

BOARD OF DIRECTORS



R. K. Singh



Ashok Sinha
(upto 18.08.2010)



S. Radhakrishnan
(w.e.f 19.8.2010 upto 28.2.2011)



S.K. Joshi



S. Mohan
(w.e.f. 4.10.2010)



D. Rajkumar
Managing Director

Vijayagopal N.

Vice President (Finance)
(w.e.f. 05.07.2010)

V. Srinivasan

Vice President (Assets & Operations)

P.C.Siva

Vice President (Assets & Operations)

V.B.Lal

Vice President (Assets & Operations)
(upto 31.7.2010)

P.K. Bhatnagar

Vice President (Finance)
(upto 30.6.2010)

Narendra Dixit

Company Secretary



NOTICE TO THE MEMBERS

Notice is hereby given that the Fourth Annual General Meeting of the Members of Bharat PetroResources Limited will be held at the Registered Office of the Company at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai – 400 001, on Monday, 29th August 2011, at 1130 hrs to transact the following Ordinary Business and Special Business :-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report, the Audited Profit & Loss Account for the financial year ended 31st March, 2011 and the Balance Sheet as at that date with the Reports of the Statutory Auditors and the Comments of the Comptroller & Auditor General of India, thereon.
2. To appoint a Director in place of Shri D. Rajkumar, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri D. Rajkumar, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

- 3 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, Dr. S. Mohan, be and is hereby appointed as Director of the Company.”

By Order of the Board of
Bharat PetroResources Limited

Sd/-
(Narendra Dixit)
Company Secretary

Registered Office:

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

Date: 3rd August, 2011

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, in the alternative, 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 the revenue stamp and be deposited at the Registered Office of the Company not less than forty eight hours before commencement of the Meeting.**

Item No.3 Appointment of Director

Dr. S. Mohan was appointed as Additional Director, by the Board of Directors, under the provisions of Article 11 of the Articles of Association of the Company, with effect from 4th October, 2010.

Dr. S. Mohan, being an Additional Director, holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice, u/s 257 of the Companies Act, 1956, from a Member, proposing the name of Dr. S. Mohan, as Director of the Company. A brief resume of Dr. S. Mohan, as required under the DPE guidelines on Corporate Governance is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Dr. S. Mohan as Director of the Company.

Except Dr. S. Mohan, no other Director is interested in the Resolution.

By Order of the Board of
Bharat PetroResources Limited

Sd/-
(Narendra Dixit)
Company Secretary

Registered Office:
Bharat Bhavan,
4 & 6 Currimbhoy Road,
Ballard Estate,
Mumbai - 400 001
Date: 3rd August, 2011



DIRECTORS' REPORT

The Directors present their fourth Report of Bharat PetroResources Limited (BPRL) for the year ended 31st March, 2011.

Highlights of Financial Performance

	(₹. in '000')	
	For the year ended 31.3.2011	For the year ended 31.3.2010
Total Income	6,689.65	4,244.23
Earnings before interest, tax, depreciation & amortization	(1,83,776.42)	(3,55,048.82)
Depreciation & amortization	6,047.48	2,168.00
Profit / (loss) before tax	(1,89,823.90)	(3,57,216.82)
Profit / (loss) after tax	(1,89,823.90)	(3,57,216.82)

As on 31st March 2011, BPRL has an authorized share capital of ₹ 3000 crores and paid up share capital of ₹ 1100 crores which is entirely held by Bharat Petroleum Corporation Limited, the holding company.

The Comptroller and Auditor General of India (C&AG) have vide letter dated 26th July, 2011 which is enclosed to the Directors' Report, as Annexure - B stated that on the basis of their audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to the Statutory Auditor's report under Section 619(4) of the Companies Act, 1956.

OPERATIONS

BPRL was incorporated as a wholly owned subsidiary company of Bharat Petroleum Corporation Limited (BPCL), in October, 2006, for carrying out the upstream oil & gas business of BPCL. Accordingly, BPRL independently/through its subsidiaries has been making investments in various exploration blocks in India and abroad.

BPRL currently has participating interest (PI) in 27 Blocks spread across the globe. 9 Blocks are located in India which were acquired under different rounds of New Exploration Licensing Policy (NELP) and balance blocks are abroad in 6 countries. Most of the blocks are in advanced stage of exploration and several of these are at the appraisal stage. The drilling of wells in India, Mozambique, Brazil, Australia are in progress and considering that they are high prospective areas, the company expect further discoveries in these blocks. With the seven recent discoveries in Brazil, Mozambique, and Indonesia, BPRL has now matured into a company poised to guarantee returns to its parent company, BPCL in the short term and meeting its larger goal of ensuring energy security for India in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry structure and developments

In the year 2010, global oil demand increased by 2.9 Million Barrels per day (MBPD). The energy demand has increased over the last year as a result of improved economic growth, higher demand for refined products and limited supplies of crude oil. It is expected that world energy consumption shall increase by 49% or 1.4% per year, from 495 quadrillion Btu in the year 2007 to 739 quadrillion Btu in the year 2035.

By the year 2015, it is expected that most nations of the world would start achieving their expected rates of long-term growth which was anticipated before the onset of recession. World GDP is likely to rise by an average of 3.2 percent per year from the year 2007 to the year 2035, with non-OECD economies averaging 4.4 percent per year and OECD economies 2.0 percent per year.

The world oil prices are likely to remain relatively high in the coming days. Liquid fuels and other petroleum products are likely to be the world's slowest growing source of energy. Liquids consumption are slated to increase at an average annual rate of 0.9 percent from the year 2007 to the year 2035, whereas total energy demand could increase by 1.4 percent per year. Renewables are expected to be the fastest-growing source of world energy, with consumption increasing by 2.6 percent per year. Projected oil prices, as well as concern about the environmental impacts of fossil fuel use and strong government incentives for increasing the use of renewable energy in many countries around the world, could improve the prospects for renewable energy sources worldwide. The share of liquid fuels in world energy consumption could decline to 30 % in the year 2035. Contribution of liquids in electricity generation could decrease due to high oil prices and may be replaced by renewable resources of energy. Liquids are likely to remain the main source of fuel for the transportation sector. It is also projected that natural gas shall remain an important fuel for generation of electricity due to lower prices and natural-gas-fired generators are less capital intensive as compared to coal fired generators. It is projected that coal shall remain the major fuel for electricity generation in China.

About half of the assessed undiscovered petroleum potential of the world is offshore, especially outside the established provinces of United States, Former Soviet Union, Middle East and North Africa. The Arctic basins hold about 25 percent of the undiscovered petroleum resources and could become the next great frontier.

The year 2010 has been the most successful year during the past decade in terms of oil and gas exploration with a discovery of over 21 billion barrels of oil and 105 tcf of new gas reserves. Also, despite fewer discoveries as compared to those in 2009, the initial estimate of reserves during 2010 was 50% higher than the corresponding period of 2009.

Opportunities and Threats:

There is a huge demand for crude oil and petroleum products. The increasing appetite of the developing nations necessitates more demand for exploration activities, which creates huge demand for offshore facilities to support the growing Exploration & Production (E&P) activities.

E&P Industry, particularly the deep sea exploration segment worldwide was hit by an acute shortage of rigs. Further, E&P segment is becoming commercially riskier by the day, with drilling activities shifting to deeper waters in quest of bigger finds consequently increasing the investment levels. With the margin for error in exploration related activities being very low, technology emerges as the differentiator. Cutting edge technology and technology savvy companies moving in the areas of seismic data gathering and new / improved drilling technologies are predicted to prosper in this competitive scenario. However, lack of equipment is the main challenge for the offshore sector.



Emergence of Shale Gas, as a cost effective, harnessable energy in the United States has changed the competitive landscape in the oil & gas sector. Attention and focus is slowly shifting towards Shale gas as a viable source of energy. The advantage will be available to the companies making progress in this evolving field.

Further, the change in Government policies, crude price volatility, funds availability, increasing competition etc. would affect the performance in the blocks.

2. Segment-wise or product-wise performance

BPRL is operating in the single segment of exploration.

3. Outlook

BPRL has participating interest in 27 block in India and abroad in different countries in partnership with world renowned companies like Petrobras, Anadarko, Mitsui etc., Most of the blocks are in an advanced stage of exploration. Based on the 7 discoveries, BPRL can progress speedily in future.

4. Risks and Concerns

Exploration is inherently a high risk business, and BPRL participates and operates in varied environments, both politically & geographically, Risks and possible losses due to expropriation, change in fiscal regime, additional taxes, increase in Government share or restrictions on exports of oil could materially affect the company's performance. Also, the Business of exploration involves technology risks and HSE risks. These are however mostly managed by the respective Operators.

BPRL has invested considerable efforts in adopting a rational business policy. M/s Mckinsey & Co., a reputed Management Consulting firm has been engaged to help fine-tune the business strategy and suggest an optimal business model, besides identifying geographical areas of interest. These suggestions provide guidance while drawing up BPRL's exploration initiatives.

Most of BPRL's foreign holdings are through subsidiary or joint venture companies. These companies, besides optimizing tax outgoes and complying with the laws of the land, also help in limiting BPRL's risk. Opportunities are vetted by reputed Merchant bankers, M&A advisors, and Financial/Legal consultants, advisors, and investment decisions are taken only after due diligence.

5. Internal control systems and their adequacy

BPRL ensures that all transactions adhere to the requisite procedures, policies and are in accordance with the Statutory requirements. BPRL has appointed M/s Borker and Mazumdar, Chartered Accountants, to carry out Internal Audit covering areas like the implementation of SAP for BPRL, payment of cash call for certain blocks etc. The Auditors have not reported any significant findings.

6. Discussion on financial performance with respect to operational performance

Performance details pertaining to various blocks have been covered separately in the Report.

7. Material developments in Human Resources/Industrial Relations front, including number of people employed

The entire manpower in BPRL has been deputed from the parent Company i.e. BPCL. Accordingly, BPRL manages its HR issues as per the policies of BPCL. In addition, BPRL provides all necessary training, exposures to obtain required skill to operate in the international environment. Further, BPRL has engaged Geologists/ Geoscientists with international exposure as consultants/employees. BPRL is a vibrant company and takes continuous efforts to upgrade skills in terms of training personnel in new technologies and working in challenging business environment.

CURRENT STATUS OF WORK

Indian Blocks

BPRL has participating interest (PI) of 10% in Blocks KG-DWN-2002/1 and MN-DWN-2002/1 (offshore) and PI of 40% in Block CY-ONN-2002/2 (on land) obtained under NELP IV. Acquisition, processing & interpretation for the said blocks has been completed. In Krishna Godavari Block, drilling of 1st exploratory well in the year 2007 and 2nd well in the year 2011 did not find any hydrocarbon of commercial value. The 3rd exploratory well drilling has been planned during the year 2011-12. Similarly, 5 drillable prospects have been identified in Mahanadi basin and one well was drilled during the 2010-11. Two more wells as per Minimum Work Programme (MWP) are planned for drilling during this financial year 2011-12. Based on the results of 1st exploratory drilling of CY/ONN/2002/2, the hydrocarbon indication and post drill analysis, drilling for 2nd location has been firmed up. Two exploratory wells drilling have been planned in this block during this financial year 2011-12.

BPRL also has PI of 10% in Blocks KG-DWN-2004/2, KG-DWN-2004/5 (off shore), PI of 20% in Blocks CY-ONN-2004/1, CY-ONN-2004/2 (on land) and PI of 11.11% in Block RJ-ONN-2004/1 (on land) under NELP VI round. 2D Seismic data acquisition, processing and interpretation have been completed for two off shore KG blocks. At present, 3D data acquisition is in progress in KG blocks. Finalization of drilling location, environmental clearance, site preparation for drilling works etc. is under progress for Cauvery Block. Drilling of three exploratory wells for Cauvery Blocks has been planned during the 2011-12. During the financial year 2011-12, three exploratory wells are planned for drilling in block RJ-ONN-2004/1 and drilling of the 1st well is in progress.

Further, BPRL has PI of 33.33% in Block RJ-ONN-2005/1 (on land) under NELP VII round. There is no proposal for any drilling of wells in this block during the year 2011-12.

BPRL has submitted bid in the beginning of the year 2011 under NELP IX round announced by the Government of India.



Foreign Blocks

Australia:

BPRL has a PI of 27.80% in Block EP - 413 (on land) in the Perth basin in consortium with Norwest Energy NL (Operator) and Australia Worldwide Exploration. This block is being explored for Shale Gas. One exploratory well has been spud in end May 2011 and drilling and Coring is in progress. Fracing of the well at various zones will be undertaken once the core results are obtained.

BPRL was holding PI of 14% in the Block WA 388 P in Australia. During the year, BPRL, along with all other JV partners, farmed out 5.6% PI each in this block to M/s Apache Energy Ltd, who also took over the operatorship of the block from Oilex. Presently, BPRL holds a PI of 8.4% in this block. The balance work commitment in this block essentially included drilling of 1 well and accordingly, an exploratory well (La Rocca) was drilled in May 2011. However, there were no Hydrocarbon shows reported from the well. Post well studies are in progress.

BPRL has a PI of 20% in Block AC/P 32 (offshore) in Australia. In the said Block, one Well (Wisteria 1) has been drilled so far, but there were no Hydrocarbon shows. Post well studies and seismic reprocessing are in progress in the block and the permit has been renewed for the Renewal phase.

BPRL has a PI of 50% in Block TP- 15 (offshore) in consortium with Westranch Holding Pty (Operator), a wholly owned subsidiary of Norwest Energy NL. In the said Block, one well was drilled in March 2011, but there was very little Hydrocarbon show (sub-commercial). Post well studies are in progress in the block.

United Kingdom:

BPRL holds 25% PI in the Block 48/ 2c in North Sea. An appraisal well was drilled in the acreage which was sub-commercial due to poor flow rates and low permeability. Currently, well simulation / technical studies for fracing the well to improve the flow rates and feasibility studies for export of gas are in progress in the block 48/2c. The area which was contained within the block 48/1b has been relinquished. BPRL also had PI in Block 48/1d. A 'Drill or Drop' option was to be exercised by February 2011 in this block. However, the block was relinquished in February 2011 owing to insufficient data and uncertainty about monetization options.

Oman

BPRL had PI of 12.50% in Block 56 (on land). The exploration efforts did not establish any commercial hydrocarbon discovery. The Operator of the block, with the concurrence of JV partners, sought certain forward program and concessions in the EPSA from Sultanate of Oman but the same were not accepted by the Sultanate of Oman. In view of the same, the Block was relinquished by the consortium and the expenditure incurred was charged off during the year.

INFRASTRUCTURE

To serve the purpose of augmenting and bolstering the in house technical capabilities of the company, Workstations has been procured. These Workstations are designed to enable study of geo-scientific data presented in the latest technical formats and would enable BPRL's team to analyze, evaluate and validate the seismic data.

With the procurement of new advanced seismic interpretation software in this financial year, BPRL now has both the Windows and Linux based platforms for effective interpretation of data. This enables BPRL's G&G team to be proactively engaged in the study of data generated from ongoing projects, thereby adding value to the decision making processes. BPRL has moved from PC based workstation to server based workstations. BPRL has commissioned highly scalable, high performance centralized storage and data back up solutions, which is comparable to the infrastructure, set up by established upstream players. BPRL has plans to augment its technical capabilities by upgrading its infrastructure & procure more data interpretation software in future.

RECENT ACQUISITIONS AND NEW OPPORTUNITIES

The drilling of wells in India, Mozambique, Brazil, Australia and Indonesia are in progress / will be taken up shortly and considering that they are highly prospective areas, we expect further discoveries in these blocks. With 27 exploration blocks spread over 7 Countries, the strategy going forward for BPRL will be to consolidate their position in these blocks / basins and also with the Operators such as Anadarko, Petrobras and ONGC. Efforts will also be constantly made to hi-grade the portfolio with a view to mature the prospects to the drilling stage. Also in an effort to rationalize on investments, prioritizing of the blocks from the point of view of exploration efforts will be initiated.

DIVIDEND

The Directors do not recommend any dividend for the financial year ended 31st March, 2011.

FIXED DEPOSITS

BPRL has not accepted any Fixed Deposits during the year.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report of the Company is enclosed as Annexure A. The forward looking statements made in the 'Management Discussion & Analysis' are based on certain assumptions & expectations of future events. The Directors cannot guarantee that these assumptions are accurate or these expectations will materialize.

EMPLOYEES PARTICULARS

The 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, 2011 are enclosed as Annexure-C.



HUMAN RESOURCES

At present, all the employees have been assigned from the holding company i.e. BPCL and are governed by the policies applicable in BPCL.

CITIZEN CHARTER, OFFICIAL LANGUAGE & FULFILLMENT OF SOCIAL OBLIGATIONS

With BPRL having commenced its operations, all possible steps are being taken with regard to Citizen Charter, Official Language implementation and fulfillment of Social Obligations.

MEMORANDUM OF UNDERSTANDING WITH BPCL

BPRL has signed a Memorandum of Understanding (MOU) with BPCL for the year 2010-11. BPRL has achieved an “Excellent” performance rating for that year. Subsequently, BPRL has entered into a MOU with BPCL for the year 2011-12.

VIGILANCE

Corporate Vigilance guidelines relevant to BPCL, the holding Company, are also applicable to BPRL.

SUBSIDIARY COMPANIES

Foreign Subsidiaries

BPRL has incorporated a wholly owned subsidiary company, i.e. BPRL International B.V., in the Netherlands which in turn, has incorporated three Subsidiary Companies i.e. BPRL Ventures B.V, BPRL Ventures Mozambique B.V. and BPRL Ventures Indonesia B.V., in the Netherlands, for undertaking exploration activities in various countries. BPRL Ventures B.V. and subsidiary company of Videocon Industries Limited have equal stake in IBV Brasil Petroleo Limitada which holds participating interest in ten deep water offshore blocks in Brazil, across Espirito-Santo, Campos, Sergipe – Alagoas and Potiguar basins. 9 out of 10 blocks are operated by Brazil's National Oil Company Petrobras, and 1 block is operated by Anadarko Petroleum Corporation. These 10 blocks are at various stages of exploration & evaluation phase.

In the Sergipe Alagoas basin (Concession BM-SEAL-11), one exploratory well Barra (1-SES-158), resulted in a discovery of light hydrocarbons in the Cretaceous turbidite fan system with a net pay of 34 meters. The Barra Well is currently being deepened to get geological details and testing of Barra Well is planned. The BM-SEAL-11 consortium has entered into second exploratory period (2 years). A series of Exploratory and Appraisal wells are planned to be drilled over the next three years in this concession.

Drill Stem Test (DST) of the Wahoo-1 in the Wahoo field, located in block BM-C-30, in the deepwater Campos Basin, offshore Brazil resulted in the well flowing at a test rate of approximately 7500 barrels per day of 31-degree API gravity crude oil and approximately 4 million cubic feet per day of associated natural gas. Anadarko, the Operator of BM-C-30 believes that the well will be capable of producing at a rate of well in excess of 15000 barrels of oil per day.

During the DST carried out at Wahoo-2 (North) well, the well did not flow due to low permeability. Wahoo#3 (South) well did not encounter hydrocarbons in commercial quantity.

The 5 year Evaluation plan submitted by the consortium of BM-C-30 to the Regulator ANP has been approved and subsequently the consortium has entered into the evaluation phase. The first appraisal Well (Wahoo #4) is planned during fourth quarter of 2011.

In BM-ES-24 concession, IBV along with its JV partners have entered into second exploratory period of 2 years. Currently studies, after integration of drilled data (Serpa and Gouda), are in progress. In the Potiguar basin (Concession BM-POT-16), after completion of Sea Bed logging and other studies, the consortium is planning to drill an exploratory well Ararauna by end 2011.

BPRL Ventures Mozambique B.V. had farmed-in into an exploration block in, Rovuma Basin, Area one offshore Mozambique, with a PI of 10%. M/s Anadarko Petroleum Corporation, U.S.A is the Operator of the block. During the year, two deepwater offshore wells (Windjammer & Collier) were drilled in the block.

In the Rovuma basin block in Mozambique, the well Windjammer encountered a total net natural gas pay of more than 555 feet (169 meters). This discovery has been ranked first amongst the hydrocarbon discoveries in the first quarter of 2010, by IHS Survey Report.

Barquentine exploration well drilled to approximately 5145 meters, has encountered a total of more than 127 net metres of natural gas pay in multiple high quality sands. The discovery Barquentine well encountered more than 94 net metres of pay in Oligocene sands and an additional 33 net meters of pay in the Palcocene sands thus resulting in a total net pay of 127 meters of natural gas in Oligocene and Paleocene sands.

Logosta exploration well is drilled in Rovuma basin, Area 1, offshore Mozambique but is a different geological setting has encountered a total of more than 168 net meters of natural gas pay in multiple high quality Oligocene and Eocene sands.

The Tubarao exploration well drilled in the Rovuma Basin offshore Mozambique, has encountered more than 34 net metres of natural gas pay and no water in a high quality Eocene-age reservoir that is a separate and distinct feature. The Tubarao discovery well was drilled to a total depth of approximately 4237 meters in water depths of approximately 900 metres. The operator has informed that seismic imaging indicates that Tubara's areal extent could cover about 60 square kilometres and this would be better defined with appraisal drilling.

The Operator has indicated that the discoveries so far in the Rovuma Basin Area 1, block has exceeded the threshold requirement for setting up of a LNG plant and accordingly, has initiated steps towards setting up of LNG plant after studying the gas market and requirement of Mozambique and nearby Countries.

BPRL Ventures Indonesia B.V. had farmed-in into an exploration block in Indonesia (in the Nunukan PSC) with a PI of 12.5% offered by Anadarko. Anadarko announced the Badik Discovery located in the Tarakan Basin of Indonesia. The Well Badik-1, located in Tarakan Basin has encountered more than 40 net metres of oil & gas pay. The Badik -1 discovery well was drilled in 70 meters of water to a total depth of approximately 4358 metres.



Indian Subsidiary

BPRL has one wholly owned subsidiary Company in India i.e. Bharat PetroResources JPDA Limited (BPR JPDA) through which it holds a participating interest of 20% in Block JPDA 06-103 awarded to BPR JPDA, by Autoridade Nacional do Petroleo of Timor Leste (earlier known as Timor Sea Development Authority) in the Joint Petroleum Development Area (JPDA). The Minimum Work Programme Commitment in the block comprises a primary term of exploration phase of three years which is extended upto 15th January 2012, a secondary term of two years and a third term of another two years subsequently. The block is currently in the primary term which includes drilling of four wells in the said block.

Of the two wells drilled in the block, there were indications of presence of hydrocarbon in one well but it was found sub-commercial. Currently, technical studies and 3D seismic works are in progress based on which the Operator will identify drillable prospects for the balance wells to be drilled as per the Minimum Work Program.

Annual Accounts of the Subsidiary Companies

In view of the circular from the Ministry of Corporate Affairs, 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 BPRL. In compliance with the conditions of the said circular, the Consolidated Financial Statements have been presented in the Annual Report and the summarized Balance Sheet and Profit and Loss Account of Subsidiary Companies are also enclosed as Annexure - D to the Directors' Report for information. The Annual Accounts of Subsidiary Companies and related detailed information are open for inspection by any member at the Registered Office. Further, BPRL would make available these documents, on request, to any of its members.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the Annual Accounts, all the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. The Company has selected such Accounting Policies and applied them consistently and made judgments 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, 2011 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 Ashok Sinha relinquished his office w.e.f. 19th August, 2010 on his resignation from the Board of BPCL. The Directors have placed on record their deep appreciation and gratitude for the most valuable contributions made by Shri Ashok Sinha in the deliberations of the Board meetings and for the guidance and the support provided by him for the development and progress of the business of the Company during his tenure.

Shri S. Radhakrishnan who was appointed as Director in place of Shri Ashok Sinha w.e.f. 19th August, 2010 relinquished his office w.e.f. 1st March, 2011 on his superannuation of his services in BPCL. The Directors have placed on record their gratitude for the guidance and support extended by Shri S. Radhakrishnan during his tenure as Director.

Dr S. Mohan was appointed as Additional Director with effect from 4th October, 2010. Being 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 at the ensuing Annual General Meeting.

As required under the Companies Act, 1956, Shri D. Rajkumar, Managing Director will retire by rotation at the Annual General Meeting, and being eligible, offers himself for re-appointment as Director at the said meeting.

AUDIT COMMITTEE

Presently, the Audit Committee of BPRL comprises Shri R.K. Singh, Shri S.K. Joshi and Dr. S. Mohan as members. Shri R.K. Singh acts as the Chairman of the Committee. The Audit Committee is functioning in accordance with the terms of reference set out for it by the Board of Directors.

STATUTORY AUDITORS

M/s Uttam Abuwala & Co, Chartered Accountants were appointed as Statutory Auditors of BPRL for the financial year ended 31st March 2011, by the 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 ended 2011-12 has been made to C&AG.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Currently, BPRL is having participating interest in all the Blocks which are being operated by different Operators and BPRL is not the Operator in any block. Except in Rajasthan block, where BPRL is a joint Operator, BPRL is not directly involved in the execution of works related to the blocks. The exploration work is yet to commence in Rajasthan block. Hence, the activities related to conservation of energy and technology absorption are not applicable at this stage of BPRL's operations and no separate form for disclosure of particulars with respect to Conservation of Energy, and technology absorption has been given.

Earnings in Foreign Exchange	₹. 53.96 lakhs
Foreign Exchange Outgo	₹. 197.62 lakhs

ACKNOWLEDGEMENTS

The Directors would like to acknowledge the valuable guidance and continued support from the Government of India through Ministry of Petroleum & Natural Gas, Ministry of External Affairs, Directorate General of Hydrocarbons and from BPCL, the parent Company.

For and on Behalf of the Board of Directors

Sd/-
(R.K. Singh)
Chairman

Date : 3rd August, 2011
Place : Mumbai



Report on Corporate Governance

1. Company's philosophy on Code of Governance

Bharat PetroResources Limited's corporate philosophy on Corporate Governance has been to ensure sound corporate practices and business ethics through transparency, fairness, professionalism, accountability & reliability.

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 fifteen. As on 31st March 2011, the BPRL Board comprised of one Whole-time Director (Managing Director) and three Part-time Directors. The Company has approached the Government of India for the nomination of two Independent Directors on the Board.

None of the Non-executive Directors of BPRL 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) across all the companies in which they were Directors.

Details regarding the Board Meetings; Directors' attendance thereat; Annual General Meeting; Directorships and Committee positions held by the Directors are given separately.

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

29 th Apr 2010	19 th May 2010	28 th June 2010	26 th July 2010	13 th Aug 2010
13 th Sept 2010	11 th Oct 2010	29 th Oct 2010	6 th Jan 2011	21 st Jan 2011
25 th Feb 2011	28 th Mar 2011			

The Board has reviewed the Compliance of all laws applicable to the Company. The Board has adopted the Code of Conduct for the Directors and also for the Senior management of the Company. The Board members and the Senior management have affirmed compliance of the Code of Conduct.

Further, no case and / or suit of any material or substantial nature is pending against BPRL.

3. Audit Committee

In terms of Section 292A of the Companies Act, 1956, the Board at the meeting held on 2nd April, 2008 had constituted the Audit Committee comprising all the Non-Executive Directors. The Board of Directors has approved the terms of reference of the Audit Committee. Shri Ashok Sinha chaired all the Audit Committee meetings till expiry of his tenure w.e.f. 19.08.2010. Subsequently, Shri S. Radhakrishnan, who became member chaired all the Audit Committee meetings till 20.01.2011. Thereafter, Shri R.K.Singh has chaired all the meetings of the Audit Committee. Dr. S. Mohan was appointed as member of the Audit Committee w.e.f. 01.03.2011.

The quorum for the meetings of the Committee is two members. Shri S.K.Joshi possesses the requisite knowledge of Finance & Accounting for effective functioning of the Audit Committee. The Company Secretary acts as the Secretary of the Audit Committee. There were 7 Audit Committee meetings held during the financial year on the following dates :-

29 th April 2010	19 th May 2010	28 th June 2010	26 th July 2010
29 th October 2010	21 st January 2011	25 th February 2011	

The attendance of the members is given below :-

Name of Member	No of meetings attended
Shri Ashok Sinha	4 (out of 4 meetings held during his tenure)
Shri S. Radhakrishnan	3 (out of 3 meetings held during his tenure)
Shri S.K. Joshi	7
Shri R.K. Singh	6

The Audit Committee reviewed the quarterly/ half yearly/annual financial statements during the year 2010-11.

4. Remuneration to Directors

BPRL is a wholly owned subsidiary of BPCL, a Government Company. All the Directors of BPRL are the nominees of BPCL. The Part-time Directors do not receive any remuneration from the Company. Shri D. Rajkumar, Managing Director was paid a total remuneration of Rs. 35,17,435 during the financial year 2010-11. The Part-time Directors do not receive any remuneration from the Company.

Name	All elements of remuneration packages of the Directors i.e. Salary, benefits, bonus, pension etc.	Details of fixed component and performance linked incentives	Other benefits
Shri D. Rajkumar Managing Director	35,17,435	23,22,465	11,94,970

Service Contract : Nominated by BPCL

BPRL has not introduced any Stock Options Scheme. None of the non executive Directors hold any share in BPRL.

5 Management Discussion and Analysis

Management Discussion and Analysis Report is covered in the Directors' Report.

6 Annual / Extraordinary General Meetings (AGM/EGM) for last three years

Date and Time of the meeting	Venue
15 th April 2008 at 2.30 p.m. (AGM)	Registered office at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001
22 nd May 2008 at 1200 noon (EGM)	
6 th July 2009 at 11.30 a.m. (AGM)	
13 th August 2010 at 4.00 p.m. (AGM)	



The Special Resolution for fixation of remuneration of the statutory auditors was approved by the shareholders at the AGM held on 15th April, 2008.

The Special Resolution for amendments to the Articles of Association of the Company was approved by the shareholders at the (EGM) held on 22nd May, 2008.

The Special Resolutions for fixation of remuneration of the statutory auditors, keeping of Registers / Returns / documents at a place other than the registered office, enhancement of Authorised Capital and consequent amendments to the Memorandum of Association and Articles of Association of the Company were approved by the shareholders at the AGM held on 13th August, 2010.

7 Brief Resume of Directors seeking appointment / re-appointment

1. Shri D. Rajkumar

Shri D. Rajkumar, is a B. Tech in Electrical Engineering from Indian Institute of Technology, Chennai and Post-Graduate Diploma in Management (PGDM) from Indian Institute of Management, Bangalore in Marketing. Prior to taking assignment as Managing Director, Shri D. Rajkumar was holding the position of President in the company. He had handled various assignments in E&P projects in BPCL covering POL, LPG etc and laying of MMPL, a cross country pipeline project executed for the first time in BPCL. He was also deputed by BPCL as Managing Director of Petronet CCK Limited which had successfully implemented a cross-country pipeline from Cochin to Coimbatore to Karur.

In addition to BPRL, he is a Director on the Board of Bharat PetroResources JPDA Ltd. Shri D. Rajkumar was appointed as Additional Director w.e.f. 1st May, 2009. He was further reappointed as a Director in the AGM held on 6th July, 2009. Shri D. Rajkumar is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

2. Dr. S. Mohan

Dr. S. Mohan is a Mechanical Engineer from the Birla Institute of Technology & Science, Pilani, and MBA from the Indian Institute of Management, Bangalore. He has a Ph.D. in Managerial Competencies.

Dr. S. Mohan is Director (Human Resources) on the Board of BPCL. During his career of 27 years in BPCL, he has held key positions in Engineering and Projects, Personnel, Supply & Distribution, Sales, LPG Business and Human Resources Development, till his appointment to the Board of BPCL. He worked with Tata Engineering & Locomotive Co. (TELCO) and Bharat Heavy Electricals Ltd. (BHEL) before joining BPCL. In addition, he is Chairman on the Boards of Petronet India Ltd. and Petronet CCK Ltd. and Director on the Board of Bharat Oman Refineries Ltd.

He is Chairman of HR Committee of Employers' Federation of India. He is member of the Executive Committee of Indian Merchants' Chamber and the Executive Committee of Bombay Management Association, where he also was President during the year 2008-09.

He has co-authored a book 'The Indian CEO – A Portrait of Excellence' which was released by the Hon'ble Prime Minister, Dr. Manmohan Singh.

Dr. S. Mohan was appointed as Additional Director on the Board with effect from 4.10.2010. Being, Additional Director, he holds office till 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 in the AGM.

8. Disclosures

There were no transactions of material nature that may have potential conflict with the interest of the Company at large.

BPRL has been adhering to the provisions of all the laws and guidelines of regulatory authorities. There was no instance of non compliance of any provisions of law, guidelines from regulatory authorities. With regard to the provisions relating to the composition of the Board of Directors, the matter is referred to Government of India.

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. All the blocks of the company are in various stages of exploration / appraisal and capital expenditure is considered as capital work in progress. Hence, revenue expenditure mainly consists of Administrative & other office expenses.

BPRL has complied with all the applicable provisions of these guidelines. Further, as all the employees are deputed from the parent Company BPCL, which has its own Whistle Blower policy covering the employees on deputation, there is no separate Whistle Blower policy for the company.



9. General Shareholders' Information

Annual General Meeting : Date, Time and Venue	Monday, 29 th August, 2011 at 1130 hrs at the Registered Office of the Company at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001										
Financial Calendar	<p>BPRL follows the Financial year from April to March. The Unaudited Results /Audited Results for the three quarters / year were taken on record by the Board on the following dates :</p> <table> <thead> <tr> <th>Quarter Ended</th> <th>Date of Board Meeting</th> </tr> </thead> <tbody> <tr> <td>Apr-June' 2010</td> <td>26th July, 2010</td> </tr> <tr> <td>July-Sept' 2010</td> <td>29th Oct, 2010</td> </tr> <tr> <td>Oct-Dec' 2010</td> <td>21th Jan, 2011</td> </tr> <tr> <td>Audited Results - for the year 2010-11</td> <td>23rd May, 2011</td> </tr> </tbody> </table>	Quarter Ended	Date of Board Meeting	Apr-June' 2010	26 th July, 2010	July-Sept' 2010	29 th Oct, 2010	Oct-Dec' 2010	21 th Jan, 2011	Audited Results - for the year 2010-11	23 rd May, 2011
Quarter Ended	Date of Board Meeting										
Apr-June' 2010	26 th July, 2010										
July-Sept' 2010	29 th Oct, 2010										
Oct-Dec' 2010	21 th Jan, 2011										
Audited Results - for the year 2010-11	23 rd May, 2011										
Shareholding Pattern	BPCL alongwith its nominees is holding entire paid up equity share capital of 1100,002,670 equity shares of Rs. 10 each in the Company										
Location	<p>Registered office</p> <p>Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400 001</p> <p>Corporate Office</p> <p>9th Floor, E Wing, Maker Towers, Cuffe Parade, Mumbai 400 005</p> <p>Area Office</p> <p>1,Ranganathan Garden, 11th Main Road Chennai 600 040</p>										

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the year 2010-11

Names of the Directors	Academic Qualifications	Attendance out of 12 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
		No. of Meetings Attended	%			
Non-Executive Directors						
Shri R. K. Singh	B.Tech (Mech)	10	83	Not Attended	Chairman & Managing Director -BPCL Chairman 1) BOREL 2) NRL 3)MBM Director 1) PLL	Audit Committee – BPRL Chairman (w.e.f. 21.1.2011) Member (upto 20.1.2011)
Shri A. Sinha (upto 18.08.2010)	B.Tech (Elect.) M.B.A.	5	100+	Attended	Chairman & Managing Director -BPCL Chairman 1. NRL 2 BOREL 3 BREL 4 MBM Director 1. PLL	Audit Committee – BPRL-Chairman Audit Committee -Member 1) PLL
Shri S. Radhakrishnan (upto 28.2.2011)	B. Tech. (Mech) M.B.A.	6	88+	Attended	Director (Marketing)-BPCL Chairman & Managing Director - BPCL(during 19.8.2010 to 8.12.2010) Chairman - IGL Director 1. NRL 2. SGL 3. BSSPL 4 OJDB (Trustee)	Audit Committee- BPRL Chairman (upto 20.1.2011) Member (w.e.f. 21.1.2011)
Shri S. K. Joshi	A.C.A. M.B.A.	12	100	Attended	Chairman 1 BREL Director (F) – BPCL Director 1) NRL 2) BPR JPDA 3)BORL 4) BSSPL	Chairman a) Audit Committee 1) BPR JPDA (w.e.f. 30.3.2011) Member a) Audit Committee 1)BPRL 2) NRL b) Investors Grievance Committee 1) BPCL 2) BOREL
Dr S. Mohan (w.e.f. 4.10.2010)	B.E (Hons) Mech, M.B.A. PhD	6	100+	N A	Chairman 1. PIL 2. PCKL Director (HR) - BPCL Director - BOREL	Member : a) Audit Committee 1) BPRL (w.e.f. 1.3.2011)
Executive Director						
Shri D. Rajkumar Managing director	B.Tech (Elect) PGDM from I.I.M.	12	100	Attended	Director 1. BPR JPDA	Member a) Audit Committee 1) BPR JPDA (w.e.f. 30.3.2011)

BPCL : Bharat Petroleum Corporation Ltd, NRL : Numaligarh Refinery Limited, PLL: Petronet LNG Limited, BOREL : Bharat Oman Refineries Limited, BPR JPDA: Bharat PetroResources JPDA Ltd, BSSPL: Bharat Stars Services Pvt Ltd, BREL : Bharat Renewable Energy Ltd, MBM : Matrix Bharat Marine Services Pvt Ltd
 PIL : Petronet India Ltd : PCKL Petronet CCK Ltd, IGL : Indraprastha Gas Ltd, SGL : Sabarmati Gas Ltd, OJDB: Oil Industry Development Board
 + indicates percentage computed by considering the meetings attended with the total meetings held during the tenure.



Compliance Certificate on Corporate Governance

The Members of
Bharat PetroResources Limited

I have examined the compliance of the conditions of Corporate Governance by Bharat PetroResources Limited, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India, for the financial year ended 31st March, 2011.

The Compliance of conditions of Corporate Governance as stipulated in the Guidelines is the responsibility of the management. My examination was limited to 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 financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me by the management, I hereby certify that except the composition of the Board of Directors and Audit Committee with regard to independent Directors, the Company has complied with the conditions of the Corporate Governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by the Ministry of Heavy Industries and Public Enterprises as aforesaid.

I 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.

Sd/-

(U.C. SHUKLA)

COMPANY SECRETARY

FCS: 2727/CP: 1654

Mumbai

Date: 28th July, 2011

ANNEXURE - B

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT PETRORESOURCES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2011

The preparation of financial statements of Bharat PetroResources Limited for the year ended 31st March, 2011 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 23rd May, 2011.

I, on behalf of the Comptroller and 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 PetroResources Limited for the year ended 31st March, 2011. 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/-
Archana P. Shirsat
Principal Director of Commercial Audit
& ex-officio Member Audit Board II, Mumbai

Place : Mumbai
Date : 26th July, 2011

ANNEXURE - C

Particulars of Employee under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2011

Name	Qualification	Age	Designation / Nature of Duties
Shri V.B.Lal	B.Sc(Engg), Dip in Mgmt	60	Vice-President (Assets & Ops)
Date of commencement of employment	Experience (No of years)	Remuneration Rs.	Particulars of last employment
15.5.1986	39	4,041,740.61	Delton Cables Ltd

- The employee was employed for the part of the year.
- The remuneration includes, apart from regular salary, Company's contribution to Provident & Pension Funds, medical expenses etc.
- The employee do not hold any share in the Company and not a relative of any of the Director of the Company.

ANNEXURE - D

Details of Subsidiary Companies of Bharat PetroResources Limited

Sr No	Name of Subsidiary Company	Bharat PetroResources JPDA Ltd		BPRIL International B.V.		BPRIL Ventures B.V.		BPRIL Ventures Mozambique B.V.		BPRIL Ventures Indonesia B.V.	
		Rs in Thousands	USD in Thousands	Rs. In Thousands	USD in Thousands	Rs. in Thousands	USD in Thousands	Rs. in Thousands	USD in Thousands	Rs. in Thousands	USD in Thousands
1	Capital	1,50,000	2,82,212.91	126,00,806.48	1,58,500.38	70,77,041.98	1,08,374.58	48,01,462.98	14,712.59	6,56,917.14	
2	Reserves	(56,308.86)	(3,92,83.75)	(17,54,019.39)	(25,060.83)	(11,18,966.19)	(11,905.53)	(5,31,581.91)	(1,762.40)	(78,691.07)	
3	Total Assets	7,77,352.82	24,30,00.45	108,49,970.09	2,72,695.87	1,21,75,870.60	96,544.36	43,10,705.81	14,657.76	6,54,468.76	
4	Total Liabilities	6,83,661.68	71.29	3,183.00	1,39,933.10	62,48,012.83	75.31	3,362.73	1,707.56	76,242.69	
5	Investments (excluding investments in Subsidiary)		NIL	NIL	676.77	30,217.92					
6	Turnover	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
7	Profit (Loss) before Tax	(2,422.53)	(1,4874.99)	(6,64,168.70)	(8,402.77)	(3,75,183.63)	(4,602.50)	(2,05,501.53)	(1,700.02)	(75,905.89)	
8	Provision for Tax	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
9	Profit (Loss) after Tax	(2,422.53)	(1,4874.99)	(6,64,168.70)	(8,402.77)	(3,75,183.63)	(4,602.50)	(2,05,501.53)	(1,700.02)	(75,905.89)	
10	Proposed Dividend	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	

AUDITORS' REPORT TO THE MEMBERS OF BHARAT PETRORESOURCES LIMITED

1. We have audited the attached Balance Sheet of **BHARAT PETRORESOURCES LIMITED** as at March 31, 2011 and the Profit and Loss Account for the period 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 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(s). An audit includes examining, on 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 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to information and explanations given to us during the course of our audit, we enclose in the Annexure, a statement on the matters specified in the said order.
4. Attention is invited to Note No. B-2 of Schedule L regarding incorporation of the company's share, in the operations of the joint venture based on the statements received from the Operator. The company has received from the operators un-audited financial statement for the period ended 31st December, 2010 on which we have placed reliance.
5. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) 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 those books.
 - (iii) The Company's Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report complies with Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956.



- (v) The Central Government by notification vide G.S.R. 829 dated 21st October, 2003 have clarified that the provisions of Section 274 (1)(g) of the Companies Act, 1956, are not applicable to a Government Company. So declaration from the directors is not required under Section 274(1)(g) of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting policies and 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.
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- (b) In the case of the Profit and Loss account, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For Uttam Abuwala & Co.

Chartered Accountants

Sd/-

CA. Uttam Prakash Agarwal

(Partner)

Membership No. 041986

Firm No. 111184W

Place: Mumbai

Date: 23rd May, 2011

ANNEXURE TO THE AUDITOR'S REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

Referred to in paragraph 3 of our report of even date to the members of **BHARAT PETRORESOURCES LIMITED** on the accounts for the year ended 31st March, 2011.

- i)
 - (a) In respect of the fixed assets, the Company has maintained proper records in system showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) As explained to us, the fixed assets of the Company have been physically verified during the financial year 2009-10 by the management in accordance with a program of verification of all Fixed Assets at reasonable intervals. According to the information & explanation given to us, no material discrepancies were noticed on such verification.
 - (c) During the year, the Company has not disposed off any of the fixed asset.
 - (d) However, with regard to the expenditure incurred by the company on exploration and production of Oil/Gas is considered capital work in progress and the details of such expenditure on capital work in progress is recorded by the company as per details of such expenditure received from the operators of the respective exploration Blocks.
- ii. As per information and explanation given to us and in our opinion since the company is still in Exploration stage, the company is not carrying any inventory and hence clause. ii (a), (b), (c) of the said order is not applicable to the company.
- iii Based on the audit procedures applied by us and according to the information and explanation given to us, the company has not granted or taken any loan secured or unsecured to or from the companies, firms or other parties in the register maintained under Sec 301 of the Companies Act, 1956. Therefore, the provisions of sub-clauses (a), (b), (c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the order are not applicable to the company.
- iv In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for 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 weakness in the internal control system.
- v.
 - (a) Based on the audit procedures applied by us, to the best of our knowledge and belief and according to the information and explanations given to us, there were no transactions that needed to be entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956.
 - (b) Sub-clause (b) of sub-para (v) of para 4 of the Order regarding reasonability of prices at which such transactions have been entered into is not applicable, as there are no such transactions that needed to be entered in the Register maintained pursuant to Section 301 of the Companies Act, 1956.



- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the Sections 58A and 58AA of the Companies Act, 1956 and the rules framed hereunder.
- vii. In our opinion, the Company has Internal Audit System commensurate with the size of the Company and nature of its business.
- viii. We have been informed from the company that the maintenance of cost records was not prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, for any of the activities of the Company.
- ix.
 - (a) According to the information and explanations given to us and the records examined by us applicable statutory dues are deposited regularly with the appropriate authorities. According to the information and explanation given to us no undisputed arrears of statutory dues were outstanding as on 31st March, 2011 for a period of more than 6 months from the date they become payable.
 - b) According to the information and explanations given to us and the records examined by us, there are no disputed dues of Income Tax/Sales Tax/Wealth Tax/Service Tax/Customs Duty/Excise Duty/Cess.
- x. The Company has accumulated losses at the end of the financial year, and it has incurred cash losses during the current financial year.
- xi. According to the information and explanations given to us and based on the records made available to us, the Company has not raised any loans from Financial Institutions or Bank or on Debentures. Hence our comments are not offered on this matter.
- xii. According to the information and explanations given to us and based on our examination of the records made available to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provision of clause (xiii) of the paragraph 4 of the order is not applicable to the company.
- xiv.
 - a) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
 - b) The company does not hold any Shares, Securities, Debentures and other Investments apart from shares of its subsidiary companies.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. According to the information and explanations given to us and the records made available to us, the Company has not obtained any term loans during the period covered by our audit report.

- xvii According to the information and explanations given to us, the records made available to us and as represented by the management to us, the Company has not raised any funds on short-term basis used for long-term investment.
- xviii The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix According to the information and explanations given to us and the records made available to us, the Company has not issued any debentures during the period covered by our audit report.
- xx According to the information and explanations given to us and the records made available to us, the Company has not raised any money by public issue during the period covered by our audit report.
- xxi During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

For Uttam Abuwala & Co.

Chartered Accountants

Sd/-

CA. Uttam Prakash Agarwal

(Partner)

Membership No. 041986

Firm No. 111184W

Place: Mumbai

Date: 23rd May, 2011

Compliance Certificate

We have conducted the audit of accounts of **M/s Bharat PetroResources Limited** for the year ended March 31, 2011 in accordance with the directions/sub-directions issued by the C&AG of India under Section 619(3)(a) of the Companies Act, 1956 and certify that we have complied with all the directions issued to us.

For Uttam Abuwala & Co.

Chartered Accountants

Sd/-

CA. Uttam Prakash Agarwal

(Partner)

Membership No. 041986

Firm No. 111184W

Date: May 23rd, 2011



Balance Sheet as at 31st March, 2011

Particulars	Schedule	31-Mar-11 (Rs. in '000')	31-Mar-10 (Rs. in '000')
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	A	11,000,026.70	7,025,526.70
Loan Funds:			
Unsecured Loans		6,351,000.00	3,270,000.00
Total		17,351,026.70	10,295,526.70
APPLICATION OF FUNDS			
Fixed Assets	B		
Gross Block		66,356.86	19,500.44
Accumulated Depreciation		11,829.06	5,781.58
Net Block		54,527.80	13,718.86
Capital Work in Progress	C	2,275,625.68	1,931,444.91
		2,330,153.48	1,945,163.77
Investments	D	13,046,420.91	6,890,977.92
Current Assets, Loans and Advances			
Cash and Bank balances	E	10,896.66	18,549.13
Other Current Assets	F	15,271.02	623.66
Loans and Advances	G	1,270,749.51	892,541.40
		1,296,917.19	911,714.19
Less: Current Liabilities and Provisions			
Current Liabilities	H	87,603.91	32,649.65
Provisions		-	-
		87,603.91	32,649.65
Net Current Assets		1,209,313.28	879,064.54
Miscellaneous Expenditure (to the extent not written-off)	I	5,005.34	10,010.68
Debit balance in Profit and Loss Account		760,133.69	570,309.79
Total		17,351,026.70	10,295,526.70

Statement of Significant Accounting Policies and Notes forming part of Accounts

L

For and on behalf of the Board of Directors

As per our attached report of even date

Sd/-
S. K. Joshi
Director

Sd/-
D. Rajkumar
Managing Director

For and on behalf of
Uttam Abuwala & Co.
Chartered Accountants

Sd/-
Narendra Dixit
Company Secretary

Sd/-
CA Uttam Prakash Agarwal
Partner

Place: Mumbai
Dated: 23rd May, 2011

Membership No. 041986
Firm No. 111184W

Profit and Loss Account for the period 1st April, 2010 to 31st March, 2011

	Schedule	April - March 2011 (Rs. in '000')	April - March 2010 (Rs. in '000')
INCOME			
Interest Income on refund of Cash Calls / Deposits		15.13	335.35
Profit on Sale of Investment		2,522.84	-
Other Income		4,151.68	3,908.88
Total		6,689.65	4,244.23
EXPENDITURE			
Employees' Remuneration & Other Benefits	J	60,398.54	40,562.44
Write off on Farm Out		14,615.20	-
Remuneration to Auditors			
- Audit Fees		530.23	165.45
Other Operating Expenses	K	109,916.76	313,559.82
Depreciation & Amortisation		6,047.48	2,168.00
Miscellaneous Expenditure written-off		5,005.34	5,005.34
Total		196,513.55	361,461.05
PROFIT / (LOSS) BEFORE TAX		(189,823.90)	(357,216.82)
PROVISION FOR TAXATION		-	-
PROFIT / (LOSS) AFTER TAX		(189,823.90)	(357,216.82)
Balance Brought Forward		(570,309.79)	(213,092.97)
(Balance carried to Balance Sheet)		(760,133.69)	(570,309.79)

Earning Per Share

- Basic	(0.27)	(0.51)
- Diluted	(0.27)	(0.51)

Statement of Significant Accounting Policies and Notes forming part of Accounts

L

For and on behalf of the Board of Directors

As per our attached report of even date

Sd/-
S. K. Joshi
Director

Sd/-
D. Rajkumar
Managing Director

For and on behalf of
Uttam Abuwala & Co.
Chartered Accountants

Sd/-
Narendra Dixit
Company Secretary

Sd/-
CA Uttam Prakash Agarwal
Partner

Place: Mumbai
Dated: 23rd May, 2011

Membership No. 041986
Firm No. 111184W



SCHEDULE 'A' - SHARE CAPITAL

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Authorised		
3,000,000,000 (1,000,000,000) equity shares of Rs.10 each	30,000,000.00	10,000,000.00
	30,000,000.00	10,000,000.00
Issued, subscribed and paid-up		
1,10,00,02,670 (702,552,670) equity shares of Rs. 10 each fully paid-up *	11,000,026.70	7,025,526.70
Out of which 1,10,00,02,610 shares are held by Holding Company - BPCL		
Total	11,000,026.70	7,025,526.70

* Figures in bracket represents previous year.

SCHEDULE - B - FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	AS AT 4/1/2010	ADDITIONS	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFI- CATIONS	AS AT 3/31/2011	UPTO 3/31/2010	THIS PERIOD	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFI- CATIONS	UPTO 3/31/2011	AS AT 31-03-2011	AS AT 31-03-2010
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1. INTANGIBLES	14,491.79	35,493.25	-	49,985.04	3,747.10	4,337.12	-	8,084.22	41,900.82	10,744.69
2. SUNDRY ASSETS	5,008.65	11,363.17	-	16,371.82	2,034.48	1,710.36	-	3,744.84	12,626.98	2,974.17
TOTAL	19,500.44	46,856.42	-	66,356.86	5,781.58	6,047.48	-	11,829.06	54,527.80	13,718.86

Note : There are no internally generated Intangible Assets.

SCHEDULE 'C' - CAPITAL WORK-IN-PROGRESS

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Acquisition Cost	82,975.44	14,422.73
Exploration Cost		
- Geological & Geophysical Cost	1,238,626.77	1,265,980.33
- Drilling Cost	954,023.47	651,041.85
Total	2,275,625.68	1,931,444.91

SCHEDULE 'D' - INVESTMENTS

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Long Term in Subsidiary Company (Unquoted)		
Bharat PetroResources JPDA Limited	150,000.00	500.00
BPRL International B. V.	12,896,420.91	6,863,523.34
Investment in Joint Venture		
VB (Brasil) Petroleo Private Ltda.	-	26,954.58
Total	13,046,420.91	6,890,977.92

SCHEDULE 'E' - CASH AND BANK BALANCES

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Bank balance		
- With Scheduled banks in current account	7,175.49	17,321.57
- With Scheduled banks in Fixed Deposits	1,000.00	500.00
- Share of interest in joint ventures	2,721.17	727.56
Total	10,896.66	18,549.13

**SCHEDULE 'F' - OTHER CURRENT ASSETS**

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Share of interest in joint ventures	-	623.66
Prepaid Expense	15,271.02	-
Total	15,271.02	623.66

SCHEDULE 'G' - LOANS AND ADVANCES

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Advance paid to Operators	589,434.18	31,579.66
Due from Subsidiary Companies	681,315.33	860,961.74
Deposits	-	-
Total	1,270,749.51	892,541.40

SCHEDULE 'H' - CURRENT LIABILITIES AND PROVISIONS

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Due to Holding Company	68,630.67	16,301.32
Dues to Operators	1,561.06	2,411.55
Sundry Creditors	13,982.55	-
Other liabilities	3,429.63	12,054.76
Share of interest in joint ventures	-	1,882.02
Total	87,603.91	32,649.65

SCHEDULE 'I' - MISCELLANEOUS EXPENDITURE

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Pre-incorporation Expenses	10,010.68	15,016.02
Less: Written-off during the year	5,005.34	5,005.34
Total	5,005.34	10,010.68

SCHEDULE 'J' - EMPLOYEES' REMUNERATION AND OTHER BENEFITS

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Salaries & Wages	45,766.49	30,930.92
Contribution to Provident Fund and other funds	2,492.39	2,151.47
Contribution to Gratuity funds	1,005.79	732.96
Welfare Expenses & other expenses	11,133.87	6,747.09
Total	60,398.54	40,562.44

SCHEDULE 'K' - OTHER OPERATING EXPENSES

	31-Mar-11 Rs. in '000'	31-Mar-10 Rs. in '000'
Legal and Professional Fees	23,646.02	13,740.67
Share in General & Administration Expenses	46,621.19	46,744.45
Project cost Charged off	1,768.40	204,078.68
Travelling and Conveyance	17,378.39	18,249.01
Advertisement	655.93	-
Maintenance charges for software	-	1,648.88
Bank Charges	8,690.36	25,779.77
Repairs & Maintenance	2,340.42	293.18
Printing & Stationery	1,539.07	577.73
Telephone, Telex, Cables, Postage, etc.	862.97	617.07
Bid Related Expenditure	2,045.49	327.62
Other Expenses	4,368.52	1,502.76
Total	109,916.76	313,559.82



SCHEDULE 'L'

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2011

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1 ACCOUNTING CONVENTION

The financial statements are prepared under historical cost convention in accordance 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 except where 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 results and estimates are recognised in the period in which they materialise.

3 OIL AND NATURAL GAS PRODUCING ACTIVITIES

3.1 The Company follows the "Full Cost" method of accounting for its oil and natural gas exploration and production activities. Accordingly, all acquisition, exploration and development costs are treated as capital work-in-progress and are accumulated in a cost centre. The cost centre is not normally smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work-in-progress to the gross block of assets regardless of whether or not the results of specific costs are successful. Depletion is charged on all capitalised costs according to the unit of production method.

3.2 The Net quantities of the Company's interests in proved reserves and proved developed reserves of Oil & Gas at the beginning and additions, deductions, production and closing balance for the year and disclosure of quantities on the geographical basis are not mentioned as the Company is in exploratory phase.

3.3 SURRENDER OF FIELD / DISPOSAL OF PARTICIPATION INTEREST

If the Company were to surrender a field, the accumulated acquisition, exploration and development costs in respect of such field are deemed to be fully depreciated if the remainder of the wells in the cost centre continue to produce oil or gas. Gain or loss is recognised only when the last well on the cost centre ceases to produce and the entire cost centre is abandoned. Also, in the event the Company assigns or farms out the whole or any part of its participating interest, the corresponding carrying value of the capitalised amount is adjusted against the consideration and the net amount credited or, as the case may be, is charged to the profit and loss account in the year in which the Company's participating interest is assigned or farmed out.

3.4 DEPLETION

Depletion charge is calculated on the capitalised cost according to the unit of production method. The depreciation charge or the unit of production (UOP) charge for all costs within a cost centre is calculated by multiplying the UOP rate with the production for the period. The unit of production rate is arrived at by dividing the depreciation base of the cost centre by the Proved Oil and Gas Reserves. The depreciation base of a cost centre includes gross block of the cost centre, estimated future development expenditure and estimated site restoration expenditure and is reduced by the accumulated depreciation and accumulated impairment charge of the cost centre. The estimates of proved reserves used are based on the latest technical assessment available with the Company.

3.5 SITE RESTORATION COSTS

Liabilities for site restoration costs (net of salvage values) are recognized when the Company has an obligation to dismantle and remove a facility such as oil and natural gas production or transportation facility or an item of plant and to restore the site on which it is located and when a reasonable estimate of that liability can be made. Where an obligation exists for a new facility, the liability is recognized on construction or installation. An obligation may also crystallize during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognized is the value of estimated future expenditure determined in accordance with local conditions and requirements. The corresponding amount is added to the cost of the tangible fixed asset and is subsequently depleted as part of the capital costs of the facility or item of plant. Any change in the value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding tangible fixed assets.

4 FIXED ASSETS

4.1 INTANGIBLE ASSETS

- 4.1.1 Expenditure incurred for creating/acquiring intangible assets of Rs. 50 Lac. 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.
- 4.1.2 In other cases, the expenditure is charged to revenue in the year the expenditure is incurred.

5 IMPAIRMENT OF ASSETS

According to AS – 28 issued by ICAI, the carrying values of fixed assets of identified cash generating units (CGU) are reviewed for impairment at each Balance Sheet date when events or changes in circumstances indicate that the carrying values may not be recoverable. If the carrying values exceed the estimated recoverable amount, the assets of the CGU are written down to the recoverable amount and the impairment losses are recognized in the profit and loss account. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

6 DEPRECIATION

- 6.1 Fixed assets costing not more than Rs 5,000 each are depreciated @ 100 percent in the year of capitalization.
- 6.2 Computer equipments and peripherals, and mobile phones are depreciated over a period of 4 years.
- 6.3 Depreciation on fixed assets other than mentioned in 6.2 are provided under the straight line method, at rates prescribed under Schedule XIV to the Companies Act, 1956. Additions to fixed assets during the year are being depreciated on pro rata basis from the beginning of the month in which such assets are capitalized.

7 INVESTMENTS

- 7.1 Current investments are valued at lower of cost or fair market value.
- 7.2 According to AS – 13 issued by ICAI, Long-term investments are valued at cost. Provision for diminution is made to recognize a decline, other than of temporary nature, in the value of such investments.

8 FOREIGN CURRENCY TRANSACTIONS

- 8.1 Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.
- 8.2 According to AS – 11 (Revised) issued by ICAI, Monetary items in form of Advances, Current Assets and Current Liabilities denominated in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate exchange rates prevailing on the date of Balance Sheet. Any profit/loss arising out of such conversion is charged to Profit and Loss Account.

9 PRELIMINARY EXPENSES

Preliminary expenses are written off /amortised over a period of 5 years.

10 PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

- 10.1 According to AS – 29 issued by ICAI, 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.
- 10.2 Disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources.
- 10.3 Capital commitments and Contingent liabilities disclosed are those which exceed Rs. 100 thousands in each case.
- 10.4 Show cause notices issued by various Government authorities are considered for the evaluation of Contingent liabilities only when converted into demand.

11 TAXES ON INCOME

- 11.1 Provision for current tax is computed in accordance with the provisions of the Income Tax Act, 1961.
- 11.2 According to AS – 22 issued by ICAI, 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. Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient taxable income will be available against which deferred tax assets can be realised.

12 CLASSIFICATION OF INCOME/EXPENSES

Being not material:

- 12.1 Prepaid expenses up to Rs. 10 thousands in each case are charged to revenue as and when incurred.
- 12.2 Liabilities for expenses are provided for only if the amount exceeds Rs. 10 thousands in each case.
- 12.3 Acquisition cost which cannot be assigned/identified to particular block is expensed during the year.



SCHEDULE 'L' (Continued)

B. NOTES FORMING PART OF ACCOUNTS

- 1) The Company was incorporated as a 100% subsidiary of Bharat Petroleum Corporation Limited (BPCL) to focus on Exploration and Production Activities. The Board of BPCL approved the transfer of Exploration and Production assets, liabilities and investments along with the commitments and expenditures through the assignment of BPCL's participating interests in the Production Sharing Contracts (PSCs) to the Company. The Board of Directors of BPRL at their meeting held on 26th February, 2008 approved the assignment from BPCL to the Company. The deed of assignment has already been executed in the name of the Company for the following Oil and Gas blocks except for RJ/ONN/2004/1 for which application is pending with Management Committee and Directorate General of Hydrocarbons (DGH). Details of these blocks as on 31.03.2011 are as under:

Name	Country	Participating Interest of BPRL	
		31.03.2011	31.03.2010
NELP – IV			
KG/DWN/2002/1	India	10.00%	10.00%
MN/DWN /2002/1	India	10.00%	10.00%
CY/ONN /2002/2	India	40.00%	40.00%
NELP – VI			
KG/DWN/2004/2	India	10.00%	10.00%
KG/DWN/2004/5	India	10.00%	10.00%
CY/ONN/2004/1	India	20.00%	20.00%
CY/ONN/2004/2	India	20.00%	20.00%
RJ/ONN/2004/1	India	11.11%	11.11%
NELP – VII			
RJ/ONN/2005/1	India	25% (a)	25.00%
Blocks outside India			
WA/388/P	Australia	8.40 % (b)	14.00%
AC/P32	Australia	20.00%	20.00%
48/1b & 2c – North Sea	U.K.	25.00%	25.00%
TP-15	Australia	50.00% (c)	0.00%
EP-413	Australia	27.80% (c)	0.00%

- (a) The Board of Directors of the Company at its meeting held on 19th January, 2010 has resolved to increase its Participating Interest in RJ-ONN-2005/1 Block under NELP VII from existing 25% upto 37.5%. Based on Operating Committee resolution dated 24th March, 2010 it was agreed that BPRL, HOEC and IMC will share equally the participating interest of defaulting party in accordance with the provisions of PSC and JOA. Accordingly, P.I. of BPRL is 33.33% subject to approval from DGH and Ministry of Petroleum & Natural Gas.

- (b) As per Board resolution dated 13th September, 2010, Farm Out agreement has been entered into with Apache for farming out 5.6% of BPRL's share out of earlier 14%, there by bringing down BPRL's share to 8.4%. As per the Agreement, Apache has agreed to pay actual drilling cost of a well, to be incurred after the said date, capped up to AUD 50 Mn and testing cost capped up to AUD 10 Mn, on behalf of Consortium Members (except Oilex's share of 14%), including 8.4% of BPRL's share. Considering the prospects of the block as assessed by the Management and as a conservative measure, proportionate cost of 5.6%, incurred on the block so far, has been charged off to Profit & Loss Account.
- (c) The Board of Directors of the Company at its meeting held on 13th August, 2010 has resolved to farm in into shale Gas acreages in Australia. Accordingly 50% and 27.80% P.I. has been bought in Shale Gas block TP-15 and EP-413 respectively.
- 2) In accordance with AS 27 'Financial Reporting of Interests in Joint Ventures', the financial statements include the Company's share in the assets, liabilities, incomes and expenses of jointly controlled assets.

In case of blocks located outside India, the reporting period is generally different. Also, in case of blocks located in India, the financial statements of the jointly controlled assets for the period ending 31st March, 2011 are not available as at the date of finalisation of the accounts. Therefore, unaudited financial / billing statements for the year ended 31st December, 2010 have been used for the purpose of reporting share of interest in jointly controlled assets for blocks in India and outside India.

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

	31.03.2011	(Rs. in '000') 31.03.2010
(i) Current Assets	2,721.17	1,351.22
(ii) Liabilities	NIL	1,882.02
(iii) Income	4,151.68	NIL
(iv) Expenses	48,389.59	2,50,823.13

3) **Disclosure under Accounting Standard -20 on "Earnings Per Share (EPS)":**

The basic/diluted earnings per equity share is calculated as stated below:

		2010-11	2009-10
Net profit/ (loss) after tax	Rs. in '000'	(189,823.90)	(357,216.82)
Weighted average equity shares outstanding during the period	Nos	70,47,30,478	70,25,52,670
Basic earnings per equity share	Rs.	(0.27)	(0.51)
Diluted earnings per equity share	Rs.	(0.27)	(0.51)



Calculation of Weighted Average number of equity shares

Shares issued during the year	39,74,50,000
Weighted Average Number of shares issued during the year	21,77,808
Shares existing as on April 1, 2010	70,25,52,670
Weighted Average Number of shares for EPS Calculation	70,47,30,478

4) Disclosure under Accounting Standard -18 on "Related Party Disclosure"

4.1 Name of related parties and description of relationship

- (1) Joint Venture/Jointly Controlled Entities : IBV Brasil Petroleo Private Ltda.
 (2) Key Management Personnel : Shri D Rajkumar (Managing Director)

4.2 Details of Transactions:

1. IBV Brasil Petroleo Pvt Ltda

	(Rs. in '000')	
	2010-11	2009-10
Equity Contribution	NIL	26,954.58

During the year, Company has sold its Investment in IBV Brasil Petroleo Pvt Ltda. to step down subsidiary Company BPRL Ventures BV, Netherlands at par value. Company has made profit of Rs. 25.22 Lacs solely due to foreign exchange rate variation.

2. Key Management Personnel :

Managerial Remuneration:

	(Rs. in '000')	
	2010-11	2009-10
Salary and allowances	1,881.48	2,336.18
Contribution to Provident Fund and other funds	211.65	272.54
Other benefits	<u>1,424.31</u>	<u>2,938.76</u>
	3,517.44	5,547.48

- 5) The Company has identified the geographical segment as its primary segment. Geographic segments of the Company are determined based on the location of the assets viz. "Within India" and "Outside India". The Company is operating in a single business segment i.e. Exploration & Production of Hydrocarbons and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

The segment information is as under:

Rs. in '000'

	Within India		Outside India		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue						
External Revenue	1,293.16	-	5,396.49	-	6,689.65	-
Inter Segment Revenue	-	-	-	-	-	-
Total Revenue	1,293.16	-	5,396.49	-	6,689.65	-
Result						
Segment Results	(35,724.70)	(32,134.92)	(25,511.70)	(14,609.52)	(61,236.40)	(46,744.45)
Unallocated Corporate Expenses	-	-	-	-	(1,32,634.22)	(3,14,716.59)
Operating profit	-	-	-	-	(1,93,870.61)	(3,61,461.04)
Add: Interest & Other Income	-	-	-	-	-	4,244.22
Profit after Tax	-	-	-	-	(1,93,870.61)	(3,57,216.82)
Other Information						
Segment Assets	18,64,678.77	11,65,792.18	10,03,102.26	798,583.61	28,67,781.03	19,64,375.80
Unallocated Corporate Assets	-	-	-	-	1,38,10,715.87	77,93,490.77
Total Assets	-	-	-	-	1,66,78,496.91	97,57,866.57
Segment Liabilities	-	-	1,561.06	4,293.57	1,561.06	4,293.57
Unallocated Corporate Liabilities	-	-	-	-	64,37,042.85	32,98,356.08
Total Liabilities	-	-	-	-	64,38,603.91	33,02,649.65
Capital Expenditure	-	-	-	-	3,84,989.71	1,48,943.31
Depreciation/ Amortisation	-	-	-	-	2,168.00	2,168.00
Non cash expenses other than depreciation	-	-	-	-	5,005.34	5,005.34

6) Capital commitments and Contingent Liabilities:

(a) Capital Commitments

	31.03.2011	(Rs. in '000')
		31.03.2010
Estimated amount of contracts remaining to be executed on capital account and not provided for		
USD 90.18 Mn (Previous year USD 77.37 Mn)	4,026,537.00	3,492,462.20

(b) Contingent Liabilities:

NIL



- 7) The Company along-with an Indian partner (equal share) has acquired Encana Brazil Petroleo Limitada, a subsidiary of Encana Canada holding participating interest in 4 exploratory concessions in Brazil in the previous financial year. Funding for this acquisition (BPRL's share) has been done partly by BPRL through Equity and partly through loan taken by BPRL Ventures B.V. (100% step-down subsidiary of BPRL). This loan is obtained from Standard Chartered Bank, London. The shares (Quotas) of Joint Venture (IBV Brazil Petroleo Pvt Ltda.) and BPRL Ventures B.V. (100% subsidiary of BPRL International B.V.) have been pledged as collateral for obtaining loan from Standard Chartered Bank.
- 8) Expenditure in Foreign Currency (On Cash Basis) :
- | | 2010-11 | 2009-10 |
|---------------------------------------|-----------|-----------|
| (a) Professional Consultancy Fees | 8,865.74 | 4,649.28 |
| (b) General & Administrative Expenses | 10,896.49 | 14,609.52 |
- (Rs. in '000')
- 9) As at March 31, 2011, there are no creditors covered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence no disclosures under the Act are made.
- 10) During the period, there were no direct employees on the payroll of the Company. However, the holding company (BPCL) has assigned its employees to the Company. Accordingly, the salaries and other related costs of these employees incurred by BPCL are reimbursed by the Company. Hence no provision is made for Employees Benefits in relation to AS -15.
- 11) Foreign Exchange gain of Rs. 5,396.49 (in '000') [previous year Rs. 3,908.88 (in '000')] are in line with Significant Accounting Policy No. 8 due to applicability of AS-11 (Revised).
- 12) Amount received from holding company has been shown under the head "Unsecured Loans".
- 13) **Taxation:-**
- (a) Deferred Tax Provision**
- Since all the blocks are in the exploration phase, there is no virtual/reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which unabsorbed depreciation and carry forward tax losses can be realised. Hence, no deferred tax asset has been recognised as per AS – 22 in the accounts in respect of unabsorbed depreciation and carry forward losses.
- (b) Current Tax Provision**
- During the year, there is no taxable income, hence no provision for tax has been made in the current year.
- 14) Exchange Rates: 1 USD = 44.65 INR, 1 AUD = 46.12, 1 GBP = 71.68 as at 31.03.2011.
- 15) Figures of previous year have been regrouped wherever necessary to confirm to current year presentation.

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.	<u>U23209MH2006GOI165152</u>	State Code	<u>11</u>
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Balance Sheet Date	<u>31</u> Date	<u>03</u> Month	<u>2011</u> Year
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II. Capital raised during the year (Rs. in Thousand)

(Issued to BPCL)	Public Issue	Right Issue
	<u>N I L</u>	<u>3,974,500</u>
	Bonus Issue	Private Placement
	<u>N I L</u>	<u>N I L</u>

III Position of Mobilisation and Deployment of Funds (Rs. in Thousand)

Total Liabilities	Total Assets
<u>17,351,027</u>	<u>17,351,027</u>

Sources of Funds :

Paid-up Capital	Reserves & Surplus
<u>11,000,027</u>	<u>-</u>
Secured Loans	Unsecured Loans
<u>-</u>	<u>6,351,000</u>

Application of Funds :

Net Fixed Assets	Investments
<u>2,330,154 *</u>	<u>13,046,421</u>
Net Current Assets	Misc. Expenditure
<u>1,209,313</u>	<u>5,005</u>
Accumulated losses	
<u>760,134</u>	

* Includes Capital work-in-progress

IV. Performance of Company

Turnover	Total Expenditure
<u>6,690</u>	<u>196,514</u>
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
<u>-189,824</u>	<u>-189,824</u>
Earning per Share in Rs.	Dividend rate %
<u>(0.27)</u>	<u>-</u>



V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	<u>27090000</u>
Product Description	<u>Crude Petroleum</u>

Item Code No. (ITC Code)	<u>27112100</u>
Product Description	<u>Natural Gas</u>

Item Code No. (ITC Code)	<u> </u>
Product Description	<u> </u>

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.

The company does not have any producing assets.

Signature to Schedules `A' to `L'

For and on behalf of the Board of Directors

Sd/-
S. K. Joshi
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Dated : 23rd May, 2011

Cash Flow Statement for the period ending 31st March, 2011

Rupees	2010-11	2009-10
	Rs. in '000'	Rs. in '000'
A Cash Flow from Operating Activities		
Profit / (Loss) before tax	(189,823.90)	(357,216.82)
<i>Adjustments for:</i>		
Depreciation and Amortisation	6,047.48	2,168.00
Non-cash items - Misc. Exp.	5,005.34	5,005.34
Operating Profit / (Loss) before Working Capital changes	(178,771.08)	(350,043.48)
(Increase) / Decrease in Current Assets	(392,855.46)	(352,234.81)
Increase / (Decrease) in Current Liabilities	54,954.25	(91,532.16)
Net Cash Flow from / used in Operating Activities	(516,672.29)	(793,810.45)
B Net Cash Flow from Investing Activities		
Purchase of Fixed Assets	(46,856.43)	(10,497.26)
Investment in Subsidiary company	(6,155,442.98)	(3,447,108.00)
Capital Work-in-progress	(344,180.77)	(138,446.04)
Net Cash Flow from/used in Investing Activities	(6,546,480.18)	(3,596,051.30)
C Net Cash Flow from Financial Activities		
Issue of Equity Share Capital	3,974,500.00	2,000,000.00
Loan from Holding Company	3,081,000.00	2,320,000.00
Net Cash Flow from/used in Financing Activities	7,055,500.00	4,320,000.00
D Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)	(7,652.47)	(69,861.76)
Cash and Cash equivalents as on 31st March		
	2010	2009
	Rs. in '000'	Rs. in '000'
Bank Balance	17,821.57	68,653.42
Share of Interest in Joint Venture	727.56	19,757.47
	18,549.13	88,410.89
Cash and Cash equivalents as on 31st March	2011	2010
	Rs. in '000'	Rs. in '000'
Bank Balance	8,175.49	17,821.57
Share of Interest in Joint Venture	2,721.17	727.56
	10,896.66	18,549.13
Net change in Cash and Cash equivalents	(7,652.47)	(69,861.76)

Notes:

- The Cash Flow Statement is prepared in accordance with Accounting Standard 3 issued by the Institute of Chartered Accountants of India.
- In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit / (Loss) for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
- "Non-Cash items" represents "Miscellaneous Expenditure written off" during the period.
- Figures of previous year have been regrouped wherever necessary, to conform to current year's presentation.

For and on behalf of the Board of Directors

Sd/-
S. K. Joshi
Director

Sd/-
D. Rajkumar
Managing Director

As per our attached report of even date

For and on behalf of
Uttam Abuwala & Co.
Chartered Accountants

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Dated: 23rd May, 2011

Sd/-
CA Uttam Prakash Agarwal
Partner
Membership No. 041986
Firm No. 111184W



STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

1	2	3	4	5	6	7	8		
Name of the Subsidiary Company	Financial year ending of the subsidiary company	No. of shares held by BPRL as on 31.3.2011	Extent of holding by respective subsidiary	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.	For the period ended on 31.03.2011 (Rs. '000')	For the previous financial years since it became a subsidiary company (Rs. '000')	For the period ended on 31.03.2011 (Rs. '000')	For the previous financial years since it became a subsidiary company (Rs. '000')
Bharat PetroResources JPDA Limited (with effect from 28.10.2006)	31.03.2011	1,49,99,940 shares of Rs. 10 each fully paid up (Refer Note 1)	100%	(2,422.53)	(53,886.33)	-	-	-	-
BPRL International B.V. (Refer Note 2 & 3) (with effect from 26.3.2008)	31.03.2011	20,01,79,394 shares of Euro 1 each	100%	(6,64,168.71)	(8,92,158.93)	-	-	-	-
BPRL Ventures B.V. (with effect from 26.03.2008) (100% Subsidiary of BPRL International B.V) (Refer Note 2)	31.03.2011	11,24,27,561 shares of Euro 1 each	100%	(3,75,183.64)	(5,92,208.53)	-	-	-	-
BPRL Ventures Mozambique B.V. (with effect from 23.07.2008) (100% Subsidiary of BPRL International B.V) (Refer Note 2)	31.03.2011	7,68,72,307 shares of Euro 1 each	100%	(2,05,501.54)	(2,88,618.36)	-	-	-	-
BPRL Ventures Indonesia B.V. (with effect from 21.08.2009) (100% Subsidiary of BPRL International B.V) (Refer Note 2)	31.03.2011	1,04,35,941 shares of Euro 1 each	100%	(75,905.90)	(1,408.71)	-	-	-	-

Notes :-

- In addition to the shares held by holding company, six individuals, who are nominees of BPCL, each hold ten shares of Rs. 10 each of the Company.
- In respect of BPRL International B.V., BPRL Ventures B.V., BPRL Ventures Mozambique B.V. and BPRL Ventures Indonesia B.V. –
- The figures are converted from USD to Indian Currency.
- Loss of BPRL International B.V. is consolidated loss i.e. including losses of BPRL Ventures B.V., BPRL Ventures Mozambique B.V. and BPRL Ventures Indonesia B.V.

For and on behalf of the Board of Directors

Sd/-
(S.K. Joshi)
Director

Sd/-
(D. Rajkumar)
Managing Director

Sd/-
(Narendra Dixit)
Company Secretary

Date : 23rd May, 2011
Place : Mumbai



CONSOLIDATED FINANCIAL STATEMENTS OF BHARAT PETRORESOURCES LIMITED



AUDITOR'S REPORT TO THE MEMBERS OF BHARAT PETRORESOURCES LIMITED

1. We have audited the attached Consolidated Balance Sheet of **BHARAT PETRORESOURCES LIMITED, its subsidiaries and joints venture** as at March 31, 2011, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the period ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and others financial information regarding component. Our responsibility is to express an opinion on these consolidated financial statements based on our examination.
2. We did not audit the financial statements of the following subsidiaries and interest in joint venture, whose financial statements in the aggregate, reflect the financials as under:-

(Rs. in '000')

Company		Assets(Net)	Revenue	Cash Flow	Remarks
BPRL International BV	Subsidiary	1096,29,66.79	(62,58,03.50)	(6,63,01.54)	Audited
IBV (Brazil) Petroleo Ltda	Joint Venture between BPRL Ventures BV, 100% subsidiary of BPRL International BV and Videocon Global Energy Holdings Ltd.	15,73,43.51	93,33,96.74	(2,50,88.70)	Audited

These Financial statements have been audited by the other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and joint venture, is based solely on the report of the other auditors.

The audited consolidated financial statements of BPRL International BV drawn for the fifteen months ended March 31, 2011 have been used for the purpose of consolidation.

The audited consolidated financial statements of IBV (Brazil) Petroleo Ltda. drawn for the year ended December 31, 2010 have been used for the purpose of consolidation.

3. 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 about whether the financial statements are free of material misstatement(s). An audit includes examining, on 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.

4. We report that the Consolidated Financial Statements have been prepared by the company management in accordance with the requirements of Accounting Standard 21 on "Consolidated Financial Statements" and Accounting Standard 27 on "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and on the basis of the separate financial statements of the company, and its subsidiaries and interest in joint ventures included in Consolidated Financial Statements.
5. Without qualifying our opinion, we draw attention to following:
- a. Emphasis of Matter paragraph in report of independent auditor of IBV Brazil Petroleo Ltda:
 - i. The company has borrowed significant amounts from its members under specific conditions. The result of its operations might be different should such loans be taken out from unrelated parties.
 - ii. IBV Brazil Petroleo Ltda. has spent significant amounts that are related mainly to exploration and evaluation costs, whose recovery are subject to the generation of income resulting from the successful exploration of oil and natural gas. Management understands that members will provide the funds required for the company to maintain its activities and, therefore, the financial statements as of December 31, 2010 were prepared assuming the Company's ability to continue as a going concern.
 - b. Emphasis of Matter paragraph in report of independent auditor of BPRL International BV:

The company has received from the operators un-audited financial statements for the period ended 31st December, 2010 on which the independent auditors have placed reliance.
6. Based on our audit and on the consideration of the reports of the other auditors on separate financial statements of subsidiaries and joint venture (as mentioned in Paragraph 2 above), as submitted to us by the management, and to the best of our information and explanation given to us, we are of the opinion that attached consolidated financial statements, give a true and fair view in conformity with accounting principles generally accepted in India:
- a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company and its subsidiary as at March 31, 2011;
 - b) in the case of the Consolidated Profit and Loss Account, of the consolidated loss of operations of the Company and its subsidiaries and interest in joint venture for the year ended on that date; and
 - c) in the case of Consolidated Cash Flow Statement, of the consolidated cash flows of the Company and its subsidiaries and interest in joint venture for the year ended on that date.

For Uttam Abuwala & Co.
Chartered Accountants

Sd/-
CA. Uttam Prakash Agarwal
(Partner)
Membership No. 041986
Firm No. 111184W

Place: Mumbai
Date: May 23rd, 2011



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	(Rs. in '000')	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
Capital	1	11,000,026.70		7,025,526.70
Reserves and Surplus	2	(2,138,854.52)		(1,425,520.98)
			8,861,172.18	5,600,005.72
2. Loan Funds				
Secured Loans	3	6,233,798.36		5,285,456.50
Unsecured Loan	4	6,351,000.00		3,270,000.00
			12,584,798.36	8,555,456.50
Total			21,445,970.54	14,155,462.22
II. APPLICATION OF FUNDS				
1. Fixed Assets				
Gross Block	5	3,931,126.04		3,883,274.18
Less: Accumulated Depreciation / Amortisation		19,392.72		10,919.25
Net Block		3,911,733.32		3,872,354.93
Capital Work-in-Progress	6	16,084,319.04		8,887,924.09
			19,996,052.36	12,760,279.02
2. Current Assets, Loans and Advances				
Cash and Bank balances	7	37,677.16		364,425.44
Other Current Assets	8	21,193.25		67,937.46
Loans and Advances	9	1,343,762.85		779,660.64
		1,402,633.26		1,212,023.54
Less : Current Liabilities and Provisions				
Liabilities	10	974,722.61		936,914.43
Provisions		373,298.10		210,189.99
		1,348,020.71		1,147,104.42
Net Current Assets			54,612.55	64,919.12
3. Miscellaneous Expenditure				
(to the extent not written off or adjusted)	11		5,045.98	10,091.97
4. Debit balance in Profit and Loss Account				
			1,390,259.65	1,320,172.11
Total			21,445,970.54	14,155,462.22
Notes to Consolidated Accounts	16			

The Schedules referred to above and notes to accounts form an integral part of Balance Sheet

As per our report of even date

For and on behalf of the Board of
Bharat Petroresources Limited

For Uttam Abuwala & Co.

Chartered Accountants

Sd/-
S. K. Joshi
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
CA Uttam Prakash Agarwal
Partner

Membership No.: 041986

Firm No. 111184W

Place: Mumbai

Date: 23rd May, 2011

Place: Mumbai

Date: 23rd May, 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	(Rs. in '000)	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
I. Income	12		665,827.37	2,731,829.53
Other Income			665,827.37	2,731,829.53
II. Expenditure				
Personnel Expenses	13	69,525.11		50,400.11
Operating and Other expenses	14	554,270.48		719,011.12
Interest and Other Financial Costs	15	380,298.21		778,074.63
Miscellaneous expenditure written off		5,045.98		5,045.98
Depreciation / Amortisation		8,038.69		3,831.69
			1,017,178.47	1,556,363.53
III. Profit Before Taxation			(351,351.10)	1,175,466.00
Provision for Taxation:				
- Current Tax		-		3,179.32
- Share of interest in Joint Venture		223,693.19		193,437.58
			223,693.19	196,616.90
IV. Profit After Taxation			(575,044.29)	978,849.10
Surplus brought forward from Previous Year			(1,320,172.11)	(2,299,021.21)
Surplus on Amalgamation of VB Brasil			504,956.75	
V. Available Surplus			(1,390,259.65)	(1,320,172.11)
Appropriations			-	-
Surplus carried to Balance Sheet			(1,390,259.65)	(1,320,172.11)
Consolidated Earning per share:				
Basic			(0.82)	1.39
Diluted			(0.82)	1.39
Face Value Per Share (in Rs.)			10.00	10.00
(Refer Note No. 7 in Schedule 16)				
Notes to Consolidated Accounts	16			

The Schedules referred to above and notes to accounts form an integral part of Balance Sheet

As per our report of even date

For and on behalf of the Board of
Bharat Petroresources Limited

For Uttam Abuwala & Co.

Chartered Accountants

Sd/-

S. K. Joshi

Director

Sd/-

D. Rajkumar

Managing Director

Sd/-

CA Uttam Prakash Agarwal

Partner

Membership No.: 041986

Firm No. 111184W

Place: Mumbai

Date: 23rd May, 2011

Place: Mumbai

Date: 23rd May, 2011



SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 1

CAPITAL

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Authorised 1,000,000,000 Equity Shares of Rs. 10/- each	10,000,000.00	10,000,000.00
Issued, Subscribed and Paid up 1,10,00,02,670 (702,552,670) equity shares of Rs. 10 each fully paid-up * All equity shares are held by Holding Company - BPCL	11,000,026.70	7,025,526.70
Total	11,000,026.70	7,025,526.70

*Figures in bracket represents previous year.

SCHEDULE 2

RESERVES AND SURPLUS

	(Rs. in '000')	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Foreign Currency Translation Reserve Balance as per last Balance Sheet	(1,425,520.98)		724,797.87
Add: Arisen during the year	(713,333.54)	(2,138,854.52)	(2,150,318.85)
Balance in Profit and Loss Account		-	-
Total		(2,138,854.52)	(1,425,520.98)

SCHEDULE 3

SECURED LOANS

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
From Banks On Term Loan Account (Secured by pledge of 100% shares of BPRL Ventures BV and pledge of quotas held in IBV Brasil Petroleo Ltda. and irrevocable corporate guarantee from BPCL)	6,233,798.36	5,285,456.50
Total	6,233,798.36	5,285,456.50

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

**SCHEDULE 4
UNSECURED LOAN**

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Term Loans		
From Holding Company	6,351,000.00	3,270,000.00
Total	6,351,000.00	3,270,000.00

**SCHEDULE 5
FIXED ASSETS**

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

Description	Gross Block				Depreciation/Amortisation			Net Block			
	As at 1st April, 2010	Additions during the year	Foreign Exchange Adjustment	Deductions during the year	As at 31st March, 2011	As at 1st April, 2010 inclusion of subsidiary	Provided for the year	Adjustments on disposals	Foreign Exchange Adjustment	As at 31st March, 2011	As at 31st March, 2010
TANGIBLE:											
IT Equipments	5,008.65	11,363.17	-	-	16,371.82	2,034.48	1,710.36	-	-	12,626.98	2,974.17
INTANGIBLE:											
Goodwill*	3,854,488.05	-	-	-	3,854,488.05	-	-	-	-	3,854,488.05	3,854,488.05
Software	14,491.79	35,493.25	-	-	49,985.03	3,747.10	4,337.12	-	-	41,900.81	10,744.69
Total	3,873,988.49	46,856.42	-	-	3,920,844.90	5,781.58	6,047.48	-	-	3,909,015.84	3,868,206.91
Share of interest in joint ventures	9,285.69	149.76	845.68	-	10,281.14	5,137.67	1,991.22	-	434.77	2,717.48	4,148.02
Grand Total	3,883,274.18	47,006.18	845.68	-	3,931,126.04	10,919.25	8,038.70	-	434.77	3,911,733.32	3,872,354.93
Previous Year	3,871,570.72	11,664.64	1,204.69	1,165.87	3,883,274.18	6,857.02	3,947.36	368.74	483.61	10,919.25	
Total										3,911,733.32	3,872,354.93

Notes : * Goodwill represent the excess of consideration paid towards acquisition of subsidiaries over the net assets acquired, arising on consolidation of such subsidiaries into the Company.



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
SCHEDULE 7
CASH AND BANK BALANCES

	(Rs. in '000')	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Bank Balances in India			
With Scheduled Banks	9,341.81		
On Current Accounts	20,429.98	29,771.79	289,404.16
Share of interest in joint ventures			
Bank Balances Outside India			
On Current Accounts		7,905.37	75,021.28
Total		37,677.16	364,425.44

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET
SCHEDULE 6
Capital Work-in-Progress

	(Rs. in '000')	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Acquisition Cost		91,154.15	22,601.44
Exploration Cost			
Geological & Geophysical Cost	1,593,190.78		
Drilling Cost	5,682,187.99	7,275,378.77	3,693,406.09
Share of interest in joint ventures		8,717,786.12	5,171,916.56
Total		16,084,319.04	8,887,924.09

SCHEDULE 9
LOANS AND ADVANCES

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
(Unsecured and Considered good)		
Advances		
Advances Recoverable in cash or in kind or for value to be received	1,338,924.04	777,252.24
Considered good		
Deposits with Government, Public Bodies, Others etc;	-	500.00
Share of interest in joint ventures	1,289.00	994.22
Others	3,549.81	914.18
Total	1,343,762.85	779,660.64

SCHEDULE 8
OTHER CURRENT ASSETS

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Share of interest in joint ventures	5,922.23	60,675.91
Others	15,271.02	7,261.55
Total	21,193.25	67,937.46

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE 10

CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Liabilities		
Sundry Creditors	108,906.31	7,042.61
Dues to Holding Company	68,630.67	16,301.32
Dues to Operators	1,561.06	2,411.55
Share of interest in joint ventures	792,123.23	897,731.19
Other Liabilities	3,501.34	13,427.76
Total	974,722.61	936,914.43
Provisions		
Provisions for Taxes less Payments	373,298.10	210,189.99
Total	373,298.10	210,189.99

SCHEDULE 11

MISCELLANEOUS EXPENDITURE

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Pre-incorporation Expenses	10,091.96	15,137.94
Less: Written-off during the year	5,045.98	5,045.98
	5,045.98	10,091.96

SCHEDULE 12

OTHER INCOME

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Interest on loans and deposits etc.	15.13	395.89
Share in interest in joint venture	657,837.85	2,722,079.99
Profit on sale of investments (net)	2,522.84	-
Exchange difference (net)	5,295.16	316.27
Gains on Farm out of Participating Interest (5%)	-	9,037.38
Miscellaneous Income	156.39	-
Total	665,827.37	2,731,829.53



SCHEDULE FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

**SCHEDULE 13
PERSONNEL EXPENSES**

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Salaries, wages and bonus	45,766.49	30,930.92
Contribution to provident and other funds	3,498.18	2,884.43
Gratuity Expense	-	-
Workmen and staff welfare expenses	11,133.87	6,747.09
Share in interest in joint venture	9,126.57	9,837.67
Total	69,525.11	50,400.11

**SCHEDULE 14
OPERATING AND OTHER EXPENSES**

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Insurance	10,680.19	7,645.16
Maintenance Charge for Software	-	1,648.88
Write off on Farm Out	14,615.20	-
Travelling and conveyance	17,378.39	18,249.01
Communication Expenses	862.97	617.07
Printing and stationery	1,539.07	577.73
Share in General & Administration Expenses	235,251.50	225,012.10
Advertisement & sales promotion	655.94	-
Project Cost Charged off	1,768.40	204,078.68
Share in Production Sharing Contracts (PSC) Commitments	29,091.02	60,592.41
Share in interest in joint venture	180,021.69	155,292.99
Management and administrative fee	2,932.51	4,705.43
Legal and consultancy charges	48,261.16	36,263.70
Auditors Remuneration	2,417.71	1,659.12
Miscellaneous expenses	8,794.73	2,668.84
Total	554,270.48	719,011.12

**SCHEDULE 15
INTEREST AND OTHER FINANCIAL CHARGES**

	As at 31st March, 2011 (Rs. in '000')	As at 31st March, 2010 (Rs. in '000')
Interest on Loans and others	368,604.06	367,885.95
Bank and Financial charges	11,694.15	41,210.48
Exchange difference on borrowings (net)	-	-
Share in interest in joint venture	-	368,978.20
Total	380,298.21	778,074.63

SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

SCHEDULE 16 NOTES TO CONSOLIDATED ACCOUNTS

1. DESCRIPTION OF BUSINESS

Bharat PetroResources Limited ('the Holding Company') was incorporated as a 100% subsidiary of Bharat Petroleum Corporation Limited (BPCL) to focus on Exploration and Production activities. The Holding Company and its subsidiaries are hereinafter collectively referred to as 'the Group'.

2. PRINCIPLES OF CONSOLIDATION

- (a) The Consolidated Financial Statements include the financial statements of the Holding Company and its subsidiaries and joint venture. Subsidiaries are those companies in which Bharat PetroResources Limited, directly or indirectly, has an interest of more than one half of voting power or otherwise has power to exercise control over the composition of the Board of Directors. Subsidiaries and joint ventures are consolidated from the date on which effective control is transferred to the Group to the date such control exists.
- (b) The subsidiaries and joint ventures considered in the consolidated financial statements are given below:

Sr. No.	Name of the Group	Relationship	Country of Incorporation	Percentage of Group holding as at March 31, 2011
1	Bharat PetroResources JPDA Ltd. (BPR JPDA)	Subsidiary	India	100%
2	BPRL International BV	Subsidiary	Netherlands	100%
3	BPRL Ventures BV	Subsidiary	Netherlands	100%
4	BPRL Ventures Mozambique BV	Subsidiary	Netherlands	100%
5	BPRL Ventures Indonesia BV	Subsidiary	Netherlands	100%
6	IBV (Brazil) Petroleo Pvt Ltda.	Joint Venture	Brazil	50%

Notes:

- i) BPRL Ventures BV, BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV are wholly owned subsidiaries of BPRL International BV
 - ii) IBV Brazil Petroleo Pvt Ltda. is a 50% joint venture with Videocon Global Energy Holdings Limited.
 - iii) The ownership interest as given above has been calculated based on the effective interest of Bharat PetroResources Limited in the various subsidiaries and joint ventures including the investments made by its subsidiaries.
- (c) The Consolidated Financial Statements have been prepared in accordance with historical cost convention and AS 21 - "Consolidated Financial Statements" and AS 27 - "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.



**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**
SCHEDULE 16 (continued)
NOTES TO CONSOLIDATED ACCOUNTS

- (d) The Consolidated Financial Statements have been prepared on the following basis:
- i) The financial statements of each of the subsidiaries, drawn upto the same reporting date i.e. year ended March 31, 2011 have been used for the purpose of consolidation
 - ii) The audited financial statements of IBV Brazil Petroleo Pvt Ltda. drawn for the year ended December 31, 2010 have been used for the purpose of consolidation.
 - iii) All the subsidiaries and joint venture of the Holding Company are incorporated outside India except BPR JPDA Ltd. The activities of the subsidiaries and joint venture are not an integral part of those of the Holding Company and hence, these have been considered to be Non-Integral foreign operations in terms of AS 11 – 'The Effects of Changes in Foreign Exchange Rates (Revised 2003)'. Consequently, the assets and liabilities, both monetary and non-monetary, of such subsidiaries have been translated at the closing rates of exchange of the respective currencies as at March 31, 2011. Revenue items are consolidated at the average rate prevailing during the year.
 - iv) All inter Group transactions, balances and unrealized surplus and deficit on transactions between Group companies are eliminated.
 - v) Changes have been made in the accounting policies followed by each of the subsidiaries and joint venture to the extent they were material and identifiable from their respective audited accounts to make them uniform with the accounting policies followed by the Holding Company. Where it has not been practicable to use uniform accounting policies in preparing the consolidated financial statements, the different accounting policies followed by each of the group companies have been followed. (Refer Note No.3 below)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The consolidated financial statements are prepared under historical cost convention in accordance with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956, adopting accrual system of accounting except where otherwise stated.

(b) 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 results and estimates are recognised in the period in which they materialise.

(c) Oil and natural gas producing activities

- (i) The Group follows the "Full Cost" method of accounting for its oil and natural gas exploration and production activities. Accordingly, all acquisition, exploration and development costs are treated as capital work-in-progress and are accumulated in a cost centre. The cost centre is not normally smaller than a country except where warranted by major difference in economic, fiscal or other factors in the country. When any well in a cost centre is ready to commence commercial production, these costs are capitalised from capital work-in-progress to the gross block of assets regardless of whether or not the results of specific costs are successful. Depletion is charged on all capitalised costs according to the unit of production method.

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**

SCHEDULE 16 (continued)

NOTES TO CONSOLIDATED ACCOUNTS

(ii) The net quantities of the Group's interests in proved reserves and proved developed reserves of oil and gas at the beginning and additions, deductions, production and closing balance for the year and disclosure of quantities on the geographical basis are not mentioned as the Group is in exploratory phase.

(iii) Surrender of field / disposal of participation interest

If the Group were to surrender a field, the accumulated acquisition, exploration and development costs in respect of such field are deemed to be fully depreciated. If the remainders of the wells in the cost centre continue to produce oil or gas, gain or loss is recognised only when the last well in the cost centre ceases to produce and the entire cost centre is abandoned. Also, in the event the Group assigns or farms out the whole or any part of its participating interest, the corresponding carrying value of the capitalised amount is adjusted against the consideration and the net amount is credited or, as the case may be, is charged to the profit and loss account in the year in which the Group's participating interest is assigned or farmed out.

(iv) Depletion

Depletion charge is calculated on the capitalised cost according to the unit of production method. The depreciation charge or the unit of production (UOP) charge for all costs within a cost centre is calculated by multiplying the UOP rate with the production for the period. The unit of production rate is arrived at by dividing the depreciation base of the cost centre by the Proved Oil and Gas Reserves. The depreciation base of a cost centre includes gross block of the cost centre, estimated future development expenditure and estimated site restoration expenditure and is reduced by the accumulated depreciation and accumulated impairment charge of the cost centre. The estimates of proved reserves used are based on the latest technical assessment available with the Group.

(v) Site restoration costs

Liabilities for site restoration costs (net of salvage values) are recognized when the Group has an obligation to dismantle and remove a facility such as oil and natural gas production or transportation facility or an item of plant and to restore the site on which it is located and when a reasonable estimate of that liability can be made. Where an obligation exists for a new facility, the liability is recognized on construction or installation. An obligation may also crystallize during the period of operation of a facility through a change in legislation or through a decision to terminate operations. The amount recognized is the value of estimated future expenditure determined in accordance with local conditions and requirements. The corresponding amount is added to the cost of the tangible fixed asset and is subsequently depleted as part of the capital costs of the facility or item of plant. Any change in the value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding tangible fixed assets.

(d) Fixed assets

(i) Intangible assets

Software is amortised over the estimated useful life of the asset or five years, whichever is lower.



**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**
SCHEDULE 16 (continued)
NOTES TO CONSOLIDATED ACCOUNTS

Holding Company

Expenditure incurred for creating/acquiring other intangible assets of Rs.5 million 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.

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

(e) Impairment of assets

According to AS – 28 issued by ICAI, the carrying values of fixed assets of identified cash generating units (CGU) are reviewed for impairment at each Balance Sheet date when events or changes in circumstances indicate that the carrying values may not be recoverable. If the carrying values exceed the estimated recoverable amount, the assets of the CGU are written down to the recoverable amount and the impairment losses are recognized in the profit and loss account. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

(f) Depreciation

(i) Holding Company

Fixed assets costing not more than Rs 5,000 each are depreciated @ 100 percent in the year of capitalization.

Computer equipments and peripherals, and mobile phones are depreciated over a period of 4 years.

Depreciation on fixed assets other than computer equipments and peripherals and mobile phones are provided under the straight line method, at rates prescribed under Schedule XIV to the Companies Act, 1956. Additions to fixed assets during the year are being depreciated on pro rata basis from the beginning of the month in which such assets are capitalized.

(ii) IBV Brazil Petroleo Pvt Ltda.

Depreciation is calculated on straight line method, in accordance with the rates as described below:

Furniture and Fixtures	10%
Vehicles	20%
IT Equipments	20%
Installations	10%

(g) Investments

(i) Current investments are valued at lower of cost or fair market value.

(ii) According to AS – 13 issued by ICAI, long-term investments are valued at cost. Provision for diminution is made to recognize a decline, other than of temporary nature, in the value of such investments.

(h) Foreign currency transactions

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

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**

SCHEDULE 16 (continued)

NOTES TO CONSOLIDATED ACCOUNTS

- (ii) According to AS – 11 (Revised) issued by ICAI, monetary items in form of Advances, Current Assets and Current Liabilities denominated in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate exchange rates prevailing on the date of Balance Sheet. Any profit/loss arising out of such conversion is charged to Profit and Loss Account.
- (i) Preliminary expenses**
- Preliminary expenses are written off /amortised over a period of 5 years.
- (j) Provisions, contingent liabilities and capital commitments**
- (i) According to AS – 29 issued by ICAI, 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.
- (ii) Disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources.
- (iii) Capital commitments and Contingent liabilities disclosed are those which exceed Rs. 0.10 million in each case.
- (iv) Show cause notices issued by various Government authorities are considered for the evaluation of Contingent liabilities only when converted into demand.
- (k) Taxes on income**
- (i) Provision for current tax is computed in accordance with the provisions of the Income Tax Act, 1961.
- (ii) According to AS – 22 issued by ICAI, 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. Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Group carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient taxable income will be available against which deferred tax assets can be realised.
- (l) Classification of income/expenses**
- Holding Company**
- Being not material:
- (i) Prepaid expenses upto Rs. 0.01 million in each case, are charged to revenue as and when incurred.
- (ii) Liabilities for expenses are provided for only if the amount exceeds Rs.0.01 million in each case.
- (iii) Acquisition cost which cannot be assigned / identified to particular block is expensed during the year.



**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT
SCHEDULE 16 (continued)
NOTES TO CONSOLIDATED ACCOUNTS**

4. Disclosure under Accounting Standard-27 on Financial Reporting of Interest in Joint Venture:

Details of the Blocks and JV's as on 31.03.2011:

Name	Company	Country	Participating Interest of the Group	
			31.03.2011	31.03.2010
NELP – IV				
KG/DWN/2002/1	BPRL	India	10.00%	10.00%
MN/DWN/2002/1	BPRL	India	10.00%	10.00%
CY/ONN/2002/2	BPRL	India	40.00%	40.00%
NELP – VI				
KG/DWN/2004/2	BPRL	India	10.00%	10.00%
KG/DWN/2004/5	BPRL	India	10.00%	10.00%
CY/ONN/2004/1	BPRL	India	20.00%	20.00%
CY/ONN/2004/2	BPRL	India	20.00%	20.00%
RJ/ONN/2004/1	BPRL	India	11.11% (a)	11.11%
NELP – VII				
RJ/ONN/2005/1	BPRL	India	25.00% (b)	25.00%
Blocks outside India				
WA/388/P	BPRL	Australia	8.40% (c)	14.00%
AC/P32	BPRL	Australia	20.00%	20.00%
48/1b & 2c – North Sea	BPRL	U.K.	25.00%	25.00%
JPDA 06-103	BPR JPDA	Australia / Timor	20.00%	20.00%
TP-15	BPRL	Australia	50.00% (d)	0.00%
EP-413	BPRL	Australia	27.80% (d)	0.00%
Sergipe and Alagoas				
SEAL-M-349	IBV Brazil Petroleo Pvt Ltda.	Brazil	40.00%	40.00%
SEAL-M-426	IBV Brazil Petroleo Pvt Ltda.	Brazil		
SEAL-M-497	IBV Brazil Petroleo Pvt Ltda.	Brazil		
SEAL-M-569	IBV Brazil Petroleo Pvt Ltda.	Brazil		
Espirito Santo				
ES-24-588	IBV Brazil Petroleo Pvt Ltda.	Brazil	30.00%	30.00%
ES-24-661	IBV Brazil Petroleo Pvt Ltda.	Brazil		
ES-24-663	IBV Brazil Petroleo Pvt Ltda.	Brazil		
Campos				
C-M-30-101	IBV Brazil Petroleo Pvt Ltda.	Brazil	25.00%	25.00%
Portiguar				
POT-16-663	IBV Brazil Petroleo Pvt Ltda.	Brazil	20.00%	20.00%
POT-16-760	IBV Brazil Petroleo Pvt Ltda.	Brazil		
Mozambique Rovuma Basin	BPRL Ventures Mozambique B.V.	Mozambique	10.00%	10.00%
Nunukan PSC, Tarakan Basin	BPRL Ventures Indonesia B.V.	Indonesia	12.50%	12.50%

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**
SCHEDULE 16 (continued)
NOTES TO CONSOLIDATED ACCOUNTS

- (a) The deed of assignment for Oil and Gas block RJ/ONN/2004/1 has not been executed in the name of the Holding Company for which application is pending with Management Committee and Directorate General of Hydrocarbons (DGH).
- (b) The Board of Directors of the Company at its meeting held on 19th January, 2010 has resolved to increase its Participating Interest in RJ-ONN-2005/1 Block under NELP VII from existing 25% upto 37.5%. Based on Operating Committee resolution dated 24th March, 2010 it was agreed that BPRL, HOEC and IMC will share equally the participating interest of defaulting party in accordance with the provisions of PSC and JOA. Accordingly, Participating Interest of BPRL would be 33.33% subject to approval from DGH and Ministry of Petroleum & Natural Gas.
- (c) As per Board resolution dated 13th September, 2010, Farm Out agreement has been entered into with Apache for farming out 5.6% of BPRL's share out of earlier 14%, there by bringing down BPRL's share to 8.4%. As per the Agreement, Apache has agreed to pay actual drilling cost of a well, to be incurred after the said date, capped up to AUD 50 Mn and testing cost capped up to AUD 10 Mn, on behalf of Consortium Members (except Oilex's share of 14%), including 8.4% of BPRL's share. Considering the prospects of the block as assessed by the Management and as a conservative measure, proportionate cost of 5.6%, incurred on the block so far, has been charged off to Profit & Loss Account.
- (d) The Board of Directors of the Company at its meeting held on 13th August, 2010 has resolved to farm in into shale Gas acreages in Australia. Accordingly 50% and 27.80% P.I. has been bought in Shale Gas block TP-15 and EP-413 respectively.
- (e) Expenditure incurred in Block Oman 56 for completing the formalities relating to relinquishment of the block is charged off during the year.
5. In accordance with AS 27 'Financial Reporting of Interests in Joint Ventures', the financial statements include the Group's share in the assets, liabilities, incomes and expenses of jointly controlled assets.
In case of blocks located outside India, the reporting period is generally different. Also in case of blocks located in India, the financial statements of the jointly controlled assets for the period ending March 31, 2011 are not available as at the date of finalisation of the accounts. Therefore, unaudited financial / billing statements for the year ended December 31, 2010 have been used for the purpose of reporting share of interest in jointly controlled assets for blocks in India and outside India

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

	31.03.2011	(Rs. in '000') 31.03.2010
(i) Assets	8,748,144.81	5,508,960.38
(ii) Liabilities	792,123.23	897,731.19
(iii) Income	657,837.85	2,722,079.99
(iv) Expenses	189,148.26	534,108.86



**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**
SCHEDULE 16 (continued)
NOTES TO CONSOLIDATED ACCOUNTS

6. IBV Brazil Petroleo Pvt Ltda.

- a) The shareholders acknowledge that if at any time after the Purchase Agreement effective date there is a commercial discovery then the shareholders shall, in ten business days after such commercial discovery, pay to the vendors US\$ 10 million. Unless and until a commercial discovery occurs, the shareholders have no obligation to make any payment. On September 30, 2008 it was announced a pre-salt discovery at the Wahoo prospect offshore Brazil in the Campos Basin. The 1-APL-1-ESS well is located on block BM-C-30 in approximately 4,650 feet of water approximately 25 miles southeast and syncline separated from Petrobras' previously announced pre-salt discoveries at the giant Jubarte field. Preliminary results at Wahoo, based on wireline logs, indicate at least 195 feet of net pay with similar characteristics to the nearby Jubarte 1-ESS-103A well, which is Brazil's first producing pre-salt field having recently achieved reported initial rates of approximately 18,000 barrels per day of light oil. The discovery notification was sent to the Brazilian National Petroleum Agency (ANP).

IBV Brasil Petróleo Ltda. holds a 25-percent working interest of the aforementioned block.

b) Merger of VB (Brasil) Petroleo Pvt Ltda with IBV Brasil Petroleo Ltda.

- i) As per the Merger Protocol and Rationale dated 1st April, 2010, VB Brasil Petroleo Pvt Ltda was merged with its own subsidiary Company IBV Brazil Petroleo Ltda.
- ii) VB Brasil was engaged in the exploration and production of oil and natural gas.
- iii) The amalgamation has been accounted for under the 'Pooling of Interest Method'. Accordingly, the assets, liabilities and reserves of erstwhile VB Brasil as at 1st April, 2010 have been taken over at their book value.
- iv) On May 20, 2010, the 49,999,953,400 shares of VB Brasil Petroleo Pvt Ltda were cancelled and 200,920,000 (two hundred million, nine hundred twenty thousand) units of shares of R\$ 0.01 each were issued to Shareholders of the merged company, i.e 100,460,000 (one hundred million, four hundred and sixty thousand) units of shares to Bharat PetroResources Limited and 100,460,000 (one hundred million, four hundred and sixty thousand) units of shares to Videocon Industries Limited.
- v) The difference of Rs. 50.49 crores between the amount recorded as share capital issued and the amount of share capital of erstwhile VB Brasil (transferor company) has been adjusted in reserves of the merged entity (IBV Brasil).

During the year, Bharat PetroResources Ltd has sold its Investment in IBV Brasil Petroleo Ltda. to step down subsidiary Company BPRL Ventures BV, Netherlands at par value. BPRL has made profit of Rs. 25.22 Lacs solely due to foreign exchange rate variation.

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**
SCHEDULE 16 (continued)
NOTES TO CONSOLIDATED ACCOUNTS

7. Consolidated Earnings Per Share (EPS):

The basic / diluted earning per equity share is calculated as stated below:

Particulars		Year ended	Year ended
		31 st March, 2011	31 st March, 2010
Net profit/ (loss) after tax	Rs. in '000'	(575,044.30)	978,849.10
Weighted average equity shares outstanding at the balance sheet date	Nos.	704,730,478	702,552,670
Basic earning per equity share	Rs.	(0.82)	1.39
Diluted earnings per equity share	Rs.	(0.82)	1.39

Calculation of Weighted Average number of equity shares

Shares issued during the year	39,74,50,000
Weighted Average Number of shares issued during the year	21,77,808
Shares existing as on April 1, 2010	70,25,52,670
Weighted Average Number of shares for EPS Calculation	70,47,30,478

8. Related Party Disclosure as per AS-18:

(a) Name of Related Parties: Videocon Global Energy Holdings Ltd.

Nature of Transactions:

		(Rs. in '000')
	Cumulative upto Mar 2011	Cumulative upto Mar 2010
Loan to IBV Brazil Petroleo Pvt Ltda. - Brazil Reals (previous year : 327,140)	493,960 11,637,932.98	8,234,113.80

(a) Key Management Personnel:

Shri D. Rajkumar (Managing Director)

Managerial Remuneration:

	2010-11	(Rs. in '000')
		2009-10
Salary and allowances	1,881.48	2,336.18
Contribution to Provident Fund and other funds	211.65	272.54
Other benefits	1,424.31	2,938.76
	3,517.44	5,547.48

9. The Group has identified the geographical segment as its primary segment. Segments have been identified and reported taking into account, the organizational and management structure for internal reporting and significantly different risk and return perception in different geographical regions. Geographic segments of the Group are determined based on the location of the assets.



**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**
SCHEDULE 16 (continued)
NOTES TO CONSOLIDATED ACCOUNTS

The Group companies are operating in a single business segment i.e. Exploration & Production of Hydrocarbons and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

Schedule 16

(Rs. in '000)

	Brazil		Mozambique		Unallocated		Grand Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Revenue	-	-	-	-	-	-	-	-
External Revenue	-	-	-	-	-	-	-	-
Inter Segment Revenue	-	-	-	-	-	-	-	-
Total Revenue								
Result								
Results	189,148.26	165,130.66	166,096.69	225,543.77	136,555.15	280,194.55	491,800.10	670,868.98
Unallocated Corporate Expenses					131,995.51	98,542.25	131,995.51	98,542.25
Operating Profit / (Loss)	(189,148.26)	(165,130.66)	(166,096.69)	(225,543.77)	(268,550.66)	(378,736.80)	(623,795.60)	(769,411.22)
Add: Interest & Other Income	657,837.85	2,722,079.99			7,989.52	9,749.54	665,827.37	2,731,829.53
Less: Interest Expenses		368,978.20	172.41	240.49	380,125.79	408,855.94	380,298.21	778,074.63
Less: Provision for Tax	223,693.19	193,437.58				3,179.32	223,693.19	196,616.90
Profit After Tax from Ordinary Activities	244,996.40	2,363,511.76	(166,269.10)	(225,543.77)	(260,561.14)	(372,166.58)	(561,959.63)	987,726.77
Other Information								
Segment Assets	8,748,144.82	5,455,546.02	4,427,309.10	1,681,975.98			13,175,453.92	7,137,522.00
Unallocated Corporate Assets					8,223,231.70	6,834,780.55	8,223,231.70	6,834,780.55
Total Assets	8,748,144.82	5,455,546.02	4,427,309.10	1,681,975.98	8,223,231.70	6,834,780.55	21,398,685.62	13,972,302.55
Segment Liabilities	792,123.23	1,104,741.86	3,362.73	2,725.06			795,485.96	1,107,466.91
Unallocated Corporate Liabilities					13,137,333.12	8,595,094.01	13,137,333.12	8,595,094.01
Total Liabilities	792,123.23	1,104,741.86	3,362.73	2,725.06	13,137,333.12	8,595,094.01	13,932,819.08	9,702,560.92
Capital Expenditure	3,546,019.32	2,145,558.85	2,740,747.20	987,649.75	973,018.21	653,318.63	7,259,784.73	3,786,527.23
Depreciation / Amortisation	1,991.22	1,663.69			6,047.48	2,168.00	8,038.69	3,831.69
Non cash expenses other than Depreciation					5,045.98	5,045.98	5,045.98	5,045.98

**SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE
CONSOLIDATED PROFIT AND LOSS ACCOUNT**
SCHEDULE 16 (continued)
NOTES TO CONSOLIDATED ACCOUNTS

10. Capital commitments and Contingent Liabilities:

(a) Capital Commitments

	31.03.2011	(Rs. in '000') 31.03.2010
Estimated amount of contracts remaining to be executed on capital account and not provided for - USD 219.95 Million (previous year USD 127.82 Million)	9,820,767.50	5,769,964.80
Share of interest in Joint Venture USD 234.37 Million (previous year USD 92.55 Million)	10,464,620.50	4,177,613.33

(b) Contingent Liabilities:

On 8th October, 2010, BPRL Ventures BV (subsidiary company) has entered into a new facility agreement with the bank to borrow USD 150 million with an expiry date of 4th September, 2012. Out of the new loan, the company repaid the outstanding amount of the previous loan including accrued interest on that date.

The total amount utilized as at 31st March, 2011 was USD 139.61 million. The new loan is secured by a 100% share pledge of BPRL Ventures BV and pledge of quotas held in IBV Brasil Petroleo Ltda of the company as well as by an unconditional and irrevocable corporate guarantee from a group company Bharat Petroleum Corporation Ltd. During the period the loan is subject to an interest rate of LIBOR plus a margin of 1.50% per annum.

- 11.** Since all the blocks are in the exploration phase, there is no virtual/reasonable certainty supported by convincing evidence that sufficient future taxable income will be available against which unabsorbed depreciation and carry forward tax losses can be realised. Hence, no deferred tax asset has been recognised as per AS – 22 “Accounting for Taxes on Income” in the accounts in respect of unabsorbed depreciation and carry forward losses.
- 12.** Figures of previous year have been regrouped wherever necessary to confirm to current year presentation.


CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	For the year ended 31st March, 2011		For the year ended 31st March, 2010	
	(Rs. in '000')	(Rs. in '000')	(Rs. in '000')	(Rs. in '000')
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary Items		(351,351.10)		1,175,466.00
Adjustments for :				
Depreciation / Amortisation	8,038.69		3,831.69	
Loss/(Profit) on sale of Investment	(2,522.84)		-	
Interest received	(15.13)		(395.89)	
Interest paid	368,604.06		367,885.95	
Write off on Farm out	14,615.20		-	
Project Cost charged off	1,768.40		-	
Miscellaneous expenditure written off	5,045.98		5,045.98	
Short /(Excess) Provision for other items (Net)	(57,562.15)		-	
		337,972.21		376,367.73
Operating Profit before working capital changes		(13,378.89)		1,551,833.73
Adjustments for:				
Trade and other receivables & Loans & Advances	(517,358.00)		209,044.81	
Trade Payables & other liabilities	37,808.18		534,979.97	
		(479,549.82)		744,024.78
Cash generated from Operations		(492,928.71)		2,295,858.51
Direct taxes paid	(3,022.92)		13,573.09	
		(3,022.92)		13,573.09
Net cash from Operating Activities (A)		(495,951.63)		2,309,431.60
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets and Intangible Assets		(7,259,784.73)		(3,786,527.23)
Surplus on Amalgamation of VB Brasil		504,956.75		
Sale of fixed assets		-		797.13
Sale of Investments		2,522.84		-
Interest received		15.13		395.89
Net Cash used in Investing Activities (B)		(6,752,290.01)		(3,785,334.21)
C CASH FLOW FROM FINANCIAL ACTIVITIES				
Proceeds from borrowings (Net)		4,029,341.86		2,246,271.43
Proceeds from Issue of equity shares		3,974,500.02		2,000,000.00
Interest paid		(368,604.06)		(367,885.95)
Net cash used in Financing Activities (C)		7,635,237.82		3,878,385.48
Exchange Difference arising on conversion debited to Foreign Currency Translation Reserve (D)		(713,744.46)		(2,150,924.27)
Net increase in cash and cash equivalents (A+B+C+D)		(326,748.28)		251,558.60
Cash and cash equivalents at the beginning of the year	364,425.44		112,866.84	
Cash and cash equivalents on account of acquisition of business	-		-	
		364,425.44		112,866.84
Cash and cash equivalents at the end of the year		37,677.16		364,425.44

As per our report of even date

For and on behalf of the Board of
Bharat Petroresources Limited**For Uttam Abuwala & Co.**

Chartered Accountants

Sd/-

CA Uttam Prakash Agarwal

Partner

Membership No.: 041986

Firm No. 111184W

Place: Mumbai

Date: 23rd May, 2011

Sd/-

S. K. Joshi

Director

Place: Mumbai

Date: 23rd May, 2011

Sd/-

D. Rajkumar

Managing Director