stars Services Private Limited
Premier Oil Cachar B.V.
Bharat Renewable Energy Limited
Matrix Bharat Marine Services Pte. Ltd.
VB (Brazil) Petroleo Private Ltda.
DNP Limited
Brahmaputra Cracker & Polymer Limited

**Key Management Personnel** : M/s. Ashok Sinha (Chairman & Managing Director),
S. Mohan (Director HR) – w.e.f. 25.06.2008
S. A. Narayan (Director HR) – up to 09.06.2008
S. Radhakrishnan Director Marketing),
S. K. Joshi (Director Finance)
R. K. Singh (Director Refineries)

**Nature of Transactions**

Rs. Crores

| | | 2008-09 | 2007-08 |
|---|---|---|---|
| a. | Purchase of goods | **1,394.24** | 1,214.51 |
| b. | Sale of goods | **513.07** | 35.43 |
| c. | Sale of Fixed assets | – | 33.13 |
| d. | Rendering of Services | **4.53** | 2.50 |
| e. | Receiving of Services | **47.44** | 41.08 |
| f. | Interest Income | **49.56** | 7.14 |
| g. | Dividend Received | **27.84** | 21.17 |
| h. | Equity contribution | **10.01** | 56.60 |
| i. | Advance for Investments | **403.99** | – |
| j. | Loans and advances | **1,557.84** | 54.60 |
| k. | Outstandings as on 31.3.2009 | | |
| | – Receivables | **1,742.46** | 111.33 |
| | – Payables | **119.61** | 58.50 |
| l. | Management Contracts (Employees on deputation to JVC) | **10.24** | 9.96 |
| m. | Lease Rentals | **0.27** | 0.24 |

**Key Management Personnel (Whole-time Directors)**

Details of remuneration to Directors are given in note 23 of Notes to Accounts.

**14) Earnings per share**

| | | **2008-09** | 2007-08 |
|---|---|---|---|
| Profit after Tax | Rs. Crores | **735.90** | 1,580.56 |
| Weighted average number of shares outstanding during the year | Crore nos. | **36.15** | 36.15 |
| Basic earnings per share | Rs. | **20.35** | 43.72 |
| Diluted earnings per share | Rs. | **20.35** | 43.72 |

**15) Deferred Tax Liability**

As per the requirement of the Accounting Standard 22 - "Accounting for Taxes on Income" the net deferred tax liability credited to Profit during the year is **Rs. 242.13 crores** (previous year debited Rs. 110.80 crores). The year end position is given below:

| | | Rs. Crores |
|---|---|---|
| | **31-3-2009** | 31-3-2008 |
| **DEFERRED TAX LIABILITY:** | | |
| Depreciation | **1,862.81** | 1,785.24 |
| **DEFERRED TAX ASSET:** | | |
| Disallowance u/s 43B of the Income Tax Act, 1961 including employee benefits. | **365.94** | 220.91 |
| Provisions for mark to market for investments & loans, doubtful debts, claims etc. | **257.63** | 82.96 |
| **Total Deferred Tax Asset** | **623.57** | 303.87 |
| **Net Deferred Tax Liability** | **1,239.24** | 1,481.37 |

**16)** In compliance with AS – 27 'Financial Reporting of Interests in Joint Ventures', the required information is as under:

| **a) Jointly controlled entities:** | **Country of Incorporation** | **Percentage of ownership interest as on** | |
|---|---|---|---|
| | | **31.3.2009** | 31.3.2008 |
| Indraprastha Gas Limited | India | **22.50** | 22.50 |
| Petronet India Limited | India | **16.00** | 16.00 |
| Petronet CCK Limited | India | **49.00** | 49.00 |
| Petronet CI Limited (#) | India | **11.00** | 11.00 |
| Petronet LNG Limited | India | **12.50** | 12.50 |
| Bharat Oman Refineries Limited | India | **50.00** | 50.00 |
| Petroleum Infrastructure Limited (#) | India | **50.00** | 50.00 |
| VI e Trans Private Limited @ | India | **-** | 33.33 |
| Central UP Gas Limited | India | **22.50** | 22.50 |
| Maharashtra Natural Gas Limited | India | **22.50** | 22.50 |
| Sabarmati Gas Limited | India | **25.00** | 25.00 |
| Bharat Stars Services Private Limited | India | **50.00** | 50.00 |
| Premier Oil Cachar B.V. | Netherlands | **50.00** | 50.00 |
| Bharat Renewable Energy Limited | India | **33.33** | - |
| Matrix Bharat Marine Services Pte. Ltd. | Singapore | **50.00** | - |

# Company under liquidation @ Shares sold during the year

Bharat PetroResources Limited, a 100% subsidiary of the Corporation, holds 50% equity in VB (Brazil) Petroleo Private Ltda., a joint venture company incorporated in Brazil.

Numaligarh Refinery Limited, a subsidiary of the Corporation, holds 26% equity in DNP Limited and 10% equity in Brahmaputra Cracker & Polymer Limited, which are joint venture companies.

b) In respect of jointly controlled entities, the Corporation's share of assets, liabilities, income, expenditure, contingent liabilities and capital commitments compiled on the basis of unaudited/audited financial statements received from these joint ventures are as follows:

(Rs. Crores)

| | **31.3.2009** | 31.03.2008 |
|---|---|---|
| (i) Assets | | |
| – Long Term Assets | **3,888.06** | 1,970.90 |
| – Investments | **115.85** | 144.04 |
| – Current Assets | **1,013.23** | 316.26 |
| (ii) Liabilities | | |
| – Loans (Secured & Unsecured) | **3,326.95** | 1,097.03 |
| – Current Liabilities and Provisions | **435.75** | 327.54 |
| – Deferred Tax | **40.42** | 39.80 |
| (iii) Income | **1,501.85** | 1,038.32 |
| (iv) Expenses | **1,397.55** | 940.11 |
| (v) Contingent Liabilities | **63.20** | 58.47 |
| (vi) Capital Commitments | **2,580.94** | 3,077.96 |

17) **Segment Reporting:** The Corporation operates in a single segment – Refinery and Marketing activities i.e. Downstream petroleum sector. Considering the nature of business and operations, there is no reportable segment (business and/or geographical) in accordance with the requirements of Accounting Standard 17.

18) **Disclosure as required by Clause 32 of Listing Agreement**

Rs. Crores

| | **Balance as on** | | **Maximum amount outstanding during the year** | |
|---|---|---|---|---|
| | **31.3.2009** | 31.3.2008 | **2008-09** | 2007-08 |
| a) Loans and advances in the nature of loans to subsidiary company | **–** | – | **–** | – |
| b) Loans and advances in the nature of loans to associates | **–** | – | **–** | – |
| c) Loans and advances in the nature of loans where there is | | | | |
| i) No repayment schedule or repayment beyond seven years | | | | |
| – Petronet CCK Limited | **50.27** | 34.87 | **50.27** | 34.87 |
| ii) No interest or interest below Section 372A of Companies Act | **–** | – | **–** | – |
| d) Loans and advances in the nature of loans to firms/ companies in which directors are interested | | | | |
| – Bharat Oman Refineries Limited | **1608.26** | 65.82 | **1608.26** | 65.82 |
| – Bharat PetroResources Limited | **95.00** | – | **95.00** | – |
| e) Investment by the loanee in the shares of BPCL and its subsidiary company | **–** | – | **–** | – |

## SCHEDULE 'X' – (CONTD.)

**19) INTANGIBLE ASSETS**

In accordance with Accounting Standard 26, details of Intangible Assets recognised and amortised during the year are given below:

a) Intangible Assets – being amortised

Rs. Crores

| PARTICULARS | USEFUL LIFE | GROSS AMOUNT | | | | AMORTISATION | | | | NET AMOUNT | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (NO. OF MONTHS) | AS AT 01–04-2008 | ADDITIONS | DELETIONS/ RECLASSI-FICATION | **AS AT 31-03-2009** | UPTO 31-03-2008 | THIS YEAR | DELETIONS/ RECLASSI-FICATION | **UPTO 31-03-2009** | **AS AT 31-03-2009** | AS AT 31-03-2008 |
| (1) | (2) | (3) | (4) | (5) | **(6)** | (7) | (8) | (9) | **(10)** | **(11)** | (12) |
| 1. RIGHT OF WAY | Perennial | 18.63 | – | – | **18.63** | – | – | – | – | **18.63** | 18.63 |
| 2. SOFTWARE | 36 | 11.86 | – | – | **11.86** | 11.30 | 0.22 | – | **11.52** | **0.34** | 0.56 |
| 3. SOFTWARE | 48 | – | 1.18 | – | **1.18** | – | 0.25 | – | **0.25** | **0.93** | – |
| 4. SOFTWARE | 60 | 12.87 | 0.93 | – | **13.80** | 3.03 | 2.75 | – | **5.78** | **8.02** | 9.84 |
| 5. DEVELOPMENT RIGHTS | 60 | 1.50 | – | – | **1.50** | 0.97 | 0.30 | – | **1.27** | **0.23** | 0.52 |
| 6. PROCESS LICENCE | 60 | 35.76 | 0.78 | – | **36.54** | 16.30 | 7.25 | – | **23.55** | **12.99** | 19.47 |
| **TOTAL** | | **80.62** | **2.89** | – | **83.51** | **31.60** | **10.77** | – | **42.37** | **41.14** | **49.02** |
| PREVIOUS YEAR | | 67.03 | 9.96 | (3.63) | **80.62** | 21.63 | 9.61 | (0.36) | **31.60** | **49.02** | 45.40 |

b) Intangible Assets– pending amortisation*

Rs. Crores

| PARTICULARS | USEFUL LIFE | GROSS AMOUNT | | | | AMORTISATION | | | | NET AMOUNT | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (NO. OF MONTHS) | AS AT 01–04-2008 | ADDITIONS | CAPITALI-SATIONS | **AS AT 31-03-2009** | UPTO 31-03-2008 | THIS YEAR | DELETIONS/ RECLASSI-FICATION | **UPTO 31-03-2009** | **AS AT 31-03-2009** | AS AT 31-03-2008 |
| (1) | (2) | (3) | (4) | (5) | **(6)** | (7) | (8) | (9) | **(10)** | **(11)** | (12) |
| 1. SOFTWARE | | – | 5.96 | – | **5.96** | – | – | – | – | **5.96** | – |
| **TOTAL** | | – | **5.96** | – | **5.96** | – | – | – | – | **5.96** | – |
| PREVIOUS YEAR | | 0.17 | – | 0.17 | – | – | – | – | – | – | 0.17 |

* To be amortised from the time the Intangible Asset starts providing economic benefits

Note: There are no internally generated Intangible Assets

**20) Capital Commitments and Contingent Liabilities:**

| | | | 31/03/2008 |
|---|---|---|---|
| | | **Rs. Crores** | Rs. Crores |
| **20.1** | **Capital Commitments:** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | **2,697.81** | 2,008.12 |
| **20.2** | **Contingent Liabilities:** | | |
| | (a) In respect of taxation | **45.30** | 88.20 |
| | (b) Other Matters: | | |
| | i) Surety bonds executed on behalf of other oil companies for excise/customs duties for which BPCL has signed as surety | **166.33** | 152.24 |
| | ii) Claims against the Corporation not acknowledged as debts: | | |
| | (a) Excise and customs matters | **253.84** | 531.45 |
| | (b) Sales tax matters | **2,412.98** | 1,870.15 |
| | (c) Others | **285.25** | 431.91 |
| | These include **Rs. 668.14 crores** (previous year Rs. 518.88 crores) against which the Corporation has a recourse for recovery and **Rs. 30.80 crores** (previous year Rs. 233.51 crores) on capital account. | | |
| | iii) Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases. | **1.10** | 1.15 |
| | iv) Guarantee in favour of banks for long-term loans extended to BPRL Ventures B.V., a subsidiary of Bharat Petro Resources Limited – **USD 120 million** (Rs. 611 crores) | | |

**21) 21.1** Foreign Exchange losses amounting to **Rs. 194.58 crores** (previous year Rs. 74.18 crores) are regarded as adjustment to Interest cost and debited to Interest expenditure.

**21.2** The deferred premium amounting to **Rs. 123.21 crores** (previous year Rs. 201.12 crores) in respect of forward exchange contract will be recognised in the Profit and Loss Account of one or more subsequent accounting periods.

**22) 22.1** The Corporation has on the Balance Sheet date, outstanding forward contracts amounting to **USD 424.33 million** (previous year USD 523.15 million) to hedge the foreign currency exposure towards loans; this includes **USD 107.50 million** (previous year USD 107.50 million) in respect of long-term loans. The Corporation does not generally hedge the risks on account of foreign currency exposure for the payment of crude oil. Following are the unhedged foreign currency exposures as on 31.03.2009:

| | | 31/03/2008 |
|---|---|---|
| Exposure Type | **USD Million** | USD Million |
| Import of Crude Oil | **323.90** | 733.81 |
| Buyers Credit Loan (Short Term) | **55.00** | 528.52 |
| ECB (Long Term) | **200.00** | 200.00 |
| Export Debtors | **25.74** | 100.74 |

**22.2** The Corporation has on the Balance Sheet date the following outstanding derivatives for hedging purposes:

| Instrument | Description | Quantity |
|---|---|---|
| OTC Swap | Spread between Petroleum Products and Crude Oil | 1.45 million barrels |
| OTC Swap | Spread between Dated Brent Crude and Dubai Crude Oil | 0.45 million barrels |
| OTC Swap | Platinum | 2,000 Troy ounce |
| OTC Swap | Structured Products | 0.65 million barrels |
| Interest Rate Swaps | Floating to fixed interest in respect of ECB loan of USD 13.50 million | – |

For the year 2008-09, the Corporation has provided for losses on Mark-to-Market basis for outstanding derivatives in accordance with the principle of prudence and other applicable guidelines. Accordingly, **Rs. 3.96 crores** (previous year Rs. 1.75 crores) has been provided for losses on the above outstanding derivatives.

**23) Managerial Remuneration :**

| | **Rs. Crores** | 2007-08 Rs. Crores |
|---|---|---|
| Salary and allowances | **0.54** | 0.44 |
| Contributions to Provident Fund and other funds | **0.09** | 0.05 |
| Other benefits | **0.68** | 0.55 |
| | **1.31** | 1.04 |

**24) Remuneration to Auditors (net of service tax):**

| | **Rs. Crores** | 2007-08 Rs. Crores |
|---|---|---|
| (a) Audit fees | **0.16** | 0.13 |
| (b) Fees for other services-certification | **0.12** | 0.10 |
| | **0.28** | 0.23 |

**25) 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. | **NA** | **19.50** | **19.95** |
| | (NA) | (19.50) | (20.95) |
| (ii) Production in kilolitres (KL) | | | |
| Light distillates | – | – | **6,951,676** |
| | | | (7,363,760) |
| Middle distillates | – | – | **12,247,355** |
| | | | (12,968,171) |
| Others | – | – | **3,621,216** |
| | | | (3,627,994) |
| (b) Aromatics (in MT) | | | |
| (i) Benzene * | **185,500** | **192,900** | **79,653** |
| | (185,500) | (192,900) | (88,313) |
| (ii) Toluene * | **67,600** | **73,100** | **28,375** |
| | (67,600) | (73,100) | (26,336) |
| (iii) Mixed Aromatic Solvent | **15,000** | **15,000** | **–** |
| | (15,000) | (15,000) | – |

| | Licensed Capacity | Installed Capacity | Actual Production |
|---|---|---|---|
| (c) MTBE in M.T. # | **NA** | **30,000** | **26,009** |
| | (NA) | (30,000) | (24,795) |
| (d) New Solvent Unit | | | |
| (i) Solvent (SBP 55-115) in M.T. | **NA** | **40,000** | **2,861** |
| | (NA) | (40,000) | (4,520) |
| (ii) Solvent (Food Grade Hexane) in M.T. | **NA** | **25,000** | **23,220** |
| | (NA) | (25,000) | (21,705) |
| (e) Poly Proplyene Feedstock in M.T. | **NA** | **60,000** | **61,924** |
| | (NA) | (60,000) | (62,542) |
| (f) Lubricants in M.T. | **NA** | **153,400** | **151,788** |
| | (NA) | (181,000) | (161,957) |
| (g) Lube Oil Base Stock (LOBS) in M.T. | **NA** | **180,000** | **155,084** |
| | (NA) | (180,000) | (153,816) |
| (h) Sulphur in M.T. | **NA** | **117,667** | **77,697** |
| | (NA) | (117,667) | (80,778) |
| (i) Natural Rubber Modified Bitumen in M.T. | **NA** | **65,000** | **1,398** |
| | (NA) | (65,000) | (6,695) |
| (j) Bitumen Emulsion (Single Shift) in M.T. | **50,000** | **27,600** | **3,884** |
| | (50,000) | (27,600) | (2,279) |
| (k) Diesel Additive (Single Shift) in M.T. | **5,000** | **1,500** | **–** |
| | (5,000) | (1,500) | – |
| (l) Propylene in M.T. | **65,000** | **15,000** | **–** |
| | (65,000) | (15,000) | – |
| (m) Petroleum Hydrocarbon Solvent in M.T. | **10,000** | **8,820** | **6,644** |
| | (10,000) | (8,820) | (6,833) |
| (n) Poly Iso Butene in M.T. | **5,000** | **5,000** | **1,512** |
| | (5,000) | (5,000) | (2,278) |
| (o) Cable Jelly (Poly Isobutene Unit) in M.T. | **6,500** | **2,500** | **–** |
| | (6,500) | (2,500) | – |
| (p) Others (Poly Isobutene Unit) in M.T. | **14,000** | **1,000** | **–** |
| | (14,000) | (1,000) | – |

* For Kochi Refinery, the combined capacity of Benzene and Toluene is 99200 MT as against the individual capacity of 87200 MT and 50000 MT respectively, .

# MTBE is used for own manufacture of Motor Spirit.

**26) Raw materials consumed :**

| | Quantity KL | Quantity MT | Value Rs. Crores |
|---|---|---|---|
| Crude Oil | **–** | **19,960,287** | **53,493.67** |
| | – | (20,917,075) | (48,477.23) |
| Base oil | **24,879** | **–** | **118.62** |
| | (37,099) | – | (131.86) |
| Additive | **–** | **9,948** | **125.06** |
| | – | (9,991) | (109.01) |
| Ethanol | **62,765** | **–** | **165.77** |
| | (60,772) | – | (167.13) |
| Others | **–** | **10,435** | **33.81** |
| | – | (9,686) | (36.70) |
| | | | **53,936.93** |
| | | | (48,921.93) |

**27) Finished goods purchased, sold and stocked :**

| Petroleum Products | Opening Stock | | Purchases | |
|---|---|---|---|---|
| | Quantity MT | Value Rs. Crores | Quantity MT | Value Rs. Crores |
| Light Distillates | **592,548** | **2,398.23** | **5,543,678** | **20,403.81** |
| | (672,461) | (2,328.89) | (5,266,652) | (17,988.87) |
| Middle Distillates | **985,902** | **3,070.13** | **10,898,893** | **47,091.18** |
| | (1,286,349) | (3,501.30) | (9,196,606) | (34,438.12) |
| Others | **225,774** | **449.83** | **205,225** | **463.90** |
| | (318,614) | (505.54) | (108,341) | (221.21) |
| Aromatics | | | | |
| (a) Benzene | **3,414** | **14.92** | **–** | **–** |
| | (2,271) | (9.48) | – | – |
| (b) Toluene | **679** | **2.84** | **–** | **–** |
| | (1,725) | (6.54) | – | – |
| Lubricants | **40,231** | **190.68** | **2,657** | **13.92** |
| | (54,832) | (254.29) | (8,919) | (41.41) |
| Others (Grocery) | **–** | **0.15** | **–** | **–** |
| | – | (0.15) | – | – |
| | | **6,126.78** | | **67,972.81** |
| | | (6,606.19) | | (52,689.61) |

| Petroleum Products | Sales | | Closing Stock | |
|---|---|---|---|---|
| | Quantity MT | Value Rs. Crores | Quantity MT | Value Rs. Crores |
| Light Distillates | **10,436,558** | **40,323.15** | **534,932** | **1,671.62** |
| | (10,446,481) | (37,214.79) | (592,548) | (2,398.23) |
| Middle Distillates | **20,859,169** | **76,613.09** | **1,012,042** | **2,434.27** |
| | (20,040,199) | (65,483.45) | (985,902) | (3,070.13) |
| Others | **3,791,011** | **9,899.13** | **205,608** | **333.13** |
| | (3,812,237) | (8,187.16) | (225,774) | (449.82) |
| Aromatics | | | | |
| (a) Benzene | **76,750** | **377.66** | **6,299** | **14.32** |
| | (87,173) | (448.81) | (3,414) | (14.93) |
| (b) Toluene | **26,526** | **137.12** | **2,526** | **7.88** |
| | (27,380) | (124.70) | (679) | (2.84) |
| Lubricants | **211,183** | **1,825.54** | **29,065** | **170.00** |
| | (260,352) | (1,635.66) | (40,231) | (190.68) |
| Others (Grocery) | **–** | **–** | – | **0.08** |
| | – | – | – | (0.15) |
| | | **129,175.69** | | **4,631.30** |
| | | (113,094.57) | | (6,126.78) |

(a) Purchases exclude inter product transfers.

(b) Purchases of petroleum products exclude payments to third parties for processing fees **Rs. 46.38 crores** (previous year Rs. 41.82 crores) but include own consumption and samples **Rs. 104.99 crores** (previous year Rs. 66.80 crores)

(c) Sales exclude Oil Marketing Companies GOI Special Bonds worth **Rs. 16,216.38 crores** (previous year Rs. 8,589.50 crores) issued by Government of India.

**28) Value of imports calculated on C.I.F. basis**

| | | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|---|
| (a) | Raw Materials (including Crude Oil) | **37,825.24** | 32,692.87 |
| (b) | Capital goods | **142.57** | 105.61 |
| (c) | Components and spare parts (including packages, chemicals and catalysts) | **57.24** | 56.91 |

**29) Expenditure in foreign currency (on cash basis) :**

| | | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|---|
| (a) | Purchase of products | **5,867.24** | 1,073.67 |
| (b) | Professional Consultancy Fees | **12.39** | 25.16 |
| (c) | Royalty | **6.21** | 8.99 |
| (d) | Interest | **185.59** | 72.33 |
| (e) | Other matters | **1,164.59** | 525.20 |

**30) Value of raw materials, stores/spare parts and components including packages, chemicals & catalysts consumed (on derived basis):**

| | Imported | | Indigenous | | Total |
|---|---|---|---|---|---|
| | **Rs. Crores** | **%** | **Rs. Crores** | **%** | **Rs. Crores** |
| Crude Oil | **39,184.20** | **73.25** | **14,309.47** | **26.75** | **53,493.67** |
| | (34,700.96) | (71.58 ) | (13,776.26) | (28.42) | (48,477.23) |
| Base Oil | **18.38** | **15.50** | **100.24** | **84.50** | **118.62** |
| | (5.18) | (3.93 ) | (126.68) | (96.07) | (131.86) |
| Additive | **6.25** | **5.00** | **118.80** | **95.00** | **125.06** |
| | (4.68) | (4.29 ) | (104.34) | (95.71) | (109.01) |
| Ethanol | **–** | **–** | **165.77** | **100.00** | **165.77** |
| | – | – | (167.13) | (100.00) | (167.13) |
| Others | **17.32** | **51.21** | **16.50** | **48.79** | **33.81** |
| | (20.27) | (55.23) | (16.43) | (44.77) | (36.70) |
| Stores/Spare parts and Components | **59.46** | **18.25** | **266.43** | **81.75** | **325.89** |
| (including packages,chemicals & catalysts) | (41.18) | (15.32) | (227.68) | (84.68) | (268.85) |

**31) Earnings in foreign exchange:**

| | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|
| Exports on FOB basis # | **6,213.64** | 6,735.90 |
| Exports on CFR basis | **353.78** | 704.27 |
| Management contract | **–** | – |

\# Includes receipt of **Rs. 1,249.85 crores** (previous year Rs. 1,527.03 crores) in Indian currency out of the repatriable funds of foreign airline customers and **Rs. 8.44 crores** (previous year Rs. 9.75 crores) of INR exports to Nepal and Bhutan.

**32) Expenditure on social overheads:**

| | | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|---|
| (a) | Expenditure on township [net of recovery **Rs. 0.96 crores** (previous year Rs. 0.93 crores)] | **2.29** | 1.78 |
| (b) | Medical facilities over and above statutory requirements | **0.52** | 0.46 |
| (c) | Social and cultural activities | **6.75** | 7.17 |
| (d) | Depreciation on capital assets | **1.14** | 1.33 |

**33) Profit and Loss Account includes expenditure on:**

| | | **Rs. Crores** | 2007-08 Rs. Crores |
|---|---|---|---|
| (a) | Entertainment | **0.81** | 0.78 |
| (b) | Public relations and publicity | **2.73** | 3.72 |
| (c) | Remuneration to staff employed for public relations work | **2.66** | 1.70 |

**34) Research and development**

| | | **Rs. Crores** | 2007-08 Rs. Crores |
|---|---|---|---|
| (a) | Revenue expenditure | **22.56** | 16.75 |
| (b) | Capital expenditure | **7.68** | 8.62 |

| | **Rs. Crores** | 2007-08 Rs. Crores |
|---|---|---|
| **35) Value Added** | **10,446.75** | 8,024.43 |

**36) STATUTORY INFORMATION PURSUANT TO PART – IV OF SCHEDULE – VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No. 8931/TA/III of 1952-53 State Code 11

Balance Sheet Date 31 (Date) 03 (Month) 2009 (Year)

**II. Capital raised during the year (Rs. crores)**

| Public Issue | Right Issue |
|---|---|
| NIL | NIL |

| Bonus Issue | Private Placement |
|---|---|
| NIL | NIL |

**III. Position of Mobilisation and Deployment of Funds (Rs. crores)**

| Total Liabilities | Total Assets |
|---|---|
| 47370.07 | 47370.07 |

Sources of Funds: (excluding deferred tax liability)

| Paid-up Capital | Reserves & Surplus |
|---|---|
| 361.54 # | 11766.57 |

| Secured Loans | Unsecured Loans |
|---|---|
| 3661.60 | 17509.81 |

# Including Share Application Money Suspense Rs. 21,000

Application of Funds:

| Net Fixed Assets | Investments |
|---|---|
| 14003.27* | 18078.38 |

| Net Current Assets | Misc. Expenditure |
|---|---|
| 2457.11 | NIL |

| Accumulated losses |
|---|
| NIL |

* Includes Capital work-in-progress

**IV. Performance of Company (Rs. crores)**

| Turnover | Total Expenditure |
|---|---|
| 146900.81* | 145896.70 |

| + – Profit/Loss Before Tax | + – Profit/Loss After Tax |
|---|---|
| + 1004.11 | + 735.90 |

| Earning per Share in Rs. | Dividend rate % |
|---|---|
| 20.35 | 70 |

* Includes miscellaneous income

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

| | |
|---|---|
| Item Code No. (ITC Code) | 2710 |
| Product Description | PETROLEUM PRODUCTS |
| Item Code No. (ITC Code) | 2902 |
| Product Description | BENZENE |
| Item Code No. (ITC Code) | 2710 |
| Product Description | LUBRICANTS |

Note :

ITC code of products as per Indian Trade Classification based on harmonised commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics.

**37.** Figures of the previous year have been regrouped wherever necessary, to conform to current year presentation.

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Signature to Schedules 'A' to 'X'.

For and on behalf of the Board of Directors

Sd/-
**ASHOK SINHA**
Chairman and Managing Director

Sd/-
**S. K. JOSHI**
Director (Finance)

Sd/-
**N. VISWAKUMAR**
Company Secretary

Place : Mumbai
Dated : 29th May, 2009

# CASH FLOW STATEMENT

| For the year ended 31st March | Notes | **2009 Rs. Crores** | 2008 Rs. Crores |
|---|---|---|---|
| **A Cash Flow from Operating Activities** | | | |
| Net Profit Before tax and prior period items | | **1,017.57** | 2,471.91 |
| *Adjustments for:* | | | |
| Depreciation | | **1,075.53** | 1,098.21 |
| Interest | | **2,166.37** | 672.47 |
| Foreign Exchange Fluctuations | Note 3 | **631.25** | (115.88) |
| (Profit)/Loss on Sale of fixed assets | | **1.77** | 1.01 |
| (Profit)/Loss on Sale of investments | | **515.42** | (47.91) |
| Income from Investments | | **(692.68)** | (504.69) |
| Dividend Received | | **(118.55)** | (135.20) |
| Other Non-Cash items | Note 4 | **(31.33)** | 195.75 |
| **Operating Profit before Working Capital Changes** | | **4,565.35** | 3,635.67 |
| *(Invested in)/Generated from:* | | | |
| Trade Receivables | | **178.80** | (92.59) |
| Other Receivables | | **130.66** | (3,964.64) |
| Inventory | | **3,767.75** | (1,946.93) |
| Current Liabilities & Payables | | **(2,018.72)** | 3,488.06 |
| **Cash generated from Operations** | | **6,623.84** | 1,119.57 |
| Direct Taxes paid | | **(395.56)** | (828.37) |
| **Cash flow before prior period items** | | **6,228.28** | 291.20 |
| Prior Period Items | | **(13.46)** | 125.38 |
| Non-Cash items | | **(2.48)** | 0.55 |
| **Net Cash from Operating Activities** | | **6,212.34** | 417.13 |

| | For the year ended 31st March | Notes | 2009 Rs. Crores | 2008 Rs. Crores |
|---|---|---|---|---|
| **B** | **Net Cash Flow from Investing Activities** | | | |
| | Purchase of fixed assets | | **(2,332.33)** | (2,066.47) |
| | Sale of fixed assets | | **3.64** | 37.53 |
| | *(Investment)/Sale of Investment in Joint Venture Companies* | | | |
| | Bharat Shell Ltd. | | **–** | 152.40 |
| | Central UP Gas Ltd. | | **–** | (0.03) |
| | Bharat Stars Services Pvt. Ltd | | **(1.60)** | (3.40) |
| | VI-e Trans Pvt. Ltd. | | **0.01** | – |
| | Bharat Renewable Energy Pvt. Ltd | | **(1.00)** | – |
| | Matrix Bharat Marine Services Pte. Ltd. | | **(8.41)** | – |
| | Advance for Investments | | **(402.99)** | (50.72) |
| | Purchase of Investments | | **(18,523.13)** | (4,720.55) |
| | Sale of Investments | | **10,691.55** | 2,453.89 |
| | Income from Investment | | **546.96** | 508.20 |
| | Dividend Received | | **118.55** | 135.20 |
| | | | **(9,908.75)** | (3,553.95) |
| **C** | **Net Cash Flow from Financing Activities** | | | |
| | Long term Borrowings | | **1,469.00** | 999.02 |
| | Repayment of loans | | **(1,186.30)** | (149.04) |
| | Interest paid | | **(2,182.13)** | (634.46) |
| | Dividend Paid | | **(144.62)** | (361.67) |
| | Corporate Dividend Tax | | **(9.16)** | (61.44) |
| | Realised gains of exchange differences on foreign currency loans | | **(232.11)** | 9.85 |
| | **Net Cash Flow from Financing Activities** | | **(2,285.32)** | (197.74) |
| **D** | **Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)** | | **(5,981.73)** | **(3,334.56)** |

# CASH FLOW STATEMENT (CONTD.)

| Cash and Cash equivalents as at 31st March | Notes | **2008 Rs. Crores** | 2007 Rs. Crores |
|---|---|---|---|
| Cash in Hand | | **395.84** | 408.89 |
| Cash at Bank | | **565.75** | 444.95 |
| Cash in transit | | **–** | 10.12 |
| Cash Credit from scheduled banks | | **(930.12)** | (1,713.43) |
| CBLOs | | **(1,000.00)** | (866.00) |
| Unsecured loans from scheduled banks/ICDs/CPs | | **(10,171.14)** | (6,089.64) |
| | | **(11,139.67)** | (7,805.11) |
| **Cash and Cash equivalents as at 31st March** | | **2009** | 2008 |
| Cash in Hand | | **124.49** | 395.84 |
| Cash at Bank | | **315.39** | 565.75 |
| Cash in transit | | **1.67** | – |
| Cash Credit from scheduled banks | | **(2,497.70)** | (930.12) |
| CBLOs | | **(150.00)** | (1,000.00) |
| Unsecured loans from scheduled banks/ICDs/CPs | | **(14,915.25)** | (10,171.14) |
| | | **(17,121.40)** | (11,139.67) |
| **Net change in Cash and Cash equivalents** | | **(5,981.73)** | (3,334.56) |

**Explanatory notes to Cash Flow Statement**

1. The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard 3 prescribed by the Institute of Chartered Accountants of India.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. The net profit/loss arising due to conversion of current assets/current liabilities, receivable/payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
4. "Other Non-Cash items" include excess provisions written back, foreign exchange adjustments, diminution in value of investment, amortisation of Capital grant, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.
5. Figures of the previous year have been regrouped wherever necessary, to conform to current year's presentation.

For and on behalf of the Board of Directors
Sd/-
**ASHOK SINHA**
Chairman and Managing Director

As per our attached report of even date
For and on behalf of
**B. K. KHARE & CO.**
Chartered Accountants
Sd/-
**PADMINI KHARE KAICKER**
Partner
Membership No. 44784

Place : Mumbai
Dated : 29th May, 2009

# CONSOLIDATED FINANCIAL STATEMENTS OF BHARAT PETROLEUM CORPORATION LIMITED

# AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors of
Bharat Petroleum Corporation Limited

1. We have audited the attached Consolidated Balance Sheet of **Bharat Petroleum Corporation Limited** and its subsidiaries and its joint ventures as at March 31, 2009 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of Bharat Petroleum Corporation Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries and joint ventures, whose financial statements reflect the Group's share of total assets of Rs. 8,196.34 crores as at March 31, 2009 and the Group's share of total revenues of Rs. 9,816.35 crores and net cash inflows amounting to Rs. 268.66 crores for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by the other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the report of the other auditors.
4. We have relied on the unaudited financial statements of one subsidiary and five joint ventures, which reflect the Group's share of total assets of Rs. 1,045.64 crores as at March 31, 2009 and the Group's share of total revenues of Rs. 79.88 crores and net cash outflows amounting to Rs. 5.07 crores for the year ended on that date as considered in the consolidated financial statements.
5. We report that consolidated financial statements have been prepared by the management of Bharat Petroleum Corporation Limited in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27 – "Financial Reporting of Interests in Joint Ventures", issued by the Institute of Chartered Accountants of India.
6. Without qualifying our opinion, we draw attention to:
   a. Note No. 10 of Schedule X, in respect of impairment of assets wherein, being technical matters subject to uncertainty we have relied on the estimates and assumptions made by the Company in arriving at recoverable value of assets, based on desired margins.
   b. Note No. 20 of Schedule X relating to non-reflection of interest in joint ventures of Numaligarh Refineries Limited in compliance of Accounting Standard 27 – Financial Reporting of Interests in Joint Ventures, pending finalisation of accounts of the joint ventures.
7. Based on our audit and on the consideration of the separate audit reports of the other auditors on separate financial statements and on the other financial information of the components and to the best of our information and the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
   i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of Bharat Petroleum Corporation Limited, its subsidiaries, and its interests in joint ventures as at March 31, 2009;
   ii) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Bharat Petroleum Corporation Limited, its subsidiaries, and its interests in joint ventures for the year ended on that date; and
   iii) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Bharat Petroleum Corporation Limited, its subsidiaries, and its interests in joint ventures for the year ended on that date.

For and on behalf of
**B. K. KHARE AND CO.**
Chartered Accountants
Sd/-
**PADMINI KHARE KAICKER**
Partner
Membership No. 44784

Place : Mumbai
Date : May 29, 2009

# CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

| | SCHEDULE | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|---|
| **I. SOURCES OF FUNDS** | | | |
| **1. Shareholders' funds:** | | | |
| Share Capital | A | **361.54** | 361.54 |
| Reserves and Surplus | B | **12,949.68** | 12,545.38 |
| | | **13,311.22** | 12,906.92 |
| **2. Minority Interest:** | | | |
| Share Capital | | **282.09** | 282.09 |
| Reserves and Surplus | | **619.36** | 578.49 |
| | | **901.45** | 860.58 |
| **3. Loan funds:** | C | | |
| Secured Loans | | **6,681.34** | 3,680.31 |
| Unsecured Loans | | **17,557.82** | 12,385.52 |
| | | **24,239.16** | 16,065.83 |
| **4. Deferred tax liability (net)** | | **1,525.65** | 1,810.79 |
| **TOTAL** | | **39,977.48** | 31,644.12 |
| **II. APPLICATION OF FUNDS** | | | |
| **1. Goodwill** (on consolidation) | | **385.45** | – |
| **2. Fixed Assets:** | D | | |
| Gross block | | **26,354.57** | 25,194.44 |
| Less: Depreciation and amortisation | | **(12,048.34)** | (10,839.00) |
| Net block | | **14,306.23** | 14,355.44 |
| Capital work-in-progress | E | **6,172.65** | 2,441.35 |
| | | **20,478.88** | 16,796.79 |
| **3. Investments** | F | **15,698.54** | 8,809.33 |
| **4. Advance for Investments** | FA | **701.46** | 471.68 |
| **5. Current Assets, loans and advances:** | | | |
| Inventories | G | **7,870.59** | 11,524.99 |
| Sundry debtors | H | **1,505.85** | 1,667.94 |
| Cash and bank balances | I | **1,348.56** | 1,588.92 |
| Other current assets | J | **3,102.56** | 4,936.60 |
| Loans and advances | K | **2,978.24** | 1,795.49 |
| | | **16,805.80** | 21,513.94 |
| **Less: Current liabilities and provisions:** | | | |
| Liabilities | L | **12,275.06** | 14,834.01 |
| Provisions | M | **1,820.89** | 1,118.66 |
| | | **14,095.95** | `15,952.67 |
| **Net Current Assets** | | **2,709.85** | 5,561.27 |
| **6. Miscellaneous Expenditure to the extent not written off or adjusted** | | **3.30** | 5.05 |
| **TOTAL** | | **39,977.48** | 31,644.12 |
| Statement of Significant Accounting Policies and Notes forming part of Accounts | X | | |

For and on behalf of the Board of Directors
Sd/-

**ASHOK SINHA**
Chairman and Managing Director

As per our attached report of even date
For and on behalf of

**B. K. KHARE & CO.**
Chartered Accountants
Sd/-

**PADMINI KHARE KAICKER**
Partner
Membership No. 44784

Place : Mumbai
Date : 29th May, 2009

# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

| | SCHEDULE | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|---|
| **INCOME** | | | |
| Sale of products & related income | N | **147,336.82** | 123,179.69 |
| Less: Excise Duty Paid | | **(10,779.70)** | (11,936.58) |
| | | **136,557.12** | 111,243.11 |
| Miscellaneous income | O | **1,435.78** | 1,323.30 |
| Increase/(Decrease) in Inventory | P | **(1,549.24)** | (316.16) |
| **TOTAL** | | **136,443.66** | 112,250.25 |
| **EXPENDITURE** | | | |
| Purchase of products for resale | | **60,119.92** | 44,758.33 |
| Raw materials consumed | Q | **61,895.03** | 56,437.85 |
| Packages consumed | | **107.51** | 87.19 |
| Excise Duty on Inventory differential | | **(13.15)** | (208.47) |
| Other duties, taxes, etc., and other charges applicable to products | | **1,318.50** | 708.03 |
| Transportation | | **2,471.96** | 2,138.67 |
| Consumption of stores, spares and materials | R | **116.12** | 84.85 |
| Power and fuel | S | **73.64** | 66.58 |
| Employees' remuneration and other benefits | T | **1,981.30** | 1,356.85 |
| Interest | U | **2,404.32** | 714.89 |
| Other operating and administration expenses | V | **3,560.35** | 1,926.10 |
| Depreciation and amortisation | | **1,261.71** | 1,292.10 |
| Miscellaneous expenditure written off | | **3.38** | 0.57 |
| **TOTAL** | | **135,300.59** | 109,363.54 |
| **Profit** | | **1,143.07** | 2,886.71 |
| Prior period income/(expenses) net | W | **(8.50)** | 133.34 |
| **Profit before tax** | | **1,134.57** | 3,020.05 |
| Provision for Taxation | | | |
| – Current Tax | | **674.06** | 1,025.89 |
| – Fringe Benefit Tax | | **14.40** | 16.21 |
| – Deferred Tax (net) | | **(285.11)** | 58.70 |
| – Short provision for Taxation in earlier years provided for | | **7.09** | 6.73 |
| **Profit after tax** | | **724.13** | 1,912.52 |
| ***Minority Interest*** | | **90.37** | 142.97 |
| ***Net Income of the Group*** | | **633.76** | 1,769.55 |
| Transfer from/(to) Debenture Redemption Reserve | | **(300.00)** | – |
| Balance brought forward | | **262.74** | 244.76 |
| Less: Adjustment on account of sale of shares in Numaligarh Refinery Limited and Bharat Shell Limited | | – | (20.28) |
| **Disposable Profit** | | **686.87** | 2,137.00 |
| **Appropriations:** | | | |
| Proposed dividend | | **295.40** | 201.04 |
| Corporate Dividend Tax on proposed dividend | | **54.96** | 36.56 |
| | | **350.36** | 237.60 |
| Transfer to General Reserve | | **191.68** | 1,630.54 |
| **Balance Carried to Balance Sheet** | | **144.83** | 268.86 |
| **Earnings per Share – Rs.** | | | |
| – **Basic** | | **17.53** | 48.94 |
| – **Diluted** | | **17.53** | 48.94 |
| Statement of Significant Accounting Policies and Notes forming part of Accounts | X | | |

For and on behalf of the Board of Directors
Sd/-
**ASHOK SINHA**
Chairman and Managing Director

As per our attached report of even date
For and on behalf of
**B. K. KHARE & CO.**
Chartered Accountants
Sd/-
**PADMINI KHARE KAICKER**
Partner
Membership No. 44784

Place : Mumbai
Date : 29th May, 2009

## SCHEDULE 'A' – SHARE CAPITAL (CONSOLIDATED)

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **Authorised** | | |
| 450,000,000 equity shares of Rs.10 each | **450.00** | 450.00 |
| | **450.00** | 450.00 |
| **Issued, subscribed and paid-up** | | |
| 361,542,124 (previous year 361,542,124) equity shares of Rs. 10 each fully paid-up | **361.54** | 361.54 |
| **Total** | **361.54** | 361.54 |
| Share Application Money Suspense Account | **#** | # |
| **Total** | **361.54** | 361.54 |

# Value Rs. 21,000

## SCHEDULE 'B' – RESERVES AND SURPLUS (CONSOLIDATED)

| | | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|---|
| 1. | **Capital Reserve** | | |
| | As per last Balance Sheet | **53.38** | 52.18 |
| | Add: Adjustment on account of sale of shares in Numaligarh Refinery Limited | **–** | 1.32 |
| | Add/(Less): Grant received/(reversed) during the year | **–** | (0.03) |
| | Less: Amortisation of Capital Grant | **(0.09)** | (0.09) |
| | | **53.29** | 53.38 |
| 2. | **Capital Reserve on acquisition of subsidiaries** | **66.45** | 67.86 |
| | (Less): Adjustment on account of sale of shares in Numaligarh Refinery Limited | **–** | (1.42) |
| | | **66.45** | 66.44 |
| 3. | **Debenture Redemption Reserve** | | |
| | As per last Balance Sheet | **–** | – |
| | Add: Transfer from Profit & Loss Account | **300.00** | – |
| | | **300.00** | – |
| 4. | **Foreign Currency Translation Reserve** | **72.48** | – |
| 5. | **General Reserve** | | |
| | As per last Balance Sheet | **12,708.72** | 11,106.17 |
| | Add : Transfer from Profit & Loss Account | **181.55** | 1,627.46 |
| | (Less): Transitional provision for Employee Benefits | **–** | (24.91) |
| | | **12,890.27** | 12,708.72 |
| 6. | **Surplus as per Profit & Loss Account** | **(73.97)** | 84.32 |
| | Sub-total (1+2+3+4+5+6) | **13,308.52** | 12,912.86 |
| | Less: Minority Interest | **619.36** | 578.49 |
| | | **12,689.16** | 12,334.37 |
| 7. | **Share of interest in Joint Ventures** | | |
| | General Reserve | **26.04** | 12.04 |
| | Surplus as per Profit & Loss Account | **218.80** | 184.54 |
| | Securities Premium | **14.43** | 14.43 |
| | Foreign Currency Translation Reserve | **1.25** | – |
| | | **260.52** | 211.01 |
| | **Total** | **12,949.68** | 12,545.38 |

# SCHEDULE 'C' – LOAN FUNDS (CONSOLIDATED)

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **Secured Loans** | | |
| **Debentures** | **1,000.00** | – |
| (refer Note 3 of Schedule 'X'-B) | | |
| **Banks** | | |
| Working Capital Loans/Cash Credit | **2,500.08** | 931.67 |
| (Secured in favour of the participating banks ranking pari passu inter-alia by hypothecation of raw materials, finished goods, stock-in-process, book debts, stores, components and spares and all movables both present and future) | | |
| Interest accrued and due | **13.90** | 0.09 |
| **Term Loan** | **535.92** | 800.00 |
| Collateralised Borrowing and Lending Obligation (CBLO) through Clearing Corporation of India Limited | **150.00** | 1,000.00 |
| [Secured by Oil Marketing Companies GOI Special Bonds of **Rs. 1,300 crores** (previous year Rs. 1,398.70 crores)] | | |
| | **4,199.90** | 2,731.76 |
| **Share of interest in Joint Ventures** | **2,481.44** | 948.55 |
| | **6,681.34** | 3,680.31 |
| **Unsecured Loans** | | |
| **Fixed deposits** | **3.45** | 28.80 |
| [Due for repayment within one year **Rs. 3.01 crores** (previous year Rs. 25.09 crores)] | | |
| **Short Term (From Banks)** | | |
| Rupee Loans | **12,855.14** | 6,265.41 |
| Foreign Currency Loans | **2,060.25** | 3,906.14 |
| **Syndicated Loans from various banks (repayable in foreign currency)** | **1,829.61** | 1,438.99 |
| [Due for repayment within one year **Rs. 606.07 crores** (previous year Rs. Nil)] | | |
| **OIDB** | **809.37** | 729.09 |
| [Due for repayment within one year **Rs. 211.11 crores** (previous year Rs. 392.88 crores)] | | |
| | **17,557.82** | 12,368.43 |
| **Share of interest in Joint Ventures** | – | 17.09 |
| | **17,557.82** | 12,385.52 |
| **Total** | **24,239.16** | 16,065.83 |

# SCHEDULE 'D' – FIXED ASSETS (CONSOLIDATED)

Rs. Crores

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION AND AMORTISATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|
| | AS AT 01-04-2008 | ADDITIONS | DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI-CATIONS | **AS AT 31-03-2009** | UPTO 31-03-2008 | THIS YEAR | DEDUCTIONS ON ACCOUNT OF RETIREMENT/ RECLASSIFI-CATIONS | **UPTO 31-03-2009** | **AS AT 31-03-2009** | AS AT 31-03-2008 |
| (1) | (2) | (3) | (4) | **(5)** | (6) | (7) | (8) | **(9)** | **(10)** | (11) |
| 1. LAND | | | | | | | | | | |
| (a) Freehold | 417.36 | 8.40 | 7.77 | **417.99** | – | – | – | – | **417.99** | 417.36 |
| (b) Leasehold | 98.24 | 4.31 | (1.78) | **104.33** | 15.09 | 2.00 | (0.06) | **17.15** | **87.18** | 83.15 |
| 2. BUILDINGS | 3,992.16 | 366.92 | 7.80 | **4,351.28** | 485.15 | 88.03 | 2.76 | **570.42** | **3,780.86** | 3,507.01 |
| 3. RAILWAY SIDINGS | 252.22 | 0.15 | (0.19) | **252.56** | 111.70 | 12.00 | (0.10) | **123.80** | **128.76** | 140.52 |
| 4. PLANT and MACHINERY | 8,877.43 | 101.52 | 34.75 | **8,944.20** | 3,497.21 | 435.96 | 16.09 | **3,917.08** | **5,027.12** | 5,380.22 |
| 5. TANKS and PIPELINES | 4,074.51 | 87.32 | 23.45 | **4,138.38** | 1,800.58 | 247.55 | 7.56 | **2,040.57** | **2,097.81** | 2,273.93 |
| 6. FURNITURE and FITTINGS | 155.22 | 21.89 | 1.44 | **175.67** | 68.38 | 11.76 | 2.84 | **77.30** | **98.37** | 86.84 |
| 7. VEHICLES | 156.69 | 14.77 | 2.35 | **169.11** | 88.81 | 12.38 | 2.05 | **99.14** | **69.97** | 67.88 |
| 8. OTHER ASSETS | | | | | | | | | | |
| (a) Dispensing Pumps | 1,293.25 | 142.48 | (0.67) | **1,436.40** | 285.49 | 63.87 | 0.63 | **348.73** | **1,087.67** | 1,007.76 |
| (b) LPG Cylinders and Allied Equipment | 3,574.31 | 230.24 | 5.43 | **3,799.12** | 3,574.31 | 230.24 | 5.43 | **3,799.12** | **–** | – |
| (c) Sundries | 1,580.32 | 181.78 | 18.20 | **1,743.90** | 707.29 | 113.27 | 23.35 | **797.21** | **946.69** | 873.03 |
| 9. INTANGIBLE ASSETS (refer Note 22 of Schedule 'X'-B) | 91.06 | 3.94 | – | **95.00** | 36,64 | 12.92 | – | **49.56** | **45.44** | 54.42 |
| **TOTAL** | **24,562.77** | **1,163.72** | **98.55** | **25,627.94** | **10,670.65** | **1,229.98** | **60.55** | **11,840.08** | **13,787.86** | **13,892.12** |
| **Share of interest in Joint Ventures** | **627.66** | **99.13** | **0.16** | **726.63** | **168.17** | **40.14** | **0.05** | **208.26** | **518.37** | **459.50** |
| **GRAND TOTAL** | **25,190.43** | **1,262.85** | **98.71** | **26,354.57** | **10,838.82** | **1,270.12** | **60.60** | **12,048.34** | **14,306.23** | **14,351.62** |
| Total 2007-08 | 22,453.16 | 2,241.38 | 131.76 | **24,562.77** | 9,457.50 | 1,259.83 | 46.68 | **10,670.65** | **13,892.12** | 12,995.66 |
| Share of interest in Joint Ventures | 565.98 | 66.44 | 0.76 | **631.66** | 132.88 | 36.44 | 0.98 | **168.34** | **463.32** | 433.11 |
| Grand Total 2007-08 | 23,019.14 | 2,307.81 | 132.51 | **25,194.44** | 9,590.38 | 1,296.28 | 47.66 | **10,839.00** | **14,355.44** | 13,428.76 |

**NOTES:**

1) Land:

a) Freehold land of the group includes **Rs. 99.07 crores** (previous year Rs. 111.54 crores) for which conveyance deed/registration/execution of title deeds/mutation are pending.

b) Leasehold land of the group includes gross block **Rs. 1.51 crores** (previous year Rs. 1.51 crores) which though in possession, the lease deeds are yet to be registered.

c) Freehold land of BPCL includes land costing **Rs. 2.13 crores** (previous year Rs. 2.13 crores) which is in the process of being surrendered to competent authority.

2) Buildings pertaining to BPCL include:

a) Ownership flats of **Rs. 47.92 crores** (previous year Rs. 47.92 crores) in proposed/existing co-operative societies.

b) Residential flats and office complex which are in possession of BPCL and in respect of which the lease deeds are yet to be registered: Gross Block **Rs. 30.87 crores** (previous year Rs. 30.87 crores), Net Block **Rs. 28.72 crores** (previous year Rs. 29.20 crores).

3) Land, Plant & Machinery, Tanks & Pipelines, Railway Sidings and Buildings jointly owned by BPCL in varying extent with other Oil Companies/Railways: Gross Block **Rs. 192.41 crores** (previous year Rs. 181.51 crores), Cumulative Depreciation **Rs. 77.67 crores** (previous year Rs. 67.07 crores), Net Block **Rs. 114.74 crores** (previous year Rs. 114.44 crores).

4) Buildings, Plant & Machinery and Sundries includes **Rs. 19.71 crores** (previous year Rs. 18.29 crores) towards assets, ownership of which does not vest with the group. This amount has been amortised over a period of five years. The amount charged off as depreciation for the current year is **Rs. 1.92 crores** (previous year Rs. 1.01 crores).

5) Gross Block of the group includes **Rs. 6.62 crores** (previous year Rs. 9.52 crores) towards assets which are identified as held for disposal during the year in respect of which additional depreciation of **Rs. 4.13 crores** (previous year Rs. 4.30 crores) has been provided to recognise the expected loss on disposal.

6) Interest in Joint Venture includes **Rs. 1.49 crores** (previous year Rs. 1.49 crores) towards land obtained under perpetual lease for which the lease agreement is not yet executed.

## SCHEDULE 'E' – CAPITAL WORK-IN-PROGRESS (CONSOLIDATED)

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Capital work-in-progress (at cost)** | | |
| Work-in-progress | **1,989.73** | 611.19 |
| Capital Advances (Unsecured, Considered good) | **125.08** | 141.17 |
| Capital Stores including lying with contractors | **299.64** | 208.93 |
| Capital goods in transit | **13.54** | 24.68 |
| Intangible assets pending amortisation (refer Note 21 of Schedule 'X'-B) | **5.96** | –- |
| **Construction period expenses** | | |
| Opening balance | **23.48** | 41.97 |
| Add: Expenditure during the year | | |
| Establishment charges | **24.77** | 12.88 |
| Interest | **14.02** | 8.23 |
| Depreciation | **0.69** | 0.01 |
| Others | **9.18** | 14.61 |
| | **72.14** | 77.70 |
| Less: Allocated to assets capitalised during the year | **(5.87)** | (54.24) |
| Closing balance | **66.27** | 23.46 |
| **Shares of interest in Joint Ventures** | **3,672.43** | 1,431.92 |
| **Total** | **6,172.65** | 2,441.35 |

## SCHEDULE 'F' – INVESTMENTS (CONSOLIDATED)

| | Rs. Crores | 31/03/2008<br>Rs. Crores |
|---|---|---|
| **CURRENT** | | |
| (Current Investments are valued at lower of cost or fair market value) | | |
| **IN GOVERNMENT SECURITIES** | | |
| NON TRADE – QUOTED | **7,667.64** | 8,829.76 |
| Less: Provision for dimunition in value of investment | **(288.03)** | (317.95) |
| | **7,379.61** | 8,511.81 |
| **IN OTHER SECURITIES** | | |
| NON TRADE – QUOTED | – | 56.76 |
| | – | 56.76 |
| **LONG TERM** | | |
| **IN GOVERNMENT SECURITIES** | | |
| NON TRADE – QUOTED | **8,151.02** | 64.35 |
| Less: Provision for dimunition in value of investment | **-** | (3.86) |
| | **8,151.02** | 60.49 |
| **IN SHARES, DEBENTURES AND BONDS** | | |
| TRADE – UNQUOTED | **63.25** | 43.38 |
| Less: Provision for dimunition in value of investment | **(25.08)** | (25.18) |
| | **38.17** | 18.20 |
| **IN OTHER SECURITIES** | | |
| NON TRADE – QUOTED | – | 8.88 |
| | – | 8.88 |
| NON TRADE – UNQUOTED | **0.01** | 0.01 |
| | **0.01** | 0.01 |
| **IN ASSOCIATION OF PERSONS** | | |
| NON TRADE – UNQUOTED | | |
| Capital Contribution in Petroleum India International | **10.00** | 10.00 |
| Share in accumulated surplus of Petroleum India International | **12.98** | 12.40 |
| | **15,591.79** | 8,678.55 |
| **Share of interest in Joint Ventures – UNQUOTED** | **106.75** | 130.78 |
| **Total** | **15,698.54** | 8,809.33 |

Aggregate value of Unquoted Securities **Rs. 167.90 crores** (previous year Rs. 171.38 crores).

Aggregate value of Quoted Securities **Rs. 15,530.64 crores** (previous year Rs. 8,637.95 crores).

Market value of Quoted Securities **Rs. 15,466.29 crores** (previous year Rs. 8,554.65 crores).

## SCHEDULE 'FA' – ADVANCE FOR INVESTMENTS (CONSOLIDATED)

| | Rs. Crores | 31/03/2008<br>Rs. Crores |
|---|---|---|
| **Share Application Money/Advance towards equity pending allotment** | 701.46 | 471.68 |
| **Share of interest in Joint Ventures** | – | – |
| **Total** | 701.46 | 471.68 |

## SCHEDULE 'G' – INVENTORIES (CONSOLIDATED)

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Stores and spares | **270.17** | 216.79 |
| [Including in transit **Rs. 8.23 crores** (previous year Rs. 12.65 crores)] | | |
| Raw materials | **1,730.39** | 3,943.18 |
| [Including in transit **Rs. 547.71 crores** (previous year Rs. 1,756.04 crores)] | | |
| Stock in process | **572.36** | 679.54 |
| Finished products | **5,218.11** | 6,660.33 |
| [Including in transit **Rs. 78.40 crores** (previous year Rs. 70.66 crores)] | | |
| Packages | **6.01** | 8.53 |
| | **7,797.04** | 11,508.37 |
| **Share of interest in Joint Ventures** | **73.55** | 16.62 |
| **Total** | **7,870.59** | 11,524.99 |

## SCHEDULE 'H' – SUNDRY DEBTORS (CONSOLIDATED)

(Unsecured, Considered good unless otherwise stated)

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Debts outstanding for over six months:** | | |
| Considered good * | **198.60** | 228.75 |
| Considered doubtful | **183.97** | 183.76 |
| | **382.57** | 412.51 |
| **Other debts** | **1,216.69** | 1,396.73 |
| | **1,599.26** | 1,809.24 |
| Less : Provision for doubtful debts | **(183.97)** | (183.76) |
| | **1,415.29** | 1,625.48 |
| **Share of interest in Joint Ventures** | **90.56** | 42.46 |
| **Total** | **1,505.85** | 1,667.94 |

* Includes **Rs.19.86 crores** (previous year Rs. 9.89 crores) which are secured.

## SCHEDULE 'I' – CASH AND BANK BALANCES (CONSOLIDATED)

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Cash on Hand**<br>[Includes drafts and cheques on hand of **Rs. 108 crores** – (previous year Rs. 377.67 crores)] | **124.84** | 405.04 |
| **With Scheduled banks**: | | |
| In current accounts | **323.05** | 567.98 |
| In deposit accounts * | **290.93** | 500.92 |
| **Bank Balances outside India:** | | |
| In current accounts | **0.79** | – |
| **Remittances in transit** | **1.67** | # |
| | **741.28** | 1,473.94 |
| **Share of interest in Joint Ventures** | **607.28** | 114.98 |
| **Total** | **1,348.56** | 1,588.92 |

* Includes deposit of **Rs. 0.80 crores** (previous year Rs. 0.80 crores) that have been pledged/deposited with local authorities.

\# Value Rs. 2,423.76

## SCHEDULE 'J' – OTHER CURRENT ASSETS (CONSOLIDATED)

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Interest accrued on investments | **247.17** | 101.45 |
| Interest accrued on bank deposits | **1.51** | 1.45 |
| Interest accrued on other loans | **–** | 0.04 |
| Oil Marketing Companies GOI Special Bonds Receivable | **2,065.28** | 3,971.45 |
| (refer Note 2 of Schedule 'X'-B) | | |
| Deferred premium (foreign exchange forward contract) | **123.22** | 201.12 |
| Others (refer Note 4 of Schedule 'X'-B) | **659.10** | 659.10 |
| | **3,096.28** | 4,934.61 |
| **Share of interest in Joint Ventures** | **6.28** | 1.99 |
| **Total** | **3,102.56** | 4,936.60 |

## SCHEDULE 'K' – LOANS AND ADVANCES (CONSOLIDATED)

(Unsecured, Considered Good Unless Otherwise Stated)

| | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|
| **Loans (Secured):** | | |
| To companies | | |
| Considered doubtful | **0.10** | 0.11 |
| Less: Provision for doubtful loans | **(0.10)** | (0.11) |
| To staff * | **660.15** | 657.63 |
| **Material given on Loan** | **0.46** | 0.46 |
| Less: Deposits Received | **(0.46)** | (0.46) |
| | **660.15** | 657.63 |
| **Loans:** | | |
| To companies | | |
| Considered good | **829.77** | 50.35 |
| Considered doubtful | **2.81** | 2.81 |
| Less: Provision for doubtful loans | **(2.81)** | (2.81) |
| To others | **40.75** | 38.59 |
| Interest accrued on loans | **16.88** | 1.37 |
| | **887.40** | 90.31 |
| **Advances:** | | |
| Advances recoverable in cash, or in kind or for value to be received | **354.69** | 258.83 |
| Advances considered doubtful | **4.99** | 2.94 |
| Less: Provision for doubtful advances | **(4.99)** | (2.94) |
| | **354.69** | 258.83 |
| **Dues from Petroleum Planning & Analysis Cell – Government of India** | **29.91** | 5.40 |
| **Claims:** | | |
| Considered good | **365.05** | 272.56 |
| Considered doubtful | **58.71** | 56.96 |
| Less: Provision for doubtful claims | **(58.71)** | (56.96) |
| | **365.05** | 272.56 |
| Advance Income Tax (Net of provision for taxation) | **200.76** | 166.16 |
| **Deposits:** | | |
| With Customs/Excise/Port Trust etc. @ | **126.37** | 116.55 |
| Others** | **91.05** | 106.29 |
| | **217.42** | 222.84 |
| Considered doubtful | **–** | 0.02 |
| Less: Provision for doubtful deposits | **–** | (0.02) |
| | **217.42** | 222.84 |
| | **2715.38** | 1673.73 |
| **Share of interest in Joint Ventures** | **262.86** | 121.76 |
| **Total** | **2,978.24** | 1,795.49 |

* Include :

Due from Officers: **Rs. 20.28 crores** (previous year Rs. 20.03 crores)

Maximum balances: **Rs. 21.95 crores** (previous year Rs. 21.16 crores)

Due from Directors: **Rs. 0.20 crores** (previous year Rs. 0.27 crores)

Maximum balances: **Rs. 0.28 crores** (previous year Rs. 0.29 crores)

@ Deposit with Excise includes **Rs. 13.62 crores** (previous year Rs. 13.62 crores) regarding Cenvat credit on capital goods withheld by Excise Department for utilisation and under litigation and service tax deposit under protest **Rs. 0.32 crores** (previous year Rs. 0.32 crores).

** Includes an amount of **Rs. 5.81 crores** (previous year Rs. 8.17 crores) along with interest of **Rs. 5.73 crores** (previous year Rs. 8.40 crores) deposited as per court order in Land Compensation cases for which appeals are pending.

## SCHEDULE 'L' – LIABILITIES (CONSOLIDATED)

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Current Liabilities:** | | |
| **Sundry creditors** | | |
| Total outstanding dues of micro and small enterprises | **0.73** | 0.77 |
| Total outstanding dues of creditors other than micro and small enterprises | **6,900.92** | 9,742.51 |
| Materials taken on loan | **#** | # |
| Less: Deposits given | **#** | # |
| Deposits from Customers | **22.99** | 15.72 |
| Deposits for Containers | **3,343.98** | 3,106.48 |
| Unclaimed Dividend * | **3.18** | 3.18 |
| Unclaimed Deposits * | **0.37** | 0.58 |
| Unclaimed Interest on Deposits * | **0.21** | 0.12 |
| Other liabilities | **1,555.73** | 1,621.72 |
| Interest on loans (accrued but not due) | **63.69** | 79.34 |
| | **11,891.80** | 14,570.42 |
| **Share of interest in Joint Ventures** | **383.26** | 263.59 |
| **Total** | **12,275.06** | 14,834.01 |

* No amount is due at the end of the year for credit to Investors Education and Protection Fund.

# Value Rs. 47,079.

## SCHEDULE 'M' – PROVISIONS (CONSOLIDATED)

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Provision for Taxation (Net of Tax paid) | **493.72** | 330.06 |
| Proposed dividend * | **295.40** | 201.04 |
| Corporate Dividend Tax on proposed dividend | **50.20** | 34.17 |
| Provision for employee/retirement benefits | **974.74** | 512.97 |
| | **1,814.06** | 1,078.24 |
| **Share of interest in Joint Ventures** | **6.83** | 40.42 |
| **Total** | **1,820.89** | 1,118.66 |

* Includes **Rs. 42.32 crores** (previous year Rs. 56.42 crores) being the share of Minority Interest in the proposed dividend of Numaligarh Refinery Limited.

## SCHEDULE 'N' – SALE OF PRODUCTS (CONSOLIDATED)

| | | 2007-08 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Sales | **129,246.01** | 113,163.08 |
| Subsidy on LPG (Domestic) & SKO (PDS) (As per the existing scheme of the Government of India) | **566.21** | 554.44 |
| Oil Marketing Companies GOI Special Bonds (refer note 2 of Schedule 'X'-B) | **16,216.38** | 8,589.50 |
| | **146,028.60** | 122,307.02 |
| **Share of interest in Joint Ventures** | **1,308.22** | 872.67 |
| **Total** | **147,336.82** | 123,179.69 |

## SCHEDULE 'O' – MISCELLANEOUS INCOME (CONSOLIDATED)

| | | 2007-08 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Interest on bank deposits and others *** | **188.42** | 81.19 |
| Tax deducted at source – **Rs. 21.47 crores** (previous year Rs. 6.92 crores) | | |
| **Income from Investments** | | |
| **Current** | | |
| Interest on Oil Marketing Companies GOI Special Bonds | **422.96** | 454.68 |
| Interest – Others | **9.73** | 3.22 |
| Dividend | **2.01** | – |
| **Long Term** | | |
| Interest | **89.87** | 5.17 |
| Dividend | **27.84** | 21.82 |
| Income from AOP (Petroleum India International) | **1.24** | 1.33 |
| | **553.65** | 486.22 |
| Profit on sale of Long-term Investments | **–** | 156.07 |
| Write back of liabilities no longer required (net) | **17.58** | 0.72 |
| Reversal of provision for doubtful debts and advances | **–** | 1.71 |
| Foreign Exchange fluctuations (net) | **–** | 255.16 |
| Other income # | **653.73** | 330.25 |
| | **1,413.38** | 1,311.32 |
| **Share of interest in Joint Ventures** | **22.40** | 11.98 |
| **Total** | **1,435.78** | 1,323.30 |

* Includes interest received from Income tax authorities **Rs. 10.85 crores** (previous year Rs. Nil)

\# Includes amortisation of capital grants **Rs. 0.09 crores** (previous year Rs. 0.09 crores)

## SCHEDULE 'P' – INCREASE/(DECREASE) IN INVENTORY (CONSOLIDATED)

| | | 2007-08 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Value of closing stock of** | | |
| Finished goods | **5,218.12** | 6,660.33 |
| Stock in process | **572.36** | 679.54 |
| | **5,790.48** | 7,339.87 |
| Less: | | |
| **Value of opening stock of** | | |
| Finished goods | **6,660.33** | 7,089.08 |
| Stock in process | **679.55** | 566.95 |
| | **7,339.88** | 7,656.03 |
| | **(1,549.40)** | (316.16) |
| **Share of interest in Joint Ventures** | **0.16** | – |
| **Total** | **(1,549.24)** | (316.16) |

## SCHEDULE 'Q' – RAW MATERIALS CONSUMED (CONSOLIDATED)

| | | 2007-08 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Opening Stock | **3,943.19** | 1,641.35 |
| Add: Purchases | **58,760.20** | 58,043.88 |
| Less: Closing Stock | **(1,730.39)** | (3,943.18) |
| | **60,973.00** | 55,742.05 |
| **Share of interest in Joint Ventures** | **922.03** | 695.80 |
| **Total** | **61,895.03** | 56,437.85 |

## SCHEDULE 'R' – CONSUMPTION OF STORES, SPARES AND MATERIALS (CONSOLIDATED)

| | | 2007-2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Stores, spares and materials | **278.05** | 203.07 |
| Less: Charged to other revenue accounts | **(162.74)** | (122.06) |
| | **115.31** | 81.01 |
| **Share of interest in Joint Ventures** | **0.81** | 3.84 |
| **Total** | **116.12** | 84.85 |

## SCHEDULE 'S' – POWER AND FUEL (CONSOLIDATED)

| | | 2007-2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Power and Fuel | **2,996.59** | 2,669.26 |
| Less: Consumption of fuel out of own production | **(2,929.39)** | (2,606.07) |
| | **67.20** | 63.19 |
| **Share of interest in Joint Ventures** | **6.44** | 3.39 |
| **Total** | **73.64** | 66.58 |

## SCHEDULE 'T' – EMPLOYEES' REMUNERATION AND OTHER BENEFITS (CONSOLIDATED)

| | | 2007-2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Salaries and wages (refer note 7 of Schedule 'X'-B) | **1,093.32** | 1,051.60 |
| Contribution to provident fund | **68.69** | 63.48 |
| Contribution to gratuity fund | **216.10** | 9.86 |
| Contribution to other funds | **9.71** | 10.97 |
| Welfare expenses | **583.63** | 214.38 |
| | **1,971.45** | 1,350.29 |
| **Share of interest in Joint Ventures** | **9.85** | 6.56 |
| **Total** | **1,981.30** | 1,356.85 |

## SCHEDULE 'U' – INTEREST (CONSOLIDATED)

| | | 2007-2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| On Bonds | **31.76** | – |
| On Fixed Loans | **295.65** | 169.43 |
| Others | **1,874.10** | 526.28 |
| | **2,201.51** | 695.71 |
| **Share of interest in Joint Ventures** | **202.81** | 19.18 |
| **Total** | **2,404.32** | 714.89 |

## SCHEDULE 'V' – OTHER OPERATING AND ADMINISTRATION EXPENSES (CONSOLIDATED)

| | | 2007-2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **Repairs and maintenance:** | | |
| Machinery | **382.85** | 242.63 |
| Building | **23.95** | 25.23 |
| Others | **120.76** | 113.12 |
| | **527.56** | 380.98 |
| Insurance | **29.89** | 30.94 |
| Rent | **128.00** | 143.24 |
| Rates and taxes | **33.32** | 35.36 |
| Charities and donations | **4.25** | 3.71 |
| Remuneration to auditors | **0.31** | 0.29 |
| Utilities | **129.77** | 104.65 |
| Write off: | | |
| Bad debts and Claims | **0.02** | 5.43 |
| Less: Provision made earlier | **–** | (5.25) |
| Others | **12.29** | 4.35 |
| Provision for: | | |
| Doubtful debts and advances | **4.17** | – |
| Diminution in value of investments | **(33.88)** | 194.37 |
| Loss on sale of current Investments | **515.42** | 108.06 |
| Loss on sale/write off of Fixed Assets (net) | **1.83** | 1.06 |
| Charges paid to other oil companies | **95.87** | 62.73 |
| Travelling and conveyance | **120.60** | 129.22 |
| Telephone, Telex, Cables, Postage etc. | **27.02** | 25.56 |
| Foreign Exchange fluctuations (net) | **1,300.02** | – |
| Other expenses | **615.44** | 670.84 |
| | **3,511.90** | 1,895.54 |
| **Share of interest in Joint Ventures** | **48.45** | 30.56 |
| **Total** | **3,560.35** | 1,926.10 |

## SCHEDULE 'W' – PRIOR PERIOD INCOME/(EXPENSES) (NET) (CONSOLIDATED)

| | | 2007-2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| Sale of products | **(12.93)** | 44.01 |
| Miscellaneous Income | **1.59** | 2.54 |
| Purchase of product for resale | **1.11** | 105.70 |
| Raw Materials Consumed | **1.78** | 10.66 |
| Duties, taxes etc. and other product charges | **0.94** | (16.90) |
| Transportation | **(6.19)** | 5.68 |
| Consumption of stores, spares and materials | **0.99** | 1.83 |
| Rent, Rates & Taxes | **(1.38)** | 5.60 |
| Employees' remuneration and other benefits | **(1.47)** | (9.16) |
| Other operating and administration expenses | **(6.61)** | (1.50) |
| Interest | **8.38** | (14.58) |
| Depreciation | **5.29** | (0.54) |
| | **(8.50)** | 133.34 |
| **Share of interest in Joint Ventures** | **–** | – |
| **Total** | **(8.50)** | 133.34 |

## A) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### 1. BASIS OF CONSOLIDATION:

The Consolidated Financial Statements relate to Bharat Petroleum Corporation Limited (the Company), its subsidiary companies and the interest of the Company in joint ventures, in the form of jointly controlled entities.

(a) Basis of accounting:

(i) The Financial Statements of the subsidiary companies and the joint venture companies (JVCs) used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of the Company i.e. 31st March, 2009 except for Matrix Bharat Marine Services Pte. Ltd. whose accounts are drawn for the period ended 31st December, 2008.

(ii) The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, and generally accepted accounting principles.

(b) Principles of Consolidation:

The Consolidated Financial Statements have been prepared on the following basis:-

(i) The Financial Statements of the Company and its subsidiary companies (which are not in the nature of joint ventures) have been consolidated on a line–by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. The intra group balances and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated.

(ii) The Consolidated Financial Statements include the interest of the Company in JVCs, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the Company's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line items in the Consolidated Financial Statements.

(iii) The share of equity in the subsidiary companies as on the date of investment, being in excess of the cost of investment of the Company, the difference is recognised as "Capital Reserve on Acquisition of Subsidiaries" and shown under the head "Reserves and Surplus" in the Consolidated Financial Statements.

(iv) Minority interest in the Net Asset of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments as stated above.

(c) The subsidiary companies and the JVCs which are included in consolidation and the percentage of ownership interest therein of the Company as on 31st March, 2009 are as under:

| | Percentage of ownership interest as on | | Country of Incorporation |
|---|---|---|---|
| | **31/03/2009** | 31/03/2008 | |
| **Subsidiaries** | | | |
| Numaligarh Refinery Limited (NRL) | **61.65** | 61.65 | India |
| Bharat PetroResources Limited (BPRL) | **100.00** | 100.00 | India |
| Bharat PetroResources JPDA Limited (Note i) | **100.00** | 100.00 | India |
| BPRL International BV (Note i) | **100.00** | – | Netherlands |
| BPRL Ventures BV (Note ii) | **100.00** | – | Netherlands |
| BPRL Ventures Mozambique BV (Note ii) | **100.00** | – | Netherlands |

| | Percentage of ownership interest as on | | Country of Incorporation |
|---|---|---|---|
| | **31/03/2009** | 31/03/2008 | |
| **Joint Venture Companies (JVC)** | | | |
| Indraprastha Gas Limited | **22.50** | 22.50 | India |
| Petronet CCK Limited | **49.00** | 49.00 | India |
| Petronet LNG Limited | **12.50** | 12.50 | India |
| Bharat Oman Refineries Limited (BORL) | **50.00** | 50.00 | India |
| Central UP Gas Limited | **22.50** | 22.50 | India |
| Maharashtra Natural Gas Limited | **22.50** | 22.50 | India |
| Sabarmati Gas Limited | **25.00** | 25.00 | India |
| Bharat Stars Services Private Limited | **50.00** | 50.00 | India |
| Bharat Renewable Energy Limited | **33.33** | – | India |
| Matrix Bharat Marine Services Pte Ltd. | **50.00** | – | Singapore |

**Notes:**

(i) Bharat PetroResources JPDA Limited and BPRL International BV are 100% subsidiaries of BPRL.

(ii) BPRL Ventures BV and BPRL Ventures Mozambique BV are wholly owned subsidiaries of BPRL International BV.

(iii) In addition to the above:

BPRL holds 50% equity in joint venture company VB (Brazil) Petroleo Private Ltda. VB (Brazil) Petroleo Private Ltda. has a wholly owned subsidiary company IBV (Brazil) Petroleo Ltda. VB (Brazil) Petroleo Private Ltda. and IBV (Brazil) Petroleo Ltda are incorporated in Brazil.

NRL holds 26% equity in joint venture company DNP Limited and 10% equity in joint venture company Brahmaputra Cracker & Polymer Ltd. NRL does not prepare Consolidated Financial Statements and hence the proportionate share of these two joint venture companies is not considered in the preparation of Consolidated Financial Statements.

(iv) Proportionate consolidation in respect of Investment in Premier Oil Cachar B.V. has not been incorporated in the preparation of Consolidated Financial Statements as the investment in the joint venture is held for disposal.

(v) Proportionate consolidation in respect of Investment in Petronet India Limited, Petronet CI Limited and Petroleum Infrastructure Limited have not been considered in the preparation of Consolidated Financial Statements as the Management has provided for full diminution in the value of Investment.

(vi) The accounts of Bharat PetroResources Limited, Central UP Gas Limited, Sabarmati Gas Limited, Maharashtra Natural Gas Limited, Bharat Stars Services Private Limited and Bharat Renewable Energy Limited are yet to be audited and hence the unaudited accounts have been considered for the purpose of preparation of Consolidated Financial Statements.

(vii) BPCL ownership in Central UP Gas Limited has been considered at 22.50% as per the Joint Venture Agreement. The actual percentage of Share Capital as on 31st March, 2009 held by BPCL is marginally higher. The management is of the opinion that it is a temporary phase and the other joint venture partner will contribute their share of the equity capital as per the Joint Venture Agreement. This excess contribution by BPCL in the Equity Share Capital amounting to **Rs. 0.68 crores** (previous year Rs. 0.68 crores) is included in "Advances Recoverable in cash or in kind or for value to be received" – Schedule K.

**2. BASIS FOR PREPARATION**

The financial statements are prepared under historical cost convention to comply in all material aspects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, adopting accrual system of accounting unless otherwise stated.

## 3. USE OF ESTIMATES

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual amounts and estimates are recognised in the period in which they materialise.

## 4. FIXED ASSETS

### 4.1 LAND

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

### 4.2 FIXED ASSETS OTHER THAN LAND

4.2.1. Fixed Assets are stated at cost of acquisition (including incidental expenses) less accumulated depreciation.

4.2.2. Expenditure on assets, other than plant and machinery, LPG cylinders and pressure regulators, not exceeding Rs.1,000 per item is charged to revenue.

4.2.3. Machinery spares that are specific to a fixed asset are capitalised along with the fixed asset. Replacement of such spares is charged to revenue.

### 4.3 EXPENDITURE DURING CONSTRUCTION PERIOD

Direct expenses including borrowing cost incurred during construction period on capital projects are capitalised. Indirect expenses of the project group which are allocated to projects costing Rs. 5 crores and above are also capitalised. Crop compensation expenses incurred in the process of laying pipelines are capitalised.

### 4.4 INTANGIBLE ASSETS

4.4.1. Cost of right of way that is perennial in nature are not amortised.

4.4.2. Expenditure incurred for creating/acquiring other intangible assets of Rs. 0.50 crores and above, from which future economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years, whichever is lower, from the time the intangible asset starts providing the economic benefit.

4.4.3. In other cases, the expenditure is charged to revenue in the year the expenditure is incurred.

4.4.4. Expenditure incurred on intangible assets is capitalised and amortised over a period of 5 years by Indraprastha Gas Limited, Maharshtra Natural Gas Limited and Central UP Gas Limited and over 3 years in case of Petronet LNG Limited.

## 5. IMPAIRMENT OF ASSETS

The values of fixed assets in respect of Cash Generating Units are reviewed by the management for impairment at each Balance Sheet date if events or circumstances indicate that the carrying values may not be recoverable. If the carrying value is more than the net selling price of the asset or present value, the difference is recognised as an impairment loss.

## 6. BORROWING COSTS

Borrowing costs attributable to acquisition, construction or production of qualifying asset are capitalised as part of the cost of that asset, till the month in which the asset is ready for use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

## 7. DEPRECIATION

7.1 Depreciation on fixed assets is provided under the straight line method, at rates prescribed under Schedule XIV to the Companies Act, 1956, except in following cases:

7.1.1 Premium paid for acquiring leasehold land for lease period not exceeding 99 years, is amortised over the period of lease.

7.1.2 LPG cylinders, pressure regulators and other fixed assets costing not more than Rs. 5,000 each are depreciated @ 100 percent in the year of capitalisation.

7.1.3 Assets not owned by the Corporation are amortised over a period of five years from the year of capitalisation.

7.1.4 Computer equipments and peripherals, and mobile phones are depreciated over a period of four years. Furniture provided at the residence of management staff is depreciated over a period of seven years.

7.2 Indraprastha Gas Limited – Depreciation in case of the following assets has been provided using the straight line method over the useful life of the assets:

(a) Mother compressors, Online compressors and Booster compressors – 7 years

(b) Bunkhouses – 5 years

(c) Signages – 10 years

7.3. Bharat Stars Services Private Limited – Depreciation has been provided under written down value method and assets upto gross value of Rs. 10,000 are depreciated at 100%. Depreciation is provided at full year basis on additions upto 30th September and at 50% on assets after 30th September.

7.4. Bharat Renewable Energy Limited – Depreciation has been provided under written down value method.

7.5. Depreciation is charged on addition/deletion on pro-rata monthly basis including the month of addition/deletion.

**8. INVESTMENTS**

8.1. Current investments are valued at lower of cost or fair market value.

8.2. Long-term investments are valued at cost. Provision for diminution is made to recognise a decline, other than of temporary nature, in the value of such investments.

**9. INVENTORY**

9.1. Raw material and Intermediates are valued at cost or net realisable value whichever is lower. Cost is determined as follows:

9.1.1. Raw materials on weighted average cost.

9.1.2. Intermediate Stocks at raw material cost plus cost of conversion.

9.2. Finished products are valued at weighted average cost or at net realisable value, whichever is lower. In case of Indraprastha Gas Limited, Maharashtra Natural Gas Limited and Central UP Gas Limited the cost is determined on first-in-first-out basis. In case of Matrix Bharat Marine Services Pte Ltd. inventories are valued at fair value less cost to sell.

9.3. Stores are valued at weighted average cost except in case of Maharashtra Natural Gas Limited and Petronet CCK Limited where the valuation is on the basis of first-in-first-out. Obsolete stores are valued at Re. Nil. Slow moving stores/other materials identified as surplus and no longer usable are valued at Re. Nil.

9.4. Packages are valued at weighted average cost or at net realisable value, whichever is lower.

**10. REVENUE RECOGNITION**

10.1. Sales are net of trade discounts and include, inter alia, excise/customs duties/claim from Petroleum Planning and Analysis Cell, Government of India and other elements allowed by the Government from time to time.

10.2. Claims/Surrenders including subsidy on LPG and SKO on/to Petroleum Planning and Analysis Cell, Government of India are booked on `in principle acceptance' thereof on the basis of available instructions/ clarifications subject to final adjustments after necessary audit, as stipulated. Adjustments if any, on completion of audit are recognised.

10.3. Other claims are booked when there is a reasonable certainty of recovery. Claims are reviewed on a periodical basis and if recovery is uncertain, provision is made in the accounts.

10.4. Income from sale of scrap is accounted for on realisation.

**11. CLASSIFICATION OF INCOME/EXPENSES**

11.1. Expenditure on Research, other than capital expenditure, is charged to revenue in the year the expenditure is incurred.

11.2. Income/expenditure upto Rs. 0.05 crores in each case pertaining to prior years is charged to the current year by the parent company Bharat Petroleum Corporation Limited and Numaligarh Refinery Limited. No such policy exists in other group companies.

11.3. Prepaid expenses upto Rs. 0.05 crores in each case, are charged to revenue as and when incurred by the parent company Bharat Petroleum Corporation Limited and upto Rs. 10,000 by Bharat PetroResources Limited and Numaligarh Refinery Limited. No such policy exists in other group companies.

11.4. Deposits placed with Government agencies/ local authorities which are perennial in nature are charged to revenue in the year of payment except in case of Petronet LNG Limited, Petronet CCK Limited, Central UP Gas Limited, Sabarmati Gas Limited and Bharat Stars Services Private Limited wherein no such policy exists.

**12. EMPLOYEE BENEFITS**

12.1. Contributions to Provident Fund for the year are recognised in the Profit & Loss Account.

12.2. The liability towards gratuity, leave encashment, post retirement benefits and other long-term benefits are provided for in the accounts based on actuarial valuation as at the end of the year. To determine the present value of the defined benefit obligations and the current and past service costs, the Projected Unit Credit Method is used. Actuarial gains and losses are recognised in the Profit and Loss Account as income or expense.

**13. DUTIES ON BONDED STOCKS**

13.1. Customs duty on Raw materials/Finished goods lying in bond are provided for at the applicable rates except where liability to pay duty is transferred to consignee.

13.2. Excise duty on Finished stocks lying in bond is provided for, at the assessable value applicable at each of the locations at maximum rates based on end use.

**14. FOREIGN CURRENCY & DERIVATIVE TRANSACTIONS**

14.1. Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.

14.2. Monetary items denominated in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet.

14.3. Foreign Exchange differences arising at the time of translation or settlement are recognised as income or expense in the Profit & Loss Account either under foreign exchange fluctuations or interest as the case may be. However, in case of Bharat Stars Services Private Limited, any gains/losses arising due to exchange losses so far as they relate to the acquisition of a depreciable capital asset is added to or deducted from the cost of asset.

Premium/discount arising at the inception of the forward exchange contracts entered into to hedge foreign currency risks are amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Profit & Loss Account.

14.4. Gains / losses arising on settlement of Derivative transactions entered into by the Corporation to manage the commodity price risk and exposures on account of fluctuations in interest rates and foreign exchange are recognised in the Profit and Loss Account. Provision for losses in respect of outstanding contracts as on balance sheet date is made based on mark to market valuations of such contracts.

**15. GOVERNMENT GRANTS**

15.1. 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.

15.2. Government grants of the nature of promoters' contributions are credited to Capital Reserve and treated as part of Shareholders' Funds.

**16. PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

16.1. Provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

16.2. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation.

16.3. Capital commitments and Contingent liabilities disclosed are in respect of items which exceed Rs. 0.05 crores by Bharat Petroleum Corporation Limited and Rs. 100,000 by Bharat PetroResources Limited, Numaligarh Refinery Limited and Petronet LNG Limited. No such policy exists in other group companies.

16.4. Contingent liabilities are considered only on conversion of show cause notices issued by various Government authorities into demand.

**17. TAXES ON INCOME**

17.1. Provision for current tax is made in accordance with the provisions of the Income Tax Act, 1961.

17.2. Deferred tax on account of timing difference between taxable and accounting income is provided using the tax rates and tax laws enacted or substantively enacted by the Balance Sheet date.

17.3. Deferred tax assets are not recognised unless, in the management judgement there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

**18. OIL & GAS EXPLORATION ACTIVITIES**

18.1. BPRL, a 100% subsidiary company of BPCL follows "Full Cost Method" of accounting for Oil & Gas exploration and production activities.

18.2. The proportionate share in the assets, liabilities, income and expenditure of joint venture operations are accounted as per the participating interest in such joint venture operations.

**19. MISCELLANEOUS EXPENDITURE**

Share-issue expenses of Bharat Oman Refineries Limited would be written-off in the year the company commences commercial production. Other preliminary/pre-incorporation expenses of JVCs/subsidiaries is charged to Profit and Loss Account.

## B. NOTES FORMING PART OF ACCOUNTS

**1.** In respect of sharing of under-recoveries on sensitive petroleum products viz. MS, HSD, LPG (Domestic) and SKO (PDS), as advised by the Ministry of Petroleum & Natural Gas, a part of the under-recovery suffered by BPCL during the year was compensated by ONGC and GAIL by offering discount on price of Crude Oil, SKO and LPG purchased from them. Further, the under-recoveries on import losses in respect of petrol and diesel to the extent of **Rs. 237.86 crores** (previous year Rs. Nil) was also compensated by way of discount on price of crude oil purchased from ONGC. Accordingly, BPCL has accounted the discount as follows:

a) **Rs. 6,709.94 crores** (previous year Rs. 5,243.03 crores) discount on crude oil purchased from ONGC has been adjusted against raw material cost; and

b) **Rs. 846.50 crores** (previous year Rs.732.09 crores) discounts on SKO and LPG purchased from ONGC/GAIL has been adjusted against "Purchase of product for resale".

**2.** In lieu of the under-recoveries on sale of sensitive petroleum products during 2008-09, based on the approval of Government of India, BPCL has accounted for Oil Marketing Companies Government of India Special Bonds amounting to **Rs. 16,216.38 crores** (previous year Rs. 8,589.50 crores) as income. This compensation has been received in the form of Oil Marketing Companies Government of India Special Bonds amounting to **Rs. 14,151.10 crores** (previous year Rs. 4,618.05 crores) and accounted for as investments. The balance amount of **Rs. 2,065.28 crores** (previous year Rs. 3,971.45 crores) which is receivable as on 31st March, 2009 from Government of India is shown as Other Current Asset in Schedule J.

**3.** BPCL has allotted redeemable non-convertible 10.35% Debentures of face value of Rs. 1,000 crores on 12th December 2008. These are secured by English mortgage, on first pari passu charge basis, by way of a Registered Debenture Trust Deed over the fixed assets of the Company, viz., a Flat at Mumbai and the Plant and Machinery in respect of Hydrocracker Unit and Aromatic Recovery Unit of the Mumbai Refinery. In order to maintain the security cover of 1.25 times, all future immovable properties including Land, Plant & Machinery and Fixtures & Fittings shall be a part of the Premises and Plant & Machinery which are mortgaged. These Debentures are redeemable at par on 11th June, 2010.

**4.** As per the scheme of Amalgamation of the erstwhile Kochi Refineries Limited with BPCL approved by the Government of India, 3,37,28,738 equity shares of BPCL were allotted (in lieu of the shares held by BPCL in the erstwhile Kochi Refineries Limited) to a trust for the benefit of BPCL in the financial year 2006-07. Accordingly the cost of the original investment of Rs. 659.10 crores is reflected as 'Others' in Schedule 'J ' – Other Current Assets. The income distributed by the trust during the year 2008-09 amounting to **Rs. 13.49 crores** (previous year Rs. 33.73 crores) has been included in 'Other income' in Schedule 'O' – Miscellaneous Income.

One shareholder of erstwhile KRL has challenged the amalgamation before Delhi High Court, which is pending adjudication.

**5.** Provision for taxation in the Profit and Loss Account includes **Rs. 1.68 crores** (previous year Rs. 1.11 crores) towards wealth tax.

**6.** BPCL and Numaligarh Refinery Limited have numerous transactions with 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.

**7.** The impact of pay revision due to Management staff of BPCL w.e.f. 1st January, 2007 based on the guidelines given by Department of Public Enterprises is estimated at Rs. 243 crores. After considering Rs. 129 crores already provided in 2007-08, the balance amount of Rs. 114 crores has been provided in 2008-09. Further, this estimated increase in pay along with the increase in gratuity limit at Rs. 10 lakhs per employee have been considered for making provision at the year end for leave encashment and gratuity benefits based on actuarial valuations.

NRL has made provision towards revision of Pay Scales amounting to **Rs. 17.53 crores** (previous year Rs. 4.57 crores) is made in accordance with the Pay Revision Committee's recommendation as per directives received from Department of Public Enterprises.

In addition to above there has been revision in certain allowances and the amount of Rs. 0.94 crores has been provided for in the books of account.

**8.** Provision has not been made in the accounts towards revision in salary of: i) workmen at Mumbai Refinery of BPCL w.e.f. 1st January, 2007; ii) workmen at Kochi Refinery of BPCL w.e.f. 1st August, 2008; and iii) workmen at Marketing division of BPCL w.e.f. 1st June, 2008 as the additional liability arising from such revision is unascertainable since no reliable estimate of this revision can be made as of date.

Pending the finalisation of Long Term Settlement in respect of revision of wages of workmen, provision has been made in the accounts of NRL to the extent of **Rs. 3.18 crores** (previous year Nil) as the actual liability is not ascertainable.

**9.** BPCL has classified investments in 6.35% Oil Marketing Companies GOI Special Bonds 2024 – Rs. 3,099.96 crores and 6.90% Oil Marketing Companies GOI Special Bonds 2026 – Rs. 4,986.71 crores as Long-term Investments. No provision for diminution in value has been made as there is no permanent decline in the value of these investments.

**10. Impairment of Assets**

Determination as to whether and how much an asset is impaired involve Management estimates of highly uncertain matters such as international prices of crude oil and products, duty structure and Government policies. It is assumed that suitable mechanism would be in place, in line with earlier/current year(s), to provide compensation towards under-recoveries of margin, if any, on account of sale of sensitive petroleum products in subsequent years. Hence, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. No impairment is therefore considered as at 31st March, 2009.

**11. Related Party Disclosures as per Accounting Standard 18**

i) **Key Management Personnel** (Whole Time Directors)

| | |
|---|---|
| M/s. Ashok Sinha | (Chairman & Managing Director), |
| S. Mohan | (Director HR) – w.e.f. 25.06.2008, |
| S. A. Narayan | (Director HR) – up to 09.06.2008, |
| S. Radhakrishnan | (Director Marketing), |
| S. K. Joshi | (Director Finance), |
| R. K. Singh | (Director Refineries) |

ii) Remuneration to key management personnel: **Rs. 1.28 crores** (previous year Rs. 1.05 crores).

**12. Earnings per share**

| | | **2008-09** | 2007-08 |
|---|---|---|---|
| Profit after Tax | Rs. Crores | **633.76** | 1,769.55 |
| Weighted average shares outstanding during the year | Crore nos. | **36.15** | 36.15 |
| Basic earnings per share | Rs. | **17.53** | 48.94 |
| Diluted earnings per share | Rs. | **17.53** | 48.94 |

**13. Deferred Tax Liability**

As per the requirement of the Accounting Standard 22 – "Accounting for Taxes on Income" the net deferred tax liability credited to Profit during the year is **Rs. 285.11 crores** (previous year deferred tax asset debited Rs. 58.70 crores). The year end position of Deferred Tax Liability and Assets is given below:

| | | 31/03/2008 |
|---|---|---|
| | **Rs. Crores** | Rs. Crores |
| **DEFERRED TAX LIABILITY** | | |
| Depreciation | **2,194.59** | 2,124.16 |
| Share of Interest in Joint Ventures | **40.91** | 40.06 |
| **Total** | **2,235.50** | 2,164.22 |
| **DEFERRED TAX ASSETS** | | |
| Disallowances u/s 43B of Income Tax Act,1961 | **451.63** | 267.48 |
| Provisions for doubtful debts, claims, employee benefits etc. | **257.73** | 85.68 |
| Share of Interest in Joint Ventures | **0.49** | 0.27 |
| **Total** | **709.85** | 353.43 |
| **Net Deferred Tax Liability** | **1,525.65** | 1,810.79 |

In the absence of virtual certainty regarding sufficient future profits required for taking credit, deferred tax asset has not been recognised in respect of unabsorbed depreciation/business losses of Bharat PetroResources Limited and Petronet CCK Limited.

**14.** In compliance with Accounting Standard - 17, "Segment Reporting" issued by the Institute of Chartered Accountants of India, the segment information is as under:

I The group is engaged in the following business segments:

a) Downstream petroleum i.e. Refining and Marketing of Petroleum Products

b) Exploration and Production of Hydrocarbons

Segments have been identified taking into account the nature of activities and the nature of risks and returns.

II There are no geographical segments.

III Segment-wise details are as follows: (Rs. Crores)

| | **Year ended 31st March 2009** | | | Year ended 31st March 2008 | | |
|---|---|---|---|---|---|---|
| | **Downstream Petroleum** | **E&P** | **Total** | Downstream Petroleum | E&P | Total |
| **Revenue** | | | | | | |
| External Revenue # | **137,250.83** | **—** | **137,250.83** | 111,842.92 | — | 111,842.92 |
| Inter Segment Revenue | **—** | **—** | **—** | — | — | — |
| **Total Revenue** | **137,250.83** | **—** | **137,250.83** | 111,842.92 | — | 111,842.92 |
| **Result** | | | | | | |
| Segment Results | **3,306.57** | **(28.21)** | **3,278.36** | 3,355.21 | (41.32) | 3,313.89 |
| Unallocated Corporate Expenses | **—** | **—** | **—** | — | — | — |
| **Operating profit** | **3,306.57** | **(28.21)** | **3,278.36** | 3,355.21 | (41.32) | 3,313.89 |
| Add: | | | | | | |
| Interest / Dividend Income | | | **742.07** | | | 567.41 |
| Profit on sale of Long term Investments | | | **—** | | | 156.07 |
| Less: | | | | | | |
| Interest Expenditure | | | **2,404.32** | | | 714.89 |
| Loss on sale of Current Investments | | | **515.42** | | | 108.06 |
| Diminution in value of Investments | | | **(33.88)** | | | 194.37 |
| Income Tax (including Deferred Tax) | | | **410.44** | | | 1,107.52 |
| **Profit after Tax** | | | **724.13** | | | 1,912.53 |
| **Other Information** | | | | | | |
| Segment Assets | **35,795.54** | **1,014.73** | **36,810.27** | 33,362.27 | 151.75 | 33,514.03 |
| Unallocated Corporate Assets | | | **17,263.16** | | | 14,082.64 |
| **Total Assets** | | | **54,073.43** | | | 47,596.67 |
| Segment Liabilities | **12,238.14** | **36.92** | **12,275.06** | 14,813.83 | 20.18 | 14,834.01 |
| Unallocated Corporate Liabilities | | | **27,585.70** | | | 18,995.15 |
| **Total Liabilities** | | | **39,860.76** | | | 33,829.17 |
| Capital Expenditure | **4,556.28** | **437.87** | **4,994.15** | 3,301.25 | 121.54 | 3,422.79 |
| Depreciation/ Amortisation | **1,261.47** | **0.24** | **1,261.71** | 1,291.94 | 0.17 | 1,292.10 |
| Non-cash expenses other than depreciation | **1.37** | **2.01** | **3.38** | 0.06 | 0.51 | 0.57 |

# Segment Revenue comprises of Turnover (net of excise duties), Subsidy received from the Government of India and other income (excluding dividend, interest income and investment income).

**15. Miscellaneous Expenditure (to the extent not written-off)**

| | **Rs. Crores** | 31/03/2008 Rs. Crores |
|---|---|---|
| Pre-incorporation/Share Issue Expenses | **2.02** | 2.52 |
| Less: Written off during the year | **2.02** | 0.50 |
| | – | 2.02 |
| Share of Interest in Joint Ventures | **3.30** | 3.03 |
| **Total** | **3.30** | 5.05 |

**16.** As indicated in Significant Accounting Policies, certain accounting policies of JVCs towards Depreciation, Inventory Valuation, Employee Benefits and Classification of Income/Expenses are not in line with that followed by BPCL. However, considering the nature of transactions and amounts involved, the impact is not expected to be material had the accounting policy of BPCL been followed.

**17.** Capital Reserve on acqusition of subsidiaries includes Rs. 61.65 crores being the share of the group out of grant of Rs. 100 crores received by Numaligarh Refinery Limited from the Government of India during the project period.

**18.** In respect of certain Subsidiaries and JVCs, the following notes to accounts are disclosed:

**Numaligarh Refinery Limited**

a. Raw material consumption in case of Numaligarh Refinery Limited is after adjustment of the additional transportation cost of crude oil and other incidentals thereof to Bongaigaon Refinery and Petrochemicals Limited. This was required to be shared equally by all the refineries in Assam. Numaligarh Refinery Limited's share of the said transportation cost has been treated as crude cost and also considered for valuation of stock.

b. Purchases of Crude Oil from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) have been accounted for as per the new Benchmark price of crude oil in the financial year 2008-09 provisionally based on the direction received from Ministry of Petroleum & Natural Gas (MOP&NG).

The new Benchmark price for Assam crude oil has been made effective from 01.04.2008 for the North-East Refineries and accordingly the Company, based on the pricing formula submitted by the consultant for the seven varieties of Assam crude, has reduced the purchase price for crude oil purchased from OIL/ONGC by an amount of Rs.288.78 crores, which has reduced the cost of raw material consumption during the year by Rs. 297.76 crores, having the effect on the net result for the year by the like amount.

The Ministry has also directed the North-East Refineries to bear the burden of Sales Tax and Pipeline Transportation Charges for the financial year 2008-09 in line with the practice adopted during the financial year 2006-07 and 2007-08 and accordingly the company has provided for an amount of **Rs. 282.99 crores** (previous year Rs. 366.73 crores which includes Rs. 95.68 crores relating to financial year 2006-07) towards sales tax and pipeline transportation charges payable to OIL/ONGC for the financial year 2008-09.

c. An amount of **Rs. 143.10 crores** (previous year Rs. 165.24 crores) has been charged to Profit & Loss Account towards under-recovery of CST on petroleum products moved out of the state of Assam.

d. Write back of carried forward liabilities from pre SAP period amounting to Rs. 13.82 crores by reducing the costs of respective projects and consequent write back of Depreciation on respective assets from the period of capitalization has the effect of increase of profit for the year by Rs. 7.19 crores including Prior Period depreciation of Rs. 2.81 crores (Net).

e. Payments/Provisions of Rs. 8.90 crores towards Project Capitalisation in pre SAP period pursuant to Hon'ble Supreme Court Order (which was included in Contingent Liabilities in earlier years) have the effect of increasing the cost of Project/Assets by the said amount and consequent charging of depreciation on such enhanced cost of assets with effect from the period of capitalization has the effect of decrease in profit for the year by Rs. 3.53 crores.

f. Payments/Provisions of Rs. 15.97 crores towards interest, pursuant to above mentioned Hon'ble Supreme Court Order, have been charged to current year's Profit and Loss Account which has the effect of reduction of profit for the year by the like amount.

**Bharat PetroResources Limited**

g. BPRL has acquired through Joint Venture Company VB (Brazil) Petroleo Private Ltda. the entire issued share capital of IBV (Brazil) Petroleo Ltda., engaged in the business of exploration and production of oil, natural gas and other hydrocarbons, refinery, import, export and sea transportation of oil, other hydrocarbons and their by-products for a consideration of USD 14,15,47,630 (Rs. 631.04 crores).

h. Goodwill of Rs. 385.45 crores on consolidation of IBV (Brazil) Petroleo Ltda. has been recognised.

**Bharat Oman Refineries Limited**

i. Bharat Oman Refineries Limited is setting up a refinery at Bina, Madhya Pradesh, India. No Profit and Loss Account has been prepared since the Company has not commenced commercial operations. The expenditure incurred during the construction period is classified as "Pre-operative expenditure pending capitalisation" and grouped under Capital Work-in-Progress (Schedule E). Income earned (net of provision for income tax) during the construction period has been applied to reduce the capital cost of the project.

The Company intends to capitalise a major part of this expenditure when commercial operations begin. The amount to be capitalised or treated as revenue expenditure will be determined in accordance with the generally accepted accounting principles.

j. As per the terms of the Memorandum of Understanding entered between Bharat Oman Refineries Limited and

Government of Madhya Pradesh, the Company has to allot equity shares worth Rs. 26.90 crores to Government of Madhya Pradesh at a price not more than the price at which the shares have been allotted to the promoters in lieu of cost of government land that has been transferred to the Company. As the shares have not been allotted as at 31st March, 2009, this amount has been disclosed as "Share Application Money".

k. BORL has received Rs. 1,300 crores from Bharat Petroleum Corporation Limited (BPCL) as "Share application money" towards issue and allotment of equity shares of face value Rs. 10 each to BPCL and/or its designates, partly at face value and balance at a price to be decided at a later date.

l. Interest earned, on mobilisation advances given to contractors for capital projects, aggregating to **Rs. 6.88 crores** (previous year Rs. 2.85 crores) has been adjusted against the value of the projects under "Capital work-in-progress".

m. The Secured Loans from banks/financial institutions of Bharat Oman Refineries Limited are secured against:

   i) Mortgage and charge over all the Company's immovable and movable properties and assets, both present and future except current assets;

   ii) Charge on all intangible assets including but not limited to the goodwill, undertaking and uncalled capital of the Company;

   iii) Second charge on the current assets of the Company;

   iv) Charge/assignment of all cash flows of the Company from the project or otherwise including the cash flows towards Sales Tax deferral granted by the Government of the State of Madhya Pradesh to the extent of Rs. 250 crores a year which are deposited in an account designated in the Trust and Retention Account Agreement;

   v) Charge/assignment/security interest of the Company's rights under each of the Project Documents duly acknowledged and consented to, where required, by the relevant counter-parties to such Project Documents, and the Clearances (to the extent assignable under applicable law);

   vi) Charge/assignment of all licences, permits, approvals, assignments, concessions and consents in respect of or in connection with the project;

   vii) Charge/assignment on all the Company's accounts, including but not limited to the accounts (except the Distribution Account on which there shall be a floating charge created which would get converted to a fixed charge on the happening of an Event of Default) and each of the other accounts required to be created by the Company under any Project Documents;

   viii) Charge on all the construction and operating period insurance policies relating to the project (and cut through clauses in respect of, or assignments of reinsurances, as applicable) and naming the Security Trustee as additional insured and loss payees; and

   ix) Assignment of all rights, title and interest of the Company in, to and under all assets of the project and all Project Documents to which the Company is a party and all other contracts and agreements relating to the project.

**Petronet LNG Limited**

n. Petronet LNG Limited has an option to claim deduction under Section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking and also under Section 80IB in respect of its Regasification Undertaking. However, provision for income-tax has been made without considering the aforesaid deductions. The Company will review the option at the time of filing its income tax return.

o. Customs duty on import of Project material/equipment has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be prepared on final assessment.

**Petronet CCK Limited**

p. In case of Petronet CCK Limited, income has been accounted based on traiff rates for usage of pipeline facilities by Oil Companies that are provisional and are under consideration with the Oil companies.

**Central UP Gas Limited**

q. The Company had been sanctioned term loan facility of Rs. 65 crores against the charge on immovable and movable assets, both present and future, of the Company by commercial banks, though during the year the Company has not availed or utilized the facility.

**Bharat Renewable Energy Limited**

r. The Company has entered into a 15 year agreement with farmers/Gram Panchayats for purchases of Jatropha seeds to be planted in 945.21 acres of wasteland. The Jatropha seed purchase price will be at the Minimum

Support Price declared by the Government of Uttar Pradesh or at 20% value of the retail price of Bio-diesel, whichever is higher.

s. Bharat Renewable Energy Limited was incorporated on 17th June, 2008. This is the first financial year for which accounts have been prepared.

**Matrix Bharat Marine Services Pte. Ltd.**

t. Matrix Bharat Marine Services Pte. Ltd. was incorporated on 20th May, 2008. The Company follows calendar year as its accounting period and hence accounts are prepared for the period ending 31st December, 2008. This is the first financial year for which accounts have been prepared.

**19.** The following Oil and Gas blocks are held by Bharat PetroResources Limited/its subsidiaries and joint ventures:

| Name | Company | Country | Participating Interest of the Group |
|---|---|---|---|
| **NELP – IV** | | | |
| KG/DWN/2002/1 | BPRL | India | 10.00% |
| MN/DWN/2002/1 | BPRL | India | 10.00% |
| CY/ONN/2002/2 | BPRL | India | 40.00% |
| **NELP – VI** | | | |
| KG/DWN/2004/2 | BPRL | India | 10.00% |
| KG/DWN/2004/5 | BPRL | India | 10.00% |
| CY/ONN/2004/1 | BPRL | India | 20.00% |
| CY/ONN/2004/2 | BPRL | India | 20.00% |
| RJ/ONN/2004/1 | BPRL | India | 11.11% (a) |
| **NELP – VII** | | | |
| RJ/ONN/2005/1 | BPRL | India | 25.00% |
| **Blocks outside India** | | | |
| Block No 56 | BPRL | Oman | 12.50% |
| WA/388/P | BPRL | Australia | 14.00% (b) |
| AC/P32 | BPRL | Australia | 20.00% |
| 48/1b & 2c – North Sea | BPRL | U.K. | 25.00% |
| JPDA 06-103 | BPR JPDA | Australia/Timor | 25.00% |
| **Sergipe and Alagoas** | | | |
| SEAL-M-349 | IBV (Brazil) Petroleo Ltda. | Brazil | 40% |
| SEAL-M-426 | IBV (Brazil) Petroleo Ltda. | Brazil | 40% |
| SEAL-M-497 | IBV (Brazil) Petroleo Ltda. | Brazil | 40% |
| SEAL-M-569 | IBV (Brazil) Petroleo Ltda. | Brazil | 40% |
| **Espirito Santo** | | | |
| ES-24-588 | IBV (Brazil) Petroleo Ltda. | Brazil | 30% |
| ES-24-661 | IBV (Brazil) Petroleo Ltda. | Brazil | 30% |
| ES-24-663 | IBV (Brazil) Petroleo Ltda. | Brazil | 30% |
| **Campos** | | | |
| C-M-30-101 | IBV (Brazil) Petroleo Ltda. | Brazil | 25% |
| **Portiguar** | | | |
| POT-16-663 | IBV (Brazil) Petroleo Ltda. | Brazil | 20% |
| POT-16-760 | IBV (Brazil) Petroleo Ltda. | Brazil | 20% |
| Mozambique Rovuma Basin | BPRL Ventures Mozambique B.V. | Mozambique | 25% |

(a) The Board of Directors of BPRL at its meeting held on 8th October, 2008 has approved acquisition of additional 1.11% Participating Interest (PI) in NELP – VI Block RJ- ONN -2004/1. (Ref. MOM dated 17.11.08 & 16.02.09)

(b) The Board of Directors of BPRL at its meeting held on 14th May, 2008 has approved the proposal for farm-out/transfer of the participating interest of the Company in Block WA/388/P from 20% to 14% in the block. (Ref. Farm out agreement dated 12.08.08). In accordance with the agreement of Farm out, BPRL has contributed 8% of Seismic Data Acquisition Cost capped at USD 7.65 million as against 14% participating interest. Therefore, contributed less USD 0.46 million.

**20. Interests in Joint Ventures**

The Group's interest in Joint Ventures, accounted for using proportionate consolidation are:

(Rs. in Crores)

| | | As at 31/03/2009 | As at 31/03/2008 |
|---|---|---|---|
| **I** | **ASSETS** | | |
| | 1. Fixed Assets | | |
| | – Gross Block | **726.63** | 631.66 |
| | – Less: Depreciation | **208.26** | 168.34 |
| | Net Block | **518.37** | 463.32 |
| | 2. Capital work-in-progress | **3,672.43** | 1,431.92 |
| | 3. Investments | **106.75** | 130.78 |
| | 4. Current Assets, Loans and Advances | | |
| | a) Inventories | **73.55** | 16.62 |
| | b) Sundry Debtors | **90.56** | 42.46 |
| | c) Cash and Bank Balances | **607.28** | 114.98 |
| | d) Other Current Assets | **6.28** | 1.99 |
| | e) Loans & Advances | **262.86** | 121.76 |
| | 5. Miscellaneous Expenditure to the extent not written off or adjusted | **3.30** | 3.03 |
| **II** | **LIABILITIES** | | |
| | 1. Shareholders Funds – Reserves & Surplus | **260.52** | 211.01 |
| | 2. Loan Fund | | |
| | a) Secured Funds | **2,481.44** | 948.55 |
| | b) Unsecured Funds | **–** | 17.09 |
| | 3. Deferred Tax – Liability | **40.42** | 39.79 |
| | 4. Current Liabilities & Provisions | | |
| | a) Liabilities | **383.26** | 263.59 |
| | b) Provisions | **6.83** | 40.42 |

(Rs. in Crores)

| | | 2008-09 | 2007-08 |
|---|---|---|---|
| **III** | **INCOME** | | |
| | 1. Sales and related income | **1,308.22** | 872.67 |
| | Excise Duty | **(28.81)** | (24.34) |
| | | **1,279.41** | 848.33 |
| | 2. Miscellaneous Income | **22.40** | 11.98 |
| | 3. Increase/(Decrease) in Inventory | **0.16** | – |
| **IV** | **EXPENSES** | | |
| | 1. Purchase of Products for Resale | **57.57** | 81.14 |
| | 2. Raw Material Consumed | **922.03** | 695.80 |
| | 3. Consumption of stores, spares and materials | **0.81** | 3.84 |
| | 4. Power and Fuel | **6.44** | 3.39 |
| | 5. Employees' remuneration and other benefits | **9.85** | 6.56 |
| | 6. Interest | **202.81** | 19.18 |
| | 7. Other operating and administration expenses | **48.45** | 30.56 |
| | 8. Depreciation / Amortisation | **37.98** | 36.10 |
| | 9. Miscellaneous Expenditure Written off | **1.37** | 0.06 |
| | 10. Profit before Taxation | **(14.66)** | (16.33) |
| | 11. Provision for Taxation | | |
| | a) Current Tax | **54.23** | 48.65 |
| | b) Fringe Benefit Tax | **0.25** | 0.14 |
| | c) Deferred Tax (Net) | **0.66** | 1.72 |
| | 12. Profit after Taxation | **(69.80)** | (66.83) |

(Rs. in Crores)

| | | As at 31/03/2009 | As at 31/03/2008 |
|---|---|---|---|
| **V** | **OTHER MATTERS** | | |
| | 1. Contingent Liabilities | **63.20** | 58.47 |
| | 2. Capital Commitments | **2,580.94** | 3,077.96 |

Numaligarh Refinery Limited has a 26% participating interest in DNP Limited and 10% participating interest in Brahmaputra Cracker & Polymer Limited. Pending finalisation of accounts by the above companies, proportionate share of assets, liabilities, income, expenses, contingent liabilities and capital commitments are not ascertainable and consequently not reflected above.

# SCHEDULE 'X' – (CONSOLIDATED) (CONTD.)

## 21. INTANGIBLE ASSETS

In accordance with Accounting Standard 26, details of Intangible Assets recognised and amortised during the year are given below:

a) Intangible assets – being amortised

Rs. Crores

| PARTICULARS | USEFUL LIFE | GROSS AMOUNT | | | | AMORTISATION | | | | NET AMOUNT | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (NO. OF MONTHS) | AS AT 01-04-2008 | ADDITIONS | DELETIONS/ RECLASSI-FICATION | **AS AT 31-03-2009** | UPTO 31-03-2008 | THIS YEAR | DELETIONS/ RECLASSI-FICATION | **UPTO 31-03-2009** | **AS AT 31-03-2009** | AS AT 31-03-2008 |
| (1) | (2) | (3) | (4) | (5) | **(6)** | (7) | (8) | (9) | **(10)** | **(11)** | (12) |
| 1. RIGHT OF WAY | Perennial | 18.63 | – | – | **18.63** | – | – | – | – | **18.63** | 18.63 |
| 2. SOFTWARE | 36 | 11.86 | – | – | **11.86** | 11.30 | 0.22 | – | **11.52** | **0.34** | 0.56 |
| 3. SOFTWARE | 48 | – | 1.18 | – | **1.18** | – | 0.25 | – | **0.25** | **0.93** | – |
| 4. SOFTWARE | 60 | 21.80 | 1.98 | – | **23.78** | 7.55 | 4.59 | – | **12.14** | **11.64** | 14.25 |
| 5. DEVELOPMENT RIGHTS | 60 | 1.50 | – | – | **1.50** | 0.97 | 0.30 | – | **1.27** | **0.23** | 0.53 |
| 6. PROCESS LICENSE | 60 | 37.27 | 0.78 | – | **38.05** | 16.82 | 7.56 | – | **24.38** | **13.67** | 20.45 |
| **TOTAL** | | **91.06** | **3.94** | – | **95.00** | **36.64** | **12.92** | – | **49.56** | **45.44** | **54.42** |
| **Share of Interest in Joint Venture** | | **10.62** | **0.16** | – | **10.78** | **0.84** | **0.41** | – | **1.25** | **9.53** | **9.78** |
| **Grand Total** | | **101.68** | **4.10** | – | **105.78** | **37.48** | **13.33** | – | **50.81** | **54.97** | **64.20** |
| Previous Year | | 76.87 | 10.56 | (3.63) | **91.06** | 24.58 | 11.70 | (0.36) | **36.64** | **54.42** | 52.29 |
| Share of Interest in Joint Venture 2007–08 | | 9.74 | 0.88 | – | **10.62** | 0.47 | 0.37 | – | **0.84** | **9.78** | 9.27 |
| Grand Total 2007-08 | | 86.61 | 11.44 | (3.63) | **101.68** | 25.05 | 12.07 | (0.36) | **37.48** | **64.20** | 61.56 |

b) Intangible Assets – pending amortisation*

Rs. Crores

| PARTICULARS | USEFUL LIFE | GROSS AMOUNT | | | | AMORTISATION | | | | NET AMOUNT | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | (NO. OF MONTHS) | AS AT 01-04-2008 | ADDITIONS | CAPITALISA-TIONS | **AS AT 31-03-2009** | UPTO 31-03-2008 | THIS YEAR | DELETIONS/ RECLASSIFI-CATION | **UPTO 31-03-2009** | **AS AT 31-03-2009** | AS AT 31-03-2008 |
| (1) | (2) | (3) | (4) | (5) | **(6)** | (7) | (8) | (9) | **(10)** | **(11)** | (12) |
| 1. SOFTWARE | | – | 5.96 | – | – | 5.96 | – | – | – | **5.96** | – |
| **TOTAL** | | – | **5.96** | – | – | **5.96** | – | – | – | **5.96** | – |
| Previous Year | | 1.67 | – | 1.67 | – | – | – | – | – | – | 1.67 |

* To be amortised from the time the Intangible Asset starts providing economic benefits

Note: There are no internally generated Intangible Assets

| | | Rs. Crores | 31/03/2008 Rs. Crores |
|---|---|---|---|
| **22.** | **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES:** | | |
| **22.1** | **Capital Commitments:** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | **3,433.64** | 2,656.32 |
| | Share of interest in Joint Ventures | **2,580.94** | 3,077.96 |
| | **Total** | **6,014.57** | 5,734.28 |
| **22.2** | **Contingent Liabilities:** | | |
| | (a) In respect of taxation | **291.51** | 290.08 |
| | (b) Other Matters: | | |
| | i) Surety bonds executed on behalf of other oil companies for excise/customs duties for which BPCL has signed as surety | **166.33** | 152.24 |
| | ii) Claims against the Corporation not acknowledged as debts: | | |
| | (a) Excise and customs matters | **253.84** | 531.45 |
| | (b) Sales tax matters | **2,412.98** | 1,870.15 |
| | (c) Others | **471.78** | 525.08 |
| | These include **Rs. 668.14 crores** (previous year Rs. 518.88 crores) against which the Corporation has a recourse for recovery and **Rs. 30.80 crores** (previous year Rs. 233.51 crores) on capital account. | | |
| | iii) Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases | **1.10** | 1.15 |
| | iv) Guarantees: | | |
| | – Guarantee in favour of banks for long-term loans extended to BPRL Ventures B.V., a subsidiary of Bharat PetroResources Limited | **USD 120 million** (Rs. 611 crores) | – |
| | – Other Bank/Corporate Guarantees | **85.75** | 1.42 |
| | (c) Share of interest in Joint Ventures | **63.20** | 58.47 |

**23**. 23.1 Foreign exchange losses amounting to **Rs. 375.58 crores** including **Rs. 181 crores** pertaining to share of interest in joint ventures (previous year Rs. 74.18 crores including Rs. Nil pertaining to share of interest in joint ventures) are regarded as adjustment to Interest cost and debited to Interest expenditure.

23.2 The deferred premium amounting to **Rs. 123.21 crores** including **Rs. Nil** pertaining to share of interest in joint ventures (previous year Rs. 201.12 Crores including Rs. Nil pertaining to share of interest in joint ventures) in respect of forward exchange contract will be recognised in the Profit and Loss Account of one or more subsequent accounting periods.

**24. MANAGERIAL REMUNERATION:**

| | Rs. Crores | 2007-08 Rs. Crores |
|---|---|---|
| Salary and allowances | **0.96** | 0.77 |
| Contributions to Provident Fund and other funds | **0.09** | 0.09 |
| Other benefits | **0.90** | 0.80 |
| Share of interest in Joint Ventures | **0.87** | 0.49 |
| | **2.82** | 2.15 |

**25. REMUNERATION TO AUDITORS (NET OF SERVICE TAX):**

| | | **Rs. Crores** | 2007-08 Rs. Crores |
|---|---|---|---|
| (a) | Audit fees | **0.34** | 0.17 |
| (b) | Fees for other services-certification | **0.12** | 0.10 |
| (c) | Reimbursement of out of pocket expenses | **0.01** | 0.01 |
| (d) | Share of Interest in Joint Ventures | **0.10** | 0.25 |
| | | **0.57** | 0.53 |

**26. RESEARCH AND DEVELOPMENT:**

| | | **Rs. Crores** | 2007-08 Rs. Crores |
|---|---|---|---|
| (a) | Revenue Expenditure | **22.56** | 16.75 |
| (b) | Capital Expenditure | **7.68** | 8.62 |
| | | **30.24** | 25.37 |

**27.** Figures have been regrouped wherever necessary.

# CASH FLOW STATEMENT (CONSOLIDATED)

| | For the year ended 31st March | Notes | 2009 Rs. Crores | 2008 Rs. Crores |
|---|---|---|---|---|
| **A** | **Cash Flow from Operating Activities** | | | |
| | Net Profit Before tax and prior period items | | **1143.07** | 2886.70 |
| | *Adjustments for :* | | | |
| | Depreciation | | **1261.70** | 1292.10 |
| | Interest | | **2387.82** | 698.04 |
| | Foreign Exchange Fluctuations | Note 3 | **631.45** | (115.87) |
| | (Profit) / Loss on Sale of fixed assets | | **1.70** | 1.08 |
| | (Profit) / Loss on Sale of investments | | **515.42** | (47.91) |
| | Income from Investments | | **(745.86)** | (550.53) |
| | Dividend Received | | **(2.85)** | (24.15) |
| | Other Non-Cash items | | **(37.59)** | 196.37 |
| | Interest Income | | **(4.05)** | (0.90) |
| | **Operating Profit before Working Capital Changes** | | **5,150.81** | 4,334.93 |
| | ***(Invested in) / Generated from :*** | | | |
| | Trade Receivables | | **480.55** | 123.62 |
| | Other receivables | | **792.40** | (4,064.21) |
| | Inventory | | **3,644.69** | (2,034.41) |
| | Current Liabilities & Payables | | **(2,471.97)** | 3,795.71 |
| | **Cash generated from Operations** | | **7,596.48** | 2,155.64 |
| | Direct Taxes paid | | **(567.65)** | (956.64) |
| | **Cash flow before prior period items** | | **7,028.83** | 1,199.00 |
| | Prior Period Items | | **(8.50)** | 133.34 |
| | Non-Cash Items | | **(2.48)** | 0.54 |
| | **Net Cash from Operating Activities** | | **7,017.85** | 1,332.88 |

| | For the year ended 31st March | Notes | 2009 Rs. Crores | 2008 Rs. Crores |
|---|---|---|---|---|
| **B** | **Net Cash Flow from Investing Activities** | | | |
| | Purchase of fixed assets | | **(4,485.08)** | (3,345.02) |
| | Adjustment for retirement/reclassification of Fixed Assets | | **(2.82)** | – |
| | Sale of fixed assets | | **3.79** | 37.56 |
| | Capital Grant Received | | **–** | – |
| | Miscellaneous Expenses written off | | **–** | (4.73) |
| | Adjustments to Pre Operating Expenses | | **(79.08)** | (94.86) |
| | *(Investment)/Sale of Investment in JVC's* | | | |
| | Bharat Shell Ltd. | | **–** | 152.40 |
| | Bharat Stars Services Private Ltd. | | **(1.60)** | – |
| | VI eTrans Private Ltd. | | **–** | – |
| | Bharat Renewable Energy Ltd. | | **(1.00)** | – |
| | Matrix Bharat Marine Services Pte Ltd. | | **(8.41)** | – |
| | DNP Ltd. | | **(24.16)** | (3.40) |
| | Brahmaputra Cracker Polymer Ltd. | | **(28.29)** | (4.19) |
| | *Investment in Subsidiary Companies* | | | |
| | Numaligarh Refinery Ltd. | | **–** | 9.64 |
| | Advance for Investments | | **(400.38)** | (30.61) |
| | Purchase of Investment | | **(20,235.70)** | (5,561.92) |
| | Sale of Investments | | **11,853.61** | 3,265.12 |
| | Income from Investment | | **585.66** | 550.00 |
| | Dividend Received | | **2.85** | 2.98 |
| | Interest Received | | **4.05** | 0.87 |
| | **Net Cash Flow on Investing Activities** | | **(12,816.56)** | (5,026.16) |
| **C** | **Net Cash Flow on Financing Activities** | | | |
| | Equity Investment | | **613.33** | – |
| | Long term Borrowings | | **3,445.57** | 1,712.73 |
| | Repayment of loans | | **(1,229.92)** | (302.28) |
| | Interest paid | | **(2,343.94)** | (658.41) |
| | Interim Dividend Paid | | **–** | – |
| | Dividend Paid | | **(203.22)** | (433.80) |
| | Corporate Dividend Tax | | **(36.55)** | (94.69) |
| | Exchange difference on forward contracts | | **(159.63)** | 9.85 |
| | **Net Cash Flow on Financing Activities** | | **85.64** | 233.40 |
| **D** | **Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)** | | **(5,713.07)** | (3,459.88) |

## CASH FLOW STATEMENT (CONSOLIDATED) (CONTD.)

| For the year ended 31st March | Notes | 2009 Rs. Crores | 2008 Rs. Crores |
|---|---|---|---|
| **Cash and Cash equivalents as at 31st March** | | **2008** | 2007 |
| Cash in Hand | | **396.20** | 409.51 |
| Cash at Bank | | **1,183.34** | 1,195.01 |
| Cash in transit | | **9.18** | 10.13 |
| Cash Credit from scheduled banks | | **(930.12)** | (1,713.43) |
| CBLOs | | **(1,000.00)** | (866.00) |
| Unsecured loans from scheduled banks / ICDs / CPs | | **(10,171.14)** | (6,089.64) |
| Cash & Cash Equivalents on A/c of acquisition of Business of IBV (Brazil) Petroleo Ltda. by VB Brazil Petroleo Pvt Ltda. | | **10.30** | – |
| | | **(10,502.24)** | (7,054.42) |
| **Cash and Cash equivalents as at 31st March** | | **2009** | 2008 |
| Cash in Hand | | **124.92** | 396.20 |
| Cash at Bank | | **1,220.72** | 1,183.54 |
| Cash in transit | | **2.00** | 9.18 |
| Cash Credit from scheduled banks | | **(2,497.70)** | (931.67) |
| Unsecured loans from scheduled banks / ICDs / CPs | | **(14,915.25)** | (10,171.55) |
| CBLOs | | **(150.00)** | (1,000.00) |
| | | **(16,215.31)** | (10,514.30) |
| **Net change in Cash and Cash equivalents** | | **(5,713.07)** | (3,459.88) |

**Explanatory Notes to Cash Flow Statement**

1 The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard 3 issued by the Institute of Chartered Accountants of India.

2 In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.

3 The net profit / loss arising due to conversion of current assets / current liabilities / receivable / payable in foreign currency is furnished under the head “Foreign Exchange Fluctuations”.

4 “Other Non-Cash items” include excess provisions written back, foreign exchange adjustments, diminution in value of investment, transfer to Capital reserve, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.

5 Figures of the previous year have been regrouped wherever necessary, to conform to current year’s presentation.

For and on behalf of the Board of Directors
Sd/-
**ASHOK SINHA**
Chairman and Managing Director

As per our attached report of even date
For and on behalf of
**B. K. KHARE & CO.**
Chartered Accountants
Sd/-
**PADMINI KHARE KAICKER**
Partner
Membership No. 44784

Place : Mumbai
Date : 29th May, 2009

# ANNEXURE F

## STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Rs. Crores

| Sr. No. | Name of the Subsidiary Company | Extent of holding | Reporting Currency | Capital | Reserves | Total Assets | Total Liabilities | Investment (except in case of Subsidiary Company) | Turnover | Profit/(Loss) before tax | Provision for tax | Profit/(Loss) after tax | Proposed Dividend | Country of Incorporation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Numaligarh Refinery Limited | 61.65% | INR | 735.63 | 1,615.02 | 3,705.26 | 1,354.61 | 91.87 | 8,853.35 | 319.59 | 83.95 | 235.64 | 110.34 | India |
| 2 | Bharat PetroResources Limited | 100% | INR | 502.55 | (21.31) * | 587.16 | 107.42 | 2.70 | – | (13.93) | – | (13.93) | – | India |
| 3 | Bharat PetroResources JPDA Limited | 100% | INR | 0.05 | (2.00) * | 32.81 | 34.77 | – | – | (1.13) | – | (1.13) | – | India |
| 4 | BPRL International B.V. | 100% | USD | 0.13 | 296.83 | 297.07 | 0.11 | 296.34 | – | (26.93) | – | (26.93) | – | Netherlands |
| 5 | BPRL Ventures B.V. | 100% | USD | 0.13 | 296.21 | 832.43 | 536.09 | – | – | (26.57) | – | (26.57) | – | Netherlands |
| 6 | BPRL Ventures Mozambique B.V. | 100% | USD | 0.13 | (0.15) * | 0.11 | 0.12 | – | – | (0.17) | – | (0.17) | – | Netherlands |

* Represents accumulated losses

**Notes:**

(i) Numaligarh Refinery Limited and Bharat PetroResources Limited are direct subsidiaries of Bharat Petroleum Corporation Limited.

(ii) Bharat PetroResources JPDA Limited and BPRL International B.V. are subsidiaries of Bharat PetroResources Limited.

(iii) BPRL Ventures B.V. and BPRL Ventures Mozambique B.V. are subsidiaries of BPRL International B.V.

(iv) The first accounts of BPRL International B.V. and BPRL Ventures B.V. are prepared for the period 26th March, 2008 to 31st December, 2008.

(v) The first accounts of BPRL Ventures Mozambique B.V. are prepared for the period 23rd July, 2008 to 31st December, 2008.

(vi) Figures of BPRL International B.V. are consolidated figures including those of BPRL Ventures B.V. and BPRL Ventures Mosambique B.V.

(vii) Indian Rupees (INR) equivalent of the figures of subsidiary companies whose Reporting Currency is US Dollar (USD) is based on exchange rates as on 31st March, 2009. (USD 1 = INR 50.95).

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

| Name of the Subsidiary Companies | Financial Year ending of the Subsidiary Companies | No. of shares held as on 31.3.2009 | Extent of holding by holding company | The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company and not dealt with in the accounts of the Holding Company (Except to the extent dealt within Col. 7 & 8) | | The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company and dealt with in the accounts of the Holding Company | |
|---|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | For the Financial Year ended 31.3.2009 (Rs. In Crores) | For the Previous Financial Years since it became a Subsidiary Company (Rs. In Crores) | For the Financial Year ended 31.3.2009 (Rs. In Crores) | For the Previous Financial Years since it became a Subsidiary Company (Rs. In Crores) |
| 1. Numaligarh Refinery Ltd. (NRL) (w.e.f. 31.3.2001) | 31.3.2009 | 453545998 shares of Rs.10 each fully paid up. | 61.65% | 145.27 | 970.29 | 90.71 | 382.04 |
| 2. Bharat PetroResources Ltd. (BPRL) (w.e.f. 17.10.2006) | 31.3.2009 | 502552610 shares of Rs.10 each fully paid up. (Refer Note 1) | 100% | (13.93) | (7.38) | 0.00 | 0.00 |
| 3. Bharat PetroResources JPDA Ltd. (w.e.f. 28.10.2006) (subsidiary of BPRL) | 31.3.2009 | 49940 shares of Rs.10 each fully paid up. (Refer Note 1) | 100% | (1.13) | (0.87) | 0.00 | 0.00 |
| 4. BPRL International B.V. (w.e.f. 26.3.2008) (subsidiary of BPRL) | 31.12.2008 (Refer Note 2&3) | 18000 shares of Euro 1 each | 100% | (26.93) | 0.00 | 0.00 | 0.00 |
| 5. BPRL Ventures B.V. (w.e.f. 26.3.2008) (subsidiary of BPRL International B.V.) | 31.12.2008 (Refer Note 2) | 18000 shares of Euro 1 each | 100% | (26.57) | 0.00 | 0.00 | 0.00 |
| 6. BPRL Ventures Mozambique B.V. (w.e.f. 23.7.2008) (subsidiary of BPRL International B.V.) | 31.12.2008 (Refer Note 2) | 18000 shares of Euro 1 each | 100% | (0.17) | 0.00 | 0.00 | 0.00 |

**Notes:** 1. In addition to the shares held by the holding company, six individuals, who are nominees of BPCL, each holds 10 shares of Rs.10 each of the Company.

2. In respect of BPRL International B.V., BPRL Ventures B.V. and BPRL Ventures Mozambique B.V.
   (a) There is no change in the holding companies interest subsequent to 31st December, 2008.
   (b) There are no material changes which have occurred subsequent to 31st December, 2008 in respect of fixed assets; investments; moneys lent and the moneys borrowed for any purpose other than meeting current liabilities.
   (c) The figures are converted from USD to Indian currency.
3. Loss of BPRL International B.V. is consolidated loss i.e. including losses of BPRL Ventures B.V. and BPRL Ventures Mozambique B.V.

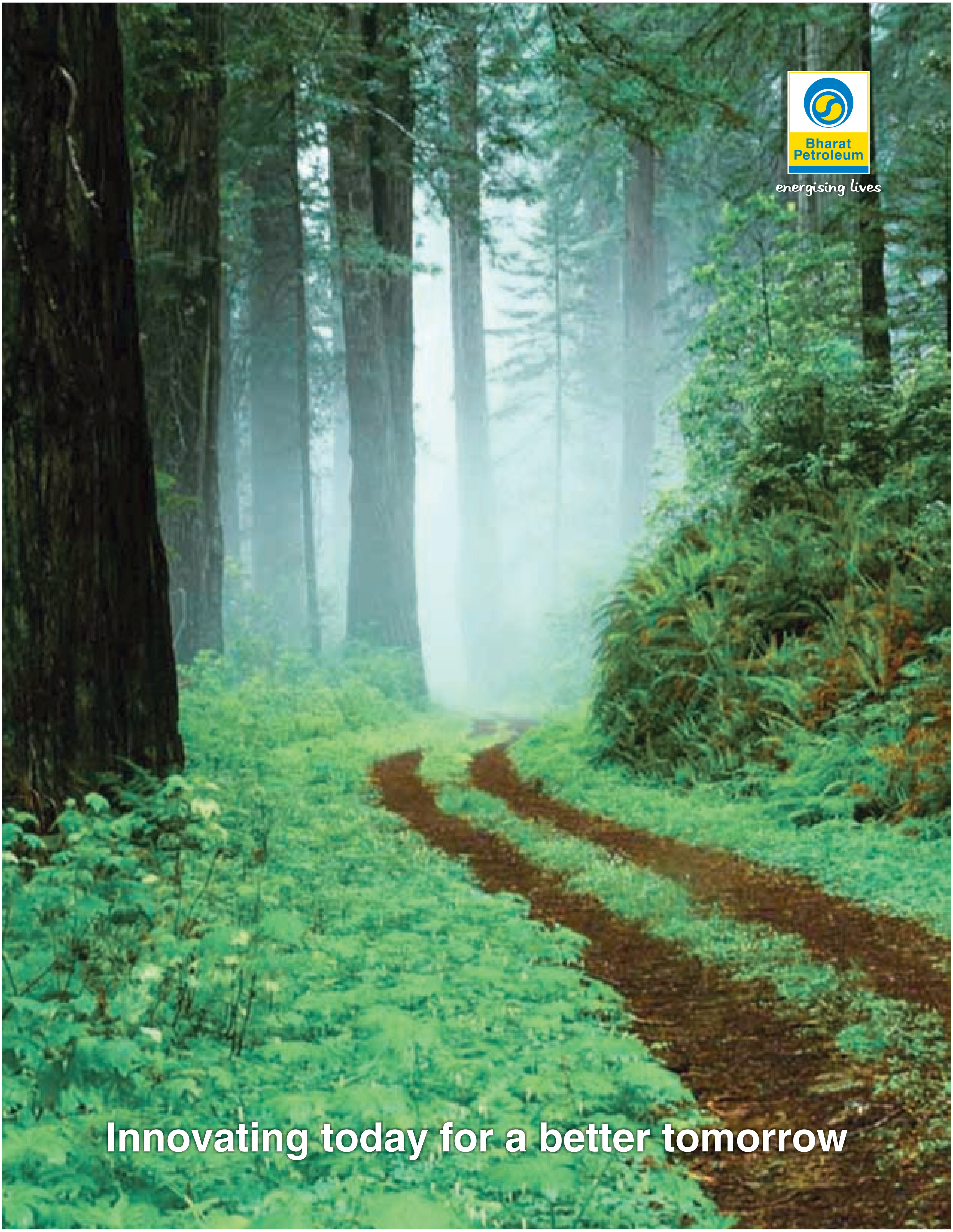
For and on behalf of the Board of Directors

Sd/-
**Ashok Sinha**
Chairman and Managing Director

Sd/-
**S. K. Joshi**
Director (Finance)

Sd/-
**N. Viswakumar**
Company Secretary

Place : Mumbai
Date : 29th May, 2009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