Management Team

Board of Directors

R.K. Singh

D. Rajkumar
Managing Director

S. Varadarajan
(w.e.f. 19.9.2011)

B. K. Datta
(w.e.f. 14.11.2011)

S. K. Joshi
(upto 31.8.2011)

S. Mohan
(upto 31.10.2011)

Vijayagopal N.
Vice-President (Finance)

P.C. Siva
Vice-President (Assets & Operations)

V. Srinivasan
Vice-President (Assets & Operations)
(up to 31.07.2012)

Narendra Dixit
Company Secretary

NOTICE TO THE MEMBERS

Notice is hereby given that the Fifth 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 10th September, 2012, at 1230 hrs to transact the following Ordinary Business and Special Business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the financial year ended 31st March, 2012 and the Balance Sheet as at that date and the Directors' Report and the Report of the Statutory Auditors.
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.
3. To fix the remuneration of the Statutory Auditors

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

   "RESOLVED that pursuant to the provisions of Section 224(8)(aa) and other applicable provisions, if any, of the Companies Act, 1956, remuneration of the Single / Joint Statutory Auditors as appointed by the Comptroller & Auditor General of India (C&AG) under Section 619(2) of the said Act, be and is hereby approved at ₹ 3,50,000 to be paid to the single firm of Statutory Auditors or to be shared equally by the Joint Statutory Auditors, in case of appointment of Joint firms of Statutory Auditors by the C&AG, in addition to the actual reasonable travelling and out of pocket expenses and service tax as applicable, for the financial year ended 2011-12 and also for subsequent years."

SPECIAL BUSINESS

4. **Appointment of Director**

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

   "RESOLVED that pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri S. Varadarajan, be and is hereby appointed as Director of the Company."
5. **Appointment of Director**

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

   "RESOLVED that pursuant to Section 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri B.K.Datta, 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: 7th August, 2012

Notes:

1. The Explanatory Statements under Section 173 of the Companies Act, 1956, in respect of the items of Special Business are 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.**

Explanatory Statements pursuant to Section 173 of the Companies Act, 1956

Item No.4 Appointment of Director

Shri S. Varadarajan 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 19th September, 2011.

Shri S. Varadarajan, 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 Shri S. Varadarajan, as Director of the Company. A brief resume of Shri S. Varadarajan, 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 Shri S. Varadarajan, as Director of the Company.

Except Shri S. Varadarajan, no other Director is interested in the Resolution.

Item No. 5 Appointment of Director

Shri B.K.Datta 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 14th November, 2011.

Shri B.K.Datta, 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 Shri B.K.Datta as Director of the Company. A brief resume of Shri B.K.Datta, 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 Shri B.K.Datta, as Director of the Company.

Except Shri B.K.Datta, 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: 7th August, 2012

DIRECTORS' REPORT

The Directors present their fifth Report of Bharat PetroResources Limited (BPRL) for the Financial year ended 31st March, 2012.

Highlights of Financial Performance

(₹ 'lakh')

	For the year ended 31.3.2012	For the year ended 31.3.2011
Total Revenue	181.38	66.90
Depreciation & amortization	148.60	60.47
Profit / (loss) before tax	(8,894.43)	(1,898.23)
Profit / (loss) after tax	(8,894.43)	(1,898.23)

As on 31st March, 2012, BPRL has an authorized share capital of ₹ 3000 crores and paid up share capital of ₹ 1100 crores. The said paid up share capital was increased to ₹ 1270 crores in the year 2012-13.

The Comptroller and Auditor General of India (C&AG) has vide letter dated 11th July, 2012 which is enclosed to the Directors' Report as Annexure B stated that on the basis of the 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 currently has participating interests (PI) in 26 Blocks spread across the globe. 11 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 stages of exploration/appraisal. In the past year, wells have been drilled in India, Mozambique, Brazil & Australia. With a total of eleven discoveries (in Brazil, Mozambique, and Indonesia), BPRL has now matured into a company poised to guarantee returns to its parent company BPCL in the medium term and contribute towards ensuring energy security for India in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry structure and developments

During the financial year 2011-12, the global economy witnessed lower economic growth due to Euro zone debt crisis, high oil prices and uncertainties of supply of oil. According to the International Monetary Fund (IMF), the global economy is estimated to grow at 3.8% in the year 2011.

The oil & gas industry is one of the most important sectors for any economy and directly affects the energy security of a country. Any change in supply and pricing of petroleum products directly impacts cost of day to day economic activities. In the year 2012, the high crude prices affected the refining industry worldwide and resulted in reduced profitability.

Global oil consumption grew by 0.6 million barrels per day. Oil consumption growth was below average in producing regions of the Middle East and Africa due to regional unrest. The world oil production during the year grew by 1.3 percent to touch a level of 1.1 million barrels per day. Further global oil trade in the year 2011 grew at 2 percent by 1.1 million barrel per day. While crude oil accounted for 70 percent of global trade in the year 2011, refined products accounted for two-thirds of the growth in global trade last year. World primary energy consumption grew by 2.5 percent in the year 2011.

Considering the strategic importance of Indian oil & gas sector, Govt. of India from time to time invites bid for license for exploration and production of oil & gas blocks in India under the New Exploration Licensing Policy (NELP) Scheme.

Opportunities and Threats

There is a huge demand for crude oil and petroleum products. The increasing appetite for oil of the developing nations results in increased Exploration & Production activities especially in the offshore areas in pursuit of larger fields which increases the exploration costs hugely thereby leaving less margin for errors.

Further, increasing competition, change in Government policies, crude price volatility, funds availability, etc. affects the investment decisions for exploration activities.

2. Segment-wise or product-wise performance

BPRL is operating in the single segment of exploration.

3. Outlook

BPRL has participating interest in 26 block in India and abroad in different countries in partnership/operatorship with world renowned companies like Petrobras, Anadarko, BP, Maersk, Mitsui etc. Most of the blocks are in an advanced stage of exploration with some blocks moving to appraisal stage. Based on the eleven discoveries, BPRL is poised to add significant value to its parent company.

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, changes in fiscal regime, additional taxes, and 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 who have vast experience in these field.

Most of BPRL's foreign holdings are through subsidiaries or joint venture companies. BPRL does not have controlling interest in any of oil & gas ventures and has its limited rights in managing the projects. BPRL has put in place a Risk Management Policy. However, there are unforeseen risks and natural calamities which can be beyond the control of the company.

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 Borkar and Muzumdar, Chartered Accountants, to carry out Internal Audit covering areas like the implementation of SAP for BPRL, payment of cash call for certain blocks etc. In the financial year ended 2011-12, the Internal 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 necessary training, to obtain required skills to operate in the upstream environment. Further, BPRL has engaged Geoscientists with international exposure as consultants. BPRL takes continuous efforts to upgrade skills in terms of training personnel in new technologies and working in challenging business environment.

CURRENT STATUS OF BLOCKS

<u>Indian Blocks</u>

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), acquired under NELP IV bid round. Acquisition, processing & interpretation seismic data for the said blocks have been completed. Consortium drilled four commitment wells in Krishna Godavari (KG) block, without discovery of any hydrocarbon. Similarly, three prospects have been drilled in Mahanadi (MN) block without any hydrocarbon discovery. The Minimum Work Programme (MWP) commitments in KG & MN blocks for exploration phase-I have been fulfilled as per Production Sharing Contract (PSC). Based on the results of first exploratory well drilled in CY/ONN/2002/2 in Phase II, consortium has entered into exploration Phase III. Two exploratory wells have been drilled in this block in Phase III, during the year.

BPRL has PI of 10% in deep water (off shore) Blocks KG-DWN-2004/2, KG-DWN-2004/5, PI of 20% in Cauvery onland Blocks CY-ONN-2004/1, CY-ONN-2004/2 and PI of 11.11% in on land Block RJ-ONN-2004/1 awarded under NELP VI round. 2D Seismic data acquisition, processing and interpretation have been completed for the two off shore KG blocks.

At present, 3D data acquisition, processing and interpretation is in progress in the KG blocks. Finalization of drilling location, environmental clearance, site preparation for drilling works etc. is under progress in Cauvery & Rajasthan sites. In CY-ONN-2004/2 block, first commitment well has been drilled and second commitment well is under drilling. Drilling of four exploratory wells for Cauvery blocks has been planned during the year 2012-13. Similarly, three commitment wells were drilled in block RJ-ONN-2004/1 and further drilling of fourth commitment well was in progress, during the year.

BPRL has PI of 33.33% in Block RJ-ONN-2005/1 (on land) awarded under NELP VII as Joint Operator with Hindustan Oil Exploration Company Ltd. 2D/3D seismic data has been acquired recently in this block. There is no proposal for any drilling of wells in this block during the year 2012-13.

Further, during the year, BPRL had acquired Participating Interest in two on land blocks in India, under NELP IX Bid round, in which, BPRL is a Joint Operator in Cambay block along with GAIL India Ltd. and as consortium partner in Assam Arakan block with Oil India Ltd. Applications for grant of Petroleum Exploration License (PEL) for both blocks have been submitted to the respective State Governments.

FOREIGN BLOCKS

Australia:

BPRL holds a PI of 8.4% in block WA- 388 P in Australia. An exploratory well (La Rocca) was drilled in May 2011. However, there were no Hydrocarbon shows reported from the well. The post well studies and interpretation weighed in combination with a string of dry wells around the block brought down the prospectivity of the block. Also, the Minimum Work Programme commitments in the block have been completed. Based on the same, BPRL choose not to continue in the block and to withdraw from the permit.

BPRL had 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 by BPRL consortium, but there were no Hydrocarbon shows. After the completion of the committed work for the first three years of the Renewal phase based on post well studies of the Joint venture as well as Consultants, significant risk was identified in block and particularly in the sole identified drilling prospect. Based on these findings, BPRL choose not to continue in the block and to withdraw from the permit. The Operator, M/s PTTEP Australasia and Cosmo Energy have also decided to withdraw from the permit.

BPRL had 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 which was sub-commercial. The work commitments for the current exploration phase have been completed. Based on the post well studies, it was felt that there was significant exploration risks in the block. Hence, it was decided to withdraw from the permit.

BPRL also has a PI of 27.80% in Block EP - 413 (on land) in the Perth basin in consortium with Norwest Energy NL (Operator) and ARC Energy Ltd., Subsidiary of Australia Worldwide Exploration. This block is being explored for Shale. Drilling of an exploratory well has been completed in the year 2011. Testing of cores has been completed and hydraulic stimulation of well is scheduled during the year 2012-13.

United Kingdom:

BPRL has PI of 25% in 48/1b & 2c (offshore UK) in consortium with Premier Oil (Operator), Bridge Energy and Tata Petrodyne Ltd. Drilling of a well (Cobra) in this block has been completed. The flow rates, however, were sub commercial due to low permeability and tight reservoir conditions. Well stimulation studies including fraccing studies/gas export option & a review of project economics is being done by the Operator for the way forward in the block.

INFRASTRUCTURE

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

With the procurement of new advanced seismic interpretation software, 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 engage in the study of data generated from ongoing projects, thereby adding value to the decision making process. This highly scaleable, high performance centralized storage and data backup solutions commissioned by BPRL is comparable to the IT 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.

DIVIDEND

The Directors do not recommend any dividend for the financial year ended 31st March, 2012.

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

As there were no employees drawing specified remuneration, particulars under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, for the year ended 31st March, 2012 are not required to be given.

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.

CITIZENS CHARTER, OFFICIAL LANGUAGE & FULFILLMENT OF SOCIAL OBLIGATIONS, RIGHT TO INFORMATION ACT, 2005

With BPRL having commenced its operations, all possible steps are being taken with regard to Citizens Charter, Official Language implementation and fulfillment of Social Obligations and Right to Information Act, 2005, with the support of parent company.

MEMORANDUM OF UNDERSTANDING WITH BPCL

BPRL had signed a Memorandum of Understanding (MOU) with BPCL for the year 2011-12. BPRL has achieved an "Excellent" performance rating for that year. Subsequently, BPRL has entered into a MOU with BPCL for the year 2012-13.

VIGILANCE

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

SUBSIDIARY COMPANIES

Foreign Subsidiaries / Joint Venture Company

BRAZIL

IBV Brasil Petroleo Limitada, is a joint venture company of subsidiary companies of BPRL and Videocon Industries Limited, in Brazil & holds participating interest in 10 blocks in 4 concessions in offshore Brazil. 9 out of these 10 blocks are operated by Brazil's National Oil Company Petrobras, and 1 block is operated by Anadarko Petroleum Corporation.

During the year, in the Sergipe Alagoas basin (Concession BM-SEAL-11), the Barra discovery well (1-SES-158) was deepened upto a total depth of 6510 meter. During deepening of the well, an oil discovery was made in the Campanian section with a net pay of 18 meters (~ 60 Feet). Post deepening of the well, a successful Drill Stem Test was carried out on the main discovery in Maastrichtian section. The information obtained so far, is sufficient to confirm discovery of a new oil province in the Sergipe Alagoas Basin. An Appraisal Plan for ascertaining the extent of the Barra Discovery was approved by the Brazilian Upstream Regulator, ANP in the month of July 2011. Currently, drilling of appraisal well Barra -1 is in progress.

"Deepwater Metro II", a newly built deepwater drillship has been hired by Petrobras to complete the Minimum Exploration Program in BM-SEAL-11 Consortium. This rig has arrived in Brazil in the month of February 2012 and after completing the Operator's / regulatory acceptance procedures, the rig is drilling exploratory well 'Farfan'.

In BM-SEAL-11 (Block 497) drilling of 1 exploratory well "Capela" (1-SES-160) as per MWP has been completed. The well did not encounter any Hydrocarbon show.

In the Potiguar Basin, BM-POT-16 concession, the first exploratory well "Ararauna" is delayed due to non availability of IBAMA Licenses (Environmental clearances), resulting in redeployment of the Rig "Deepwater Discovery" to BM-SEAL-11 concession. In view of the delay in IBAMA licenses, the Regulator ANP has granted extension equivalent to the quantum of delay in IBAMA Licenses, in the first exploratory period for the two blocks in this concession. IBAMA License is now in place and the "Ararauna" well is expected to be spud in the financial year 2012-13.

In the Campos Basin, BM-C-30 concession, data integration studies have been completed. As part of the Evaluation plan for the Wahoo Discovery, "Wahoo#4" (3-APL-6-ESS) appraisal well was planned to be drilled during end of the year 2011 by the "Blackford Dolphin" Rig. However, due to the delay in rig release from the previous location, drilling of this well has been delayed. The well is now spudded in the month of July 2012. During the year, British Petroleum and Maersk Energy joined the BM-C-30 consortium in place of Devon Energy and SK Energy respectively.

In the Espirito Santos Basin, BM-ES-24/24A concessions, seismic interpretation studies were undertaken and drilling locations for the two committed wells i.e. Grana Padano and Requijiao, as per the MWP of the second exploratory period, have been finalised.

Drilling of exploratory well '"Grana Pedana" has been completed which resulted in the discovery of Heavy oil. Post well studies are in progress. "Requijiao" well is currently under drilling.

MOZAMBIQUE

BPRL Ventures Mozambique B.V., Subsidiary Company of BPRL, incorporated in the Netherlands, holds 10% participating interest in an exploration block in Offshore Area 1, Rovuma Basin on Mozambique. M/s. Anadarko Petroleum Corporation, USA is the Operator of the block. During the year, one exploratory cum appraisal well and five other appraisal wells were drilled.

The exploratory cum appraisal well "Camarao" drilled during the year encountered natural gas in the Miocene sands not encountered in earlier wells. The well also appraised the earlier discoveries by confirming static connectivity with previously announced Windjammer and Lagosta discoveries.

The other five appraisal wells namely "Lagosta 2, 3" and "Barquentine 2,3 and 4" appraised the earlier discoveries in the block and established a complex named Prosperidade which has an estimated 17 to 30+ Trillion Cubic Feet (Tcf) of recoverable natural gas resource.

With discovery of natural gas in two more exploratory wells namely "Golfinho" and "Atum", another significant complex has been identified, which holds 10 to 30 plus Tcf of incremental recoverable natural gas resources. With this discovery and a successful upcoming appraisal programme, the Operator believes that the total estimated natural gas resource so far in the block would be between 30 to 60 Tcf.

Action has been initiated by the Operator for setting up a two train LNG Plant in Mozambique with the flexibility for future expansions. The present focus is on completion of reserve certification and achieve Final Investment Decision by the year end 2013 in order to achieve the first sale of LNG in the year 2018.

INDONESIA

BPRL Ventures Indonesia B.V., Subsidiary Company of BPRL, incorporated in the Netherlands holds 12.5% participating interest in exploration block in Indonesia (in the Nunukan PSC). There has been discovery of oil and natural gas in one exploratory well drilled in the Nunukan Block in Indonesia. Two more wells are proposed to be drilled to appraise the discovery by June 2013.

Indian Subsidiary

Bharat PetroResources JPDA Limited (BPR JPDA), Subsidiary Company of BPRL in India 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), between Australia & East Timor.

Of the two wells drilled in the block, there were indications of presence of hydrocarbon in one well but it was found to be sub-commercial. During the year, the JPDA consortium carried out detailed re-evaluation of the block with a view to finalize the third well location and for mandatory relinquishment.

The activities involved acquisition of 220 sq. kms of 3D seismic data, processing and interpretation of the same followed by detailed fault-seal analysis and generation-migration–entrapment modeling. Additional 3D seismic data from western adjacent block was obtained through data trade and 3D over Bazartete prospect was reprocessed. After detailed deliberations, the prospect Bazartete was agreed upon for drilling the 3rd MWP well. As stipulated by ANP, procurement of long lead items is in progress.

Two areas in the eastern and southern sector of the block, totaling 1871 sq. kms have been identified for mandatory relinquishment, as required by ANP.

Annual Accounts of the Subsidiary Companies

In view of the circular from the Ministry of Corporate Affairs, Balance Sheet, Statement of Profit and Loss and other documents 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 requisite financial information of Subsidiary Companies is also enclosed as Annexure C to the Directors' Report. The Audited 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.
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, 2012 and of the Statement of Profit and Loss 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 S.K.Joshi, resigned from the Board w.e.f. 1st September 2011 on his superannuation of services in BPCL. Dr. S. Mohan, resigned from the Board w.e.f. 1st November 2011 on his superannuation of services in BPCL. The Directors have placed on record their deep appreciation and gratitude for the most valuable contributions made by Shri S.K.Joshi and Dr S. Mohan, in the deliberations of the Board / Audit Committee meetings and for the guidance and the support provided by them for the development and progress of the business of the Company, during their tenure.

Shri S. Varadarajan was appointed as Additional Director w.e.f. 19th September 2011. Shri B.K.Datta, was appointed as Additional Director w.e.f. 14th November 2011. Being Additional Directors, they hold office upto the date of the Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956 from a member proposing their names 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.Varadarajan and Shri B.K.Datta 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 G.M.Kapadia & Co, Chartered Accountants were appointed as Statutory Auditors of BPRL for the financial year ended 31^{st} March, 2012, 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 C&AG has communicated the appointment of the said firm as Statutory Auditors of BPRL for the financial year ending 2012-13.

M/s Borkar & Muzumdar, Chartered Accountants, were appointed to carry out internal audit covering specific areas. The Internal Auditors have not reported any significant findings.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORTION, 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 of the Foreign blocks. BPRL is a joint Operator in Block in Rajasthan, where BPRL is not directly involved in the execution of works related to the 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	₹ 159.75 lakh
Foreign Exchange Outgo	₹ 256.21 lakh

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, and 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 : 7^{th} August, 2012
Place: Mumbai

Annexure - A

Report on Corporate Governance

1. Company's philosophy on Code of Governance

Bharat PetroResources Ltd'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, 2012, BPRL Board comprised of one Whole-time Director(Managing Director) and three Part-time Directors. The Company has approached the Govt. of India for the nomination of two Independent Directors of Bharat Petroleum Corporation Ltd. (BPCL) 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 DPE guidelines on corporate governance, across all the companies in which they were Directors.

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

Board Meetings

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

23rd May, 2011	27th June, 2011	27th July, 2011	16th Aug, 2011	7th Sept, 2011
7th Oct, 2011	24th Nov, 2011	2nd Feb, 2012	19th Mar, 2012	

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 are 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. The quorum for the meeting of the Committee is two members. Shri R.K.Singh chairs all the meetings of the Audit Committee. Shri S.K.Joshi and Dr. S. Mohan ceased to be members of Audit Committee w.e.f. 1st September, 2011 and 1st November 2011, respectively. Shri S. Varadarajan and Shri B.K.Datta were appointed as members of Audit Committee w.e.f. 19th September 2011 and 14th November 2011, respectively. Shri S. Varadarajan 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 meetings of the Audit Committee held during the financial year on the following dates:-

23rd May, 2011	27th June, 2011	27th July, 2011	7th Oct, 2011
24th Nov, 2011	2nd Feb, 2012	19th Mar, 2012	

The attendance of the members is given below:-

Name of Member	**No of meetings attended**
Shri R.K. Singh	6 (out of 7 meetings)
Shri S.K. Joshi	3(out of 3 meetings held during his tenure)
Dr. S. Mohan	4 (out of 4 meetings held during his tenure)
Shri S. Varadarajan	4 (out of 4 meetings held during his tenure)
Shri B.K. Datta	3 (out of 3 meetings held during his tenure)

The Audit Committee has reviewed the quarterly, half yearly & annual financial statements for the financial year 2011-12.

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 ₹ 37,30,912 during the financial year 2011-12. The details are as follows:

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	37,30,912	35,78,044	1,52,868

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 General Meetings (AGM) for last three years**

Date and Time of the meeting	Venue
6th July, 2009 at 11.30 a.m.	Registered office at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001
13th August, 2010 at 4.00 p.m.	
29th August, 2011 at 11.30 a.m.	

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, Managing Director, BPRL 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 (BPR JPDA) and Chairman of Audit Committee in BPR JPDA.

Shri D. Rajkumar was appointed as Additional Director w.e.f. 1st May, 2009. He was further re-appointed 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 re-appointment.

2. **Shri S. Varadarajan**

Shri S. Varadarajan, Director (Finance), BPCL is a member of the Institute of Chartered Accountants of India and member of the Institute of Cost and Works Accountants of India. Prior to his appointment as Director (Finance) in BPCL, he was responsible for the overall Treasury Management, Risk Management, Corporate Accounts, Taxation and Budgeting in BPCL.

In BPCL, he introduced several initiatives such as electronic payment and collection systems, corporate risk charter and risk governance structure, key finance process automation in SAP, etc. In addition to finance in BPCL, he has handled marketing as head of sales for the retail business in southern region of BPCL and also led the corporate strategy team in BPCL. Prior to the same, he was CFO of Bharat Shell Ltd. He is also Chairman of Petronet India Ltd and Petronet CCK Ltd (PCCKL), Director of Bharat Oman Refineries Ltd, Bharat Star Services Pvt Ltd and Bharat Star Services Delhi Pvt Ltd. He is also a member of audit committee in BPRL and PCCKL.

He was appointed as Additional Director on the Board with effect from 19th September 2011. Being, Additional Director, he holds office till 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 as Director of the Company in the AGM.

3. Shri B.K. Datta

Shri B.K. Datta, Director (Refineries), BPCL is a Chemical Engineer. Prior to his appointment as Director (Refineries) in BPCL, he had the distinction of holding key positions in the various functions of the Refinery and of Corporate in BPCL. He also spearheaded commissioning of the DHDS modification units, steering BPCL to being the first in the country to implement BS II Fuel standards. He was also associated with Oil Industry Safety Directorate and Centre for High Technology and has audited 8 Refineries as the Convenor of the team. He is also a Director on Numaligarh Refinery Ltd and Bharat Oman Refineries Ltd.

He was appointed as Additional Director on the Board with effect from 14th November 2011. Being, Additional Director, he holds office till 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 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 Govt. 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 parent Company BPCL, which has its own Whistle Blower policy which covers the employees on deputation, there is no separate Whistle Blower policy for the company.

7. General Shareholders' Information

Annual General Meeting : Date, Time and Venue	Monday, 10th September, 2012 at 1230 hrs at the Registered Office of the Company at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001
Financial Calendar	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 :- **Quarter Ended** — **Date of Board Meeting** Apr-June'2011 — 27th July, 2011 July-Sept'2011 — 7th Oct, 2011 Oct-Dec' 2011 — 2nd Feb, 2012 Audited Results - for the year 2011-12 — 17th May, 2012
Shareholding Pattern	BPCL alongwith its nominees is holding entire paid up equity share capital of 1100,002,670 equity shares of ₹ 10 each in the Company. The said share capital was increased to 1270,002,670 equity shares of ₹ 10 each in the year 2012-13.
Location	**Registered Office** Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001 **Corporate Office** 9th Floor, E Wing, Maker Towers, Cuffe Parade, Mumbai 400005 **Area Office** 1, Ranganathan Garden, 11th Main Road Chennai 600040

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the year 2011-12

Names of the Directors	Academic Qualifications	Attendance out of 9 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
Non-Executive Directors		No.of Meetings Attended	%			
Shri R. K.Singh	B.Tech (Mech)	8	89	Not Attended	Chairman & Managing Director -BPCL Chairman 1) BORL 2) NRL 3) MBM 4) BREL Director 1) PLL	Chairman Audit Committee – BPRL
Shri S. K.Joshi (upto 31.8.2011)	A.C.A. M.B.A.	4	100+	Attended	Chairman 1) BREL 2) BSSPL 3) BSSDPL Director (Finance) – BPCL Director 1) NRL 2) BPR JPDA 3) BORL	Chairman a) Audit Committee 1) BPRL (from 29.8.2011 to 30.8.2011) 2) BPR JPDA Member a) Audit Committee 1) BPRL 2) NRL b) Investors Grievance Committee 1) BPCL 2) BORL
Dr. S. Mohan (upto 31.10.2011)	B.E (Hons) Mech, M.B.A. PhD	6	100+	N A	Chairman 1) PIL 2) PCKL Director (Human Resources) - BPCL Director - BORL	Member : a) Audit Committee 1) BPRL
Shri S. Varadarajan (w.e.f. 19.9.2011)	A.C.A., A.I.C.W.A.	4	100+	N A	Chairman 1) PIL 2) PCKL Director (Finance) - BPCL Director 1) BORL 2) BSSPL 3) BSSDPL	Member a) Audit Committee 1) BPRL 2) PCKL b) Investors Grievance Committee 1) BPCL
Shri B.K.Datta (w.e.f. 14.11.2011)	B.E. (Chem)	3	100+	N A	Director (Refineries) – BPCL Director 1) NRL 2) BORL	Member a) Audit Committee 1) BPRL
Executive Director						
Shri D. Rajkumar Managing director	B.Tech (Elect) PGDM from I.I.M.	9	100	Attended	Director 1)BPR JPDA	Audit Committee 1) BPR JPDA Member (upto 31.8.2011) Chairman (w.e.f. 1.9.2011)

BPCL : Bharat Petroleum Corporation Ltd, NRL : Numaligarh Refinery Limited, PLL: Petronet LNG Limited, BORL : Bharat Oman Refineries Limited, BPR JPDA: Bharat PetroResources JPDA Ltd, BSSPL : Bharat Stars Services Pvt Ltd, BSSDPL : Bharat Stars Services (Delhi) Pvt Ltd, BREL : Bharat Renewable Energy Ltd, MBM : Matrix Bharat Marine Services Pvt Ltd, PIL : Petronet India Ltd : PCKL : Petronet CCK Ltd, BPRL: Bharat PetroResources Ltd

+ indicates percentage computed by considering the meetings attended with the total meetings held during the tenure.

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, 2012.

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

Place : Mumbai
Date: 25th June, 2012

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, 2012

The preparation of financial statements of Bharat PetroResources Limited for the year ended 31st March, 2012 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 17th May, 2012.

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, 2012. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comments 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/-
Parama Sen
Principal Director of Commercial Audit
& ex-officio Member Audit Board II,
Mumbai

Place : Mumbai

Date : 11th July, 2012

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, 2012 and the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with 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 of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Attention is invited to Note no. 19 regarding incorporation of details about the Company's share in assets, liabilities, income and expense in the operations of the joint venture based on the audited/unaudited statements received from the respective operators. In these regards, it has been observed that:

   - Total assets, liabilities, income and expenses relating to all the joint ventures amounts to ₹ 47,262.27 lacs, ₹ 8,551.30 lacs, ₹ 14.25 lacs and ₹ 1,479.85 lacs respectively;

   - Out of the above, in case of eight blocks, no audited statements have been received by the Company. Total assets, liabilities, income and expenses in respect of these eight blocks, amounts to ₹ 30,695.36 lacs, ₹ 8,083.98 lacs, ₹ 1.37 lacs and ₹ 742.21 lacs respectively;

   - The audited statements referred above are prepared, as stated therein, to meet requirements of production sharing contracts and are special purpose statement;

   - All the statements, audited as well as unaudited are not drawn up in the format prescribed under Schedule VI to the Companies Act, 1956;

- Some of the Operators use accounting policies other than those adopted by the Company for like transactions. The Company has made appropriate adjustments while incorporating relevant data; and
- No break up of assets and liabilities is available in respect of one block where the Company has invested ₹ 2,001 lacs.
- To realign the accounting periods of all the joint ventures with the financial year of the Company, the Company has considered its share in the income and expenses of such joint ventures for the period 1st January, 2011 to 31st March, 2012 and their assets and liabilities as on 31st March, 2012 as against the past practise of considering the year ending on 31st December and the assets and liabilities as on that date. Accordingly, the figures for the previous year to that extent are not comparable.

The Company's proportionate share in jointly controlled assets, liabilities for which the Company is jointly responsible, Company's proportionate share of income and expenses for the year, the elements making up the Cash Flow Statement and related disclosures contained in the enclosed financial statements and our observations thereon are based on such audit reports and statements from the operators to the extent available with the Company.

5. We state that the audit of the Company in the previous year was carried out by other firm of Auditor. The opening balances of the year, of the Company were provided by the management and accepted by us.

6. Further to our comments in para 4 and 5 above and in the Annexure referred to in paragraph 3 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 said books;

   (iii) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement, dealt with in this report comply with the requirements of the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;

   (v) As per Notification no: GSR 829(E) dated October 21,2003, the Government Companies are exempted from the provisions of clause 274(1)(g) of the Act, accordingly, we are not required to report whether any directors are disqualified in terms of provisions contained in the said section;

(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 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 31st March, 2012;

(b) In the case of the Statement of Profit and Loss , 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 year ended on that date.

For G. M. KAPADIA & Co.
Chartered Accountants
Firm Regn No. 104767W

Sd/-
RAJEN ASHAR
Partner
Membership No. 48243

Place: Mumbai
Date: 17th May, 2012

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in paragraph 3 of our report of even date,

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets. These details are computerised and are available in the accounting package namely SAP used by the Company.

(b) As informed to us, the fixed assets have been physically verified by the management during the year at reasonable intervals. We have been further informed that no material discrepancies were noticed on such verification by the management between the book records and physical verification..

(c) During the year, the Company has not disposed off a substantial part of the fixed asset.

(d) However, with regard to the expenditure incurred by the company on exploration and production of Oil/Gas considered as capital work in progress, 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 subclause (a) regarding physical verification of stock (b) regarding procedure of physical verification, sub clause (c) regarding material discrepancies on physical verification of stocks, of clause 4 (ii) are not applicable to the Company.

iii The Company has not granted or taken any loans 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) regarding has the company granted any loans, secured or unsecured to companies, firms or other parties, (b) regarding the rate of interest and other terms and conditions given by the Company, (c) regarding the payment of the principle amount and interest, (d) regarding if overdue amount is more than one lakh, (e) regarding has the company taken any loans, secured or unsecured from companies, firms or other parties, (f) regarding the rate of interest and other terms and conditions taken by the Company and (g) regarding payment of the principal amount and interest are regular 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,the Company has an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of fixed assets. During the course of our audit, we have not observed any major weakness in such internal control.

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.

vi. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public and accordingly the provisions contained in the Sections 58A and 58AA of the Act and the Rules there under are not applicable to the Company in this regards.

vii The Company has appointed a firm of Chartered Accountants to carry out the internal audit of the head office functions. In addition, the management deputes internal team in a phased manner to verify the billing statements received from the Operators. In our opinion, such internal audit is adequate commensurate with its size and nature of its business.

viii During the year, the Ministry of Corporate Affairs has notified the Cost Accounting Records(Petroleum Industry) Rules, 2011. As stated in note no. 31, the Company has sought a clarification from the Ministry of Corporate Affairs with respect to applicability of this Rule to the Company and the same is awaited. Pending such clarification, we are unable to comment on the maintenance of such records by the Company.

ix a) According to the information and explanations given to us and according to the the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues, wherever applicable. According to the information and explanation given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31st March 2012 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's accumulated loss at the end of the financial year is not more than fifty per cent of net worth of the Company. The Company has incurred cash loss during the year, and during the immediately preceding 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.

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 and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause are 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 Cash Flow Statement and other records examined by us and the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been utilized 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 Act during the year. Hence the question of reporting under clause 4 (xviii) of the Order regarding whether the price at which shares have been issued is prejudicial to the interest of the company does not arise.

xix The Company has not issued any debentures hence the question of reporting under clause 4 (xix) of the Order regarding creation of securities or charge does not arise.

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 fraud (i.e. intentional material misstatements resulting from fraudulent financial reporting and misappropriation of assets) on or by the company has been noticed or reported during the year by the Company.

For G.M. KAPADIA & Co.
Chartered Accountants
Firm No. 104767W

Sd/-
RAJEN ASHAR
(Partner)
Membership No. 48243

Place: Mumbai
Date: 17th May, 2012.

BALANCE SHEET AS AT MARCH 31, 2012

	Particulars	Note no.	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
I	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**			
	(a) Share Capital	2	110,000.27	110,000.27
	(b) Reserves & Surplus	3	(16,495.77)	(7,601.34)
	(c) Money received against share warrants		–	–
			93,504.50	**102,398.93**
(2)	**Share application money pending allotment**	4	12,000.00	–
(3)	**Non-current liabilities**			
	(a) Long-term borrowings (Refer Note 27)	5	78,685.00	63,510.00
	(b) Trade payables		–	–
	(c) Deferred tax liabilities (Net)	32	–	–
	(d) Other Long term liabilities		–	–
	(e) Long-term provisions		–	–
			78,685.00	**63,510.00**
(4)	**Current liabilities**			
	(a) Short-term borrowings		–	–
	(b) Trade payables		–	–
	(c) Other current liabilities	6	9,208.45	876.04
	(d) Short-term provisions	7	5.12	–
			9,213.57	**876.04**
	TOTAL		**193,403.07**	**166,784.98**
II	**ASSETS**			
(1)	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	8	105.74	126.28
	(ii) Intangible assets	8	297.39	419.01
	(iii) Capital work-in-progress	9	41,913.54	22,756.26
	(b) Non-current investments	10	142,552.56	130,464.21
	(c) Long-term loans and advances	11	7,465.16	12,707.50
			192,334.39	**166,473.25**
(2)	**Current assets**			
	(a) Cash and cash equivalents	12	451.94	108.97
	(b) Other current assets	13	616.74	202.76
			1,068.68	**311.73**
	TOTAL		**193,403.07**	**166,784.98**

Statement of Significant Accounting Policies 1
Notes forming part of Accounts 1-34

For and on behalf of the Board of Directors

Sd/-
S. Varadarajan
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

As per our attached report of even date
For and on behalf of
G.M. Kapadia & Co.
Chartered Accountants

Sd/-
Rajen Ashar
Partner

Place: Mumbai
Dated: May 17, 2012

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Notes	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
I	Other Income	14	181.38	66.90
II	**Total Revenue**		**181.38**	**66.90**
III	Expenses:			
	Deputed Employee benefits expenditures	15	812.94	565.61
	Write off on Farm out		–	146.15
	Provision for CWIP		3,000.00	–
	Depreciation and amortization expenses	8	148.60	60.47
	Other expenses	16	5,114.27	1,192.90
	Total expenses		**9,075.81**	**1,965.13**
IV	**Profit (Loss) before tax (II - III)**		**(8,894.43)**	**(1,898.23)**
V	Tax Expense:			
	(i) Current tax		–	–
	(ii) Deferred Tax		–	–
	(iiii) Short provision of current tax relating to earlier years		–	–
VI	**Profit (Loss) for the period from continuing operations (IV-V)**		**(8,894.43)**	**(1,898.23)**
VII	Profit (Loss) from discontinuing operations		–	–
VIII	Tax expense of discountinuing operations		–	–
IX	**Profit (Loss) from discontinuing operations (after tax) (VII-VIII)**		–	–
X	**Profit / (Loss) for the period (IV+IX)**		**(8,894.43)**	**(1,898.23)**
XI	**Earnings per share**			
	(i) Basic		(0.76)	(0.27)
	(ii) Diluted		(0.76)	(0.27)

Statement of Significant Accounting Policies	1
Notes forming part of Accounts	1-34

For and on behalf of the Board of Directors

Sd/-
S. Varadarajan
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Dated: May 17, 2012

As per our attached report of even date
For and on behalf of
G.M. Kapadia & Co.
Chartered Accountants

Sd/-
Rajen Ashar
Partner

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 1: 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 Companies (Accounting standard) Rules, 2006 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 statement in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of the assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates Difference between actual results and estimates are recognized in the period in which the results get materialized.

3) OPERATING CYCLE

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Since the Company is in the exploration stage, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

4) OIL AND NATURAL GAS PRODUCING ACTIVITIES

4.1 The Company follows the "Full Cost" method of accounting in respect of its oil and natural gas exploration and production activities read with the guidance note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India. 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.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

5) <u>FIXED ASSETS</u>

5.1 INTANGIBLE ASSETS

5.1.1 Expenditure incurred for creating/acquiring intangible assets of ₹ 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.

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

5.2 TANGIBLE ASSETS

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

6) IMPAIRMENT OF ASSETS

According to Accounting Standard – 28 "Impairment of Assets" issued by the Companies (Accounting standard) Rules, 2006, 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.

7) DEPRECIATION

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

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

7.3 Depreciation on fixed assets other than mentioned in 7.2 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.

8) REVENUE RECOGNITION

- Revenue in respect of interest on deposit is recognised on accrued basis.
- Liquidated Damages for delay in execution of contracts/supplies are accounted for as per the terms of the contracts and are recognized as income in the year of deduction.

9) INVESTMENTS

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

9.2 According to AS – 13 issued by 'Institute of Chartered Accountants of India', 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.

10) JOINT VENTURES

The Company has Joint Ventures in the nature of Production Sharing Contracts (PSC) with the Government of India and various bodies corporate for exploration, development and production activities.

The income, expenditure, assets and liabilities of the Jointly Controlled Assets are merged on line by line basis according to the participating interest with the similar items in the Financial Statements of the Company.

11) FOREIGN CURRENCY TRANSACTIONS

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

11.2 According to Accounting Standard – 11 The Effects of Changes in Foreign Exchange Rates issued by the Companies (Accounting standard) Rules, 2006, 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.

12) PRELIMINARY EXPENSES

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

13) PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

13.1 According to Accounting Standard– 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Companies (Accounting standard) Rules, 2006, 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.

13.2 Disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources.

13.3 Capital commitments and Contingent liabilities disclosed are those which exceed ₹ 100 thousands in each case.

13.4 Show cause notices issued by various Government authorities are considered for the evaluation of Contingent liabilities only when converted into demand.

14) TAXES ON INCOME

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

14.2 According to Accounting Standard – 22 "Accounting for Taxes on Income" issued by the Companies (Accounting standard) Rules, 2006 , 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.

15) CLASSIFICATION OF INCOME/EXPENSES

Being not material:

15.1 Prepaid expenses up to ₹ 10 thousands in each case are charged to revenue as and when incurred.

15.2 Liabilities for expenses are provided for only if the amount exceeds ₹ 10 thousands in each case.

15.3 Acquisition cost which cannot be assigned/ identified to particular block is expensed during the year.

	Note '2' - SHARE CAPITAL	As at 31 March, 2012		As at 31 March, 2011	
	Equity Share Capital	**Number of shares**	**₹ Lakhs**	**Number of shares**	**₹ Lakhs**
i	**Authorised**				
	Equity shares of ₹ 10 each with voting rights *	3,000,000,000	300,000	3,000,000,000	300,000
	Total	**3,000,000,000**	**300,000**	**3,000,000,000**	**300,000**
ii	**Issued, subscribed and paid-up Capital:**				
	Issued and Subscribed Capital:				
	Equity shares of ₹ 10 each fully paid-up with voting rights *	1,220,002,670	122,000.27	1,100,002,670	110,000.27
	Paid up Capital:				
	Equity shares of ₹ 10 each fully paid-up with voting rights *	1,100,002,670	110,000.27	1,100,002,670	110,000.27
	Total	**1,100,002,670**	**110,000.27**	**1,100,002,670**	**110,000.27**
iii	**Par value of equity shares:**		**₹ 10 each**		₹ 10 each
iv	**No. of shares outstanding**				
	Equity shares of ₹ 10 each fully paid-up				
	As at beginning of the year	1,100,002,670	110,000.27	702,552,670	70,255.27
	Issued during the year	–	–	397,450,000	39,745.00
	As at the year end	**1,100,002,670**	**1,100,002,670**	**1,100,002,670**	**110,000.27**
v	**Shareholders holding more than 5% shares**				**No. of Shares**
	Name of shareholder	**% holding**	**31st March 2012**	**% holding**	**31st March 2011**
	Bharat Petroleum Corporation Ltd	100% #	1,100,002,610	100% #	1,100,002,610
vi	**Shareholders held by Holding Company**				No. of Shares
	Name of shareholder		**31st March 2012**		**31st March 2011**
	Bharat Petroleum Corporation Ltd.	100% #	1,100,002,610	100% #	1,100,002,610

\# 60 shares held by others

* The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.

In the event of liquidition fo the Company, the holders of equity share will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note '3' - RESERVES & SURPLUS	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Surplus (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	(7,601.34)	**(5,703.10)**
Profit / (loss) for the year	(8,894.43)	**(1,898.24)**
As at 31st March	**(16,495.77)**	**(7,601.34)**

Note '4' - Share application money pending allotment	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Share application money pending allotment	12,000.00	-
Total	**12,000.00**	**-**

During the current year,pursuant to an invitation to offer shares, the Company has received an amount of ₹ 12,000 lakhs towards share application money for 1,200 lakhs equity shares from its Holding Company (As at 31 March, 2011 ₹ NIL). As per the terms of issue, shares will be issued at par value and there is no specific time limit for allotment mentioned in the offer.The allotment of the shares will be made in due course as per the decision of the Board. The Company has sufficient authorised capital to cover the allotment of these shares.

Note '5' - Long-term borrowings	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Unsecured		
Term Loan from Parent Company	**78,685.00**	**63,510.00**
Total	**78,685.00**	**63,510.00**

Terms & Repayment Schedule of Term Loans:

Loans & Borrowings	Book value as on 31st March,2012	Book value as on 31st Mar,2011	Date of Maturity	Rate of Interest (%)
Loan from Parent Company	78,685.00	63,510.00	15 years from date of drawing the loan	0.00%

Note '6 - Other current liabilities	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Due to Holding Company	513.18	686.31
Due to Operator	22.55	15.61
Other Payables:		
(i) Payable for Legal and Professional fees	42.00	20.76
(ii) Payable for Contract Services	41.19	–
(iii) Payable for Purchase of Assets	33.01	139.82
(iv) Trade / security deposits received	4.30	–
(v) Stautory Dues Payable	6.04	13.54
In respect of Joint ventures:		
(i) Payable for Contract Supplies/works	8,546.18	–
Total	**9,208.45**	**876.04**

Note '7 - Short Term Provisions

	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Provision for abandonment (in respect of Joint Venture)	5.12	–
Total	**5.12**	**–**

Note '8' - Tangible and Intangible assets

₹ Lakhs ₹ Lakhs

	PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		AS AT 1/4/2011	ADDITIONS	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFI-CATIONS	AS AT 31/03/2012	UPTO 31/03/2011	This Period	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFI-CATIONS	UPTO 31/03/2012	AS AT 31/03/2012	AS AT 31/03/2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Tangible Assets										
1	Plant and Equipment	137.38	3.36	-	140.74	27.34	20.14	-	47.48	93.26	110.04
2	Office Equipments	26.35	3.08	-	29.43	10.11	6.84		16.95	12.48	16.24
	TOTAL	**163.73**	**6.44**	-	**170.17**	**37.45**	**26.98**	**-**	**64.43**	**105.74**	**126.28**
	PREVIOUS YEAR (2010-11)	50.08	113.64	-	163.72	20.34	17.10		37.45	126.27	29.74
	Intangible Assets										
1	Computer Software	499.85	-	-	499.85	80.84	121.62	-	202.46	297.39	419.01
	TOTAL	**499.85**	**-**	**-**	**499.85**	**80.84**	**121.62**	**-**	**202.46**	**297.39**	**419.01**
	PREVIOUS YEAR (2010-11)	144.92	354.93		499.85	37.47	43.37		80.84	419.01	107.45
	TOTAL	**663.58**	**6.44**	**-**	**670.02**	**118.29**	**148.60**	**-**	**266.90**	**403.13**	**545.29**
	PREVIOUS YEAR (2010-11)	195.00	468.57	-	663.57	57.82	60.47	-	118.29	545.28	137.18

Note '9' - Capital Work-In-Progress	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
<u>Capital work-in-progress (at cost)</u>		
Acquisition Cost	2,254.61	829.75
Exploration Cost		
- Geological & Geophysical Cost	14,407.42	12,386.27
- Drilling Cost	28,223.15	9,540.23
	44,885.18	**22,756.26**
Less: Provision for CWIP	(3,000.00)	-
	41,885.18	**22,756.26**
Add: Video Conference Equipments and Accessories	28.36	-
Total	**41,913.54**	**22,756.26**

	Note '10' - Non-Current Investments	No. of Shares	Face Value	Book Value 31/03/2012 ₹ Lakhs	Book Value 31/03/2011 ₹ Lakhs
(a)	**Unquoted Trade Investments (At cost):**				
	Investment in equity instruments of subsidiaries				
1	BPRL International B.V	**220,480,394**	Euro 1	**141,052.56**	**128,964.21**
		(200,179,394)	(Euro 1)		
2	Bharat Petroresources JPDA Ltd	**15,000,000**	**₹ 10**	**1,500.00**	**1,500.00**
		(15,000,000)	(₹ 10)		
	Total			**142,552.56**	**130,464.21**

Figures in Bracket represents Previous years Figures

	31/03/2012 ₹ Lakhs	31/03/2011 ₹ Lakhs
Aggregate Value of Quoted Investments	-	-
Market Value of Quoted Investements	-	-
Aggregate Value of Unquoted Investments	**142,552.56**	**130,464.21**

	Note '11' - Long term Loans and Advances (Unsecured, Considered good unless otherwise stated)	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
(a)	Capital advances	17.34	5,894.34
(b)	Security Deposit	1.00	
(c)	**Loans and advances to subsidiaries**		
	Bharat Petroresources JPDA Ltd	7,445.17	6,813.15
(d)	In respect of Joint Venture		
	- Petroleum Exploration Licence Deposit	1.21	–
	- Interest Accurred and due on above deposit	0.44	–
	Total	**7,465.16**	**12,707.50**

Note '12' - Cash and cash equivalents	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Cash on Hand		–
With Scheduled banks :		
In current accounts	250.61	71.75
In deposit accounts # (Maturity within 3 months)	10.00	–
Other Deposits with Bank # (Original maturity of more than 12 months)	–	10.00
With Bank in Current Accounts* (in respect of Joint ventures)	191.33	27.21
Total	**451.94**	**108.97**

* Earmarked for Joint Venture Operations

Lien of Ministry of Petroleum and Natural Gas

Note '13' - Other current assets	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Prepaid Expense	120.40	152.71
In Respect of Joint Venture:		
Prepaid Expenses	43.22	
Consumables	31.99	
Receivable from other Joint Venture partners	421.13	-
Pre-incorporation Expenses	-	50.05
Total	**616.74**	**202.76**

Note '14' - Other Income	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
Interest Income		
Interest Income on refund of Cash Calls / Deposits	0.99	0.15
Gain/Loss on sale of Investments		
Profit on Sale of Investment	–	25.23
Liability no longer payable written back	2.44	–
Other Non-operating Income		
Liquidated damages retained	3.95	12.78
Foreign Exchange fluctuations (net)	159.75	28.74
Share of Interest Income in Joint Venture	14.25	–
Total	**181.38**	**66.90**

Note '15' - Deputed Employee benefits expenditures (Refer Note 20)	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
Salaries and wages	756.04	524.42
Payment to Parent Company towards Provident fund	32.22	24.92
Payment to Parent Company towards gratuity	13.35	10.06
Welfare expenses	11.33	6.20
Total	**812.94**	**565.61**

Note '16' - Other expenses	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
Repairs and maintenance :		
Machinery	24.16	21.80
Building	–	–
Others	1.22	2.50
Insurance	0.39	9.49
Rates and taxes	36.53	26.56
Legal and Professional Fees	466.28	235.96
Share in Operators Expenditure	1,479.85	466.21
Project cost Charged off (Refer Note 17 (c))	1,687.79	17.68
Travelling and Conveyance	166.50	189.81
Advertisement	0.73	6.56
Liquidated Damages Paid	883.42	–
Bank Charges	255.61	86.90
Printing & Stationery	10.45	15.39
Telephone, Telex, Cables, Postage,etc.	6.20	8.63
Bid Related Expenditure	0.81	20.45
Electricity Charges	17.27	15.47
Business Promotion Expenses	9.27	7.63
Security Expenses	4.77	3.52
Other Expenses	7.10	2.46
Remuneration to auditors:		
Audit fees	5.62	5.30
Fees for other services-certification	0.25	0.50
Preliminary Expenditure	50.05	50.05
Total	**5,114.27**	**1,192.90**

Notes forming part of accounts (Notes No. 17 to 34)

17) The Company was incorporated as a 100% subsidiary of Bharat Petroleum Corporation Limited (BPCL) to focus on Exploration and Production Activities. The Board of Directors of BPCL approved the transfer of Exploration and Production assets, liabilities and investments along with the commitments and expenditure, through the assignment of its participating interests to the Company, in respect of Blocks awarded to it under NELP –IV and NELP VI rounds in India as well as in respect of Blocks WA/388P, AC/P32 and 481b & 2c held by it outside India. The Board of Directors of the Company approved the assignment from BPCL to the Company. The deed of assignment has already been executed in the name of the Company for all the blocks except for RJ/ONN/2004/1 for which application is pending with Management Committee and Directorate General of Hydrocarbons (DGH). Details of the blocks as on 31.03.2012 are as under:

Name	Country	Participating Interest of BPRL	
		31.03.2012	31.03.2011
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 (a)	India	25%	25.00%
NELP – IX			
CB/ONN/2010/11	India	25%	-
AA/ONN/2010/3	India	20%	-
Blocks outside India			
WA/388/P (b)	Australia	8.40%	8.40%
AC/P32 (b)	Australia	20.00%	20.00%
48/1b & 2c – North Sea	U.K.	25.00%	25.00%
TP-15 (c)	Australia	0.00%	50.00%
EP-413	Australia	27.80%	27.80%

(a) Based on Operating Committee resolution dated 24th March, 2010 the participating interest of a defaulting party was to be shared by the remaining parties in equal share, in accordance with the provisions of Production Sharing Contract and Joint Operating Agreement. Accordingly, participating interest of the Company in the block is 33.33%. Pending approval from Directorate General of Hydrocarbon and Ministry of Petroleum & Natural Gas, the Company has considered only 25.00% share of the block in the financial statements.

(b) After the completion of the committed work Programme in AC/P 32 block, Browse Basin and WA 388P block in Carnarvon Basin, post well studies and analysis was conducted by the Joint ventures'. Based on the findings of the study, the management has decided not to continue with further activities in the block and has taken a decision to withdraw from the permit. In view of the above, the management has provided. ₹ 3,000 (lacs) being the cost incurred on such blocks in the financial statements for the year.

(c) On completion of Minimum Work Programme Commitments, and based on analysis of seismic and well drilling results indicating poor prospectively, as assessed by the Management, the Company with effect from 29th November, 2011 has withdrawn from the permit in respect of TP- 15 block, Perth Basin. Consequently an amount of ₹ 1,687.79 (lacs) has been written off to the profit and loss account in the financial statements for the year.

18) The Company requires significant amounts of funds to carry on its operations. The recovery of funds invested is subject to the success of exploration activities leading to monetization. BPCL has been extending financial support to the Company to meet its obligation under product sharing contracts and for other activities, as required, and is committed to provide the necessary level of financial support, to enable the Company to continue as a going concern.

19) 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.

The Company's share of assets, liabilities, income and expenses in the Joint Ventures as furnished by the operator has been incorporated in the financial statements as given below:

(₹ in Lacs)

		31st March, 2012	31st March, 2011
1	Cash and Bank Balances	1,91.32	27.21
2	Current Assets	4,96.33	NIL
3	Capital Work in Progress	46,572.97	22,902.41
4	Non-Current Assets	1.65	NIL
5	Liabilities	85,51.30	NIL
6	Income	14.25	41.52
7	Expenses	14,79.85	4,83.90

- Production sharing contract in respect of two Indian blocks have been signed with the Government of India on 28th March, 2012, where activities are yet to commence.
- The Company has received the audited financial statements as at March 2012 of seven Joint venture blocks out of the remaining nine Indian blocks where the Company has a participating interest. In respect of such blocks, the Company has incorporated its share in assets, liabilities, income and expenditure in the

financial statements based on audited statements. In respect of one joint venture block the Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements as on 31st March, 2012 and in respect of the remaining block income/expenses has been accounted upto 31st March, 2012 based on billing statements.

- In respect of balance five Joint Ventures blocks outside India:
  - the assets, liabilities, income and expenditure in respect of four joint venture blocks have been incorporated on the basis of unaudited financial statements as on 31st March, 2012.
  - The Company is yet to receive the billing statements for the block 48/1b & 2c – North Sea for the period January 2012 to March 2012. For the purpose of the Company share, the Company has considered the billing statements upto December 2011 in respect of the said block. In view of the management, this would not have any material impact on the financial statements.
- During the previous year the financial statements had been drawn up incorporating the Company shares in joint ventures for the period of 12 months ended December 2010. The details of assets and liabilities were reported based on the details available with the Company. For the current year, the management has considered the 15 month period i.e. from January 2011 to March 2012 (except as stated above) for incorporating the income and expenses. Accordingly the figures for the previous year are not comparable.

20) Employee Benefits:

All employees of the Company are on deputation from Bharat Petroleum Corporation Limited (BPCL). Expenditure under the head "Deputed employee benefits expenditure" represent the amount charged by BPCL vide various debit notes to the Company. Such debit notes include debit notes for the Company's share of the employee benefits including retirement benefits towards Provident Fund, Gratuity and Leave Encashment, The details of expenses debited to the profit and loss account are as under:

(₹ in Lacs)

Sr No	Particulars	For the year 2011-12	For the year 2010-11
1	Provident Fund	32.22	24.92
2	Gratuity	13.35	10.06
3	Leave encashment	26.16	19.79
	Total	**71.73**	**54.77**

In view of the above, the management is of the view that no additional disclosure is required in terms of Accounting Standard 15 on "Employee Benefits" issued by the Companies Accounting Standard Rules 2006.

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

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

Particulars		**2011-12**	**2010-11**
Net profit/ (loss) after tax	₹ in Lacs	**(88,94.45)**	**(18,98.23)**
Weighted average equity shares outstanding during the period	Nos.	**1,16,63,27,807**	**70,47,30,478**
Basic earnings per equity share	₹	**(0.76)**	**(0.27)**
Diluted earnings per equity share	₹	**(0.76)**	**(0.27)**

Calculation of Weighted Average number of equity shares:

Particulars	**31st March 2012**	**31st March 2011**
Shares existing at the beginning of the year	1,10,00,02,670	70,25,52,670
Shares issued and allotted during the year	Nil	39,74,50,000
Shares issued for which application money were received during the year (Pending Allotment refer note 3)	12,00,00,000	Nil
Weighted Average Number of shares issued during the year	6,63,25,137	21,77,808
Weighted Average Number of shares for EPS Calculation	1,16,63,27,807	70,47,30,478

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

1) Name of related parties and description of relationship

a) Subsidiaries : i) BPRL International B.V.

ii) Bharat Petro Resources JPDA Ltd

b) Joint Venture/Jointly Controlled Entities : IBV Brasil Petroleo Private Ltda.

c) Key Management Personnel : Shri D. Rajkumar (Managing Director)

2) Details of Transactions:

a) Bharat Petroresources International BV

(₹ in Lacs)

	2011-12	2010-11
Equity Contribution	**120,88.36**	603,28.978

b) Bharat Petro Resources JPDA Ltd

(₹ in Lacs)

	2011-12	2010-11
Equity Contribution	**NIL**	10,00.00
Loans and advances to Subsidiary Company	**6,32. 02**	NIL

c) IBV Brasil Petroleo Pvt Ltda : **No Transactions**

d) Key Management Personnel

Shri. D.Rajkumar

Managerial Remuneration

(₹ in Lacs)

	2011-12	2010-11
Salary and allowances	**25.30**	18.81
Contribution to Provident Fund and other funds	**10.48**	2.12
Other benefits	**1.53**	14.24
Total	**37.31**	35.17

In terms of para 9 of Accounting Standard 18 on Related Party Disclosures, no disclosure in the financial statements have been made for transactions with the Company and other related party relationships with other state-controlled enterprises

23) Expenditure incurred by BPCL on behalf of the Company is accounted for on the basis of the debit notes raised by BPCL. Supporting documents for such debit notes are available with BPCL.

24) Segment Information

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 Companies Accounting Standard Rules 2006. The segment information is as under:

(₹ in Lacs)

	Within India		**Outside India**		**Total**	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Revenue						
External Revenue	**-**	-	**-**	-	**-**	-
Inter Segment Revenue						
Total Revenue	**-**	-	**-**	-	**-**	-
Result						
Segment Results	**(2,220.02)**	(357.25)	**(4,831.04)**	(255.11)	**(7,051.06)**	(612.36)
Unallocated Corporate Expenses					**(2,024.75)**	(1,352.77)
Operating Profit					**(9,075.81)**	(1,965.13)
Add: Interest & Other Income	**14.79**	12.93	**162.61**	53.97	**177.39**	66.90
Unallocated Corporate Income	**-**	-	**-**	-	**3.99**	-
					181.38	66.90
Profit after Tax	**(2,205.23)**	(344.32)	**(4,668.43)**	(201.14)	**(8,894.43)**	(1,898.23)
Other Information						
Segment Assets	**34,766.93**	18,646.79	**7,824.89**	10,031.02	**42,591.82**	28,677.81
Unallocated Corporate Assets					**150,811.25**	138,107.16
Total Assets					**193,403.07**	166,784.97
Segment Liabilities	**8,400.06**	-	**173.78**	15.61	**8,573.85**	15.61
Unallocated Corporate Liabilities					**79,324.72**	64,370.43
Total Liabilities					**87,898.57**	64,386.04
Capital Expenditure	**-**	-	**-**	-	**19,015.12**	3,849.90
Depreciation/ Amortisation	**-**	-	**-**	-	**148.60**	60.47
Non cash expenses other than depreciation	**-**	-	**-**	-	**50.05**	50.05

25) In respect of blocks held in India, as per the Production Sharing Contracts signed by the Company with the Government of India (GoI), the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) is payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the GoI.

26) Capital commitments and Contingent Liabilities:

(a) **Capital Commitments:**

Based on the estimation by the Management, BPRL's share of MWP commitments as on the reporting date amounted to ₹ **26,920.60 lacs.** (Previous year ₹ 40,265.00 Lacs.). The Company has provided Bank Guarantees to Directorate General of Hydrocarbons (DGH) to the extent of ₹ **13798.12** lacs (₹ 72 lacs) towards MWP.

(b) **Contingent Liabilities:**

Contingent liabilities in respect of operations where BPRL is not the operator are recognised based on inputs received from the operator.

27) Loan from BPCL:

Unsecured Loans (Non-Current) Note 5, represents loans provided by the parent Company BPCL amounting to ₹ 786,85.00 lacs. (Previous Year ₹ 635,10.00 lacs.). Based on the understanding with the Parent Company, the loan is an interest free loan and is repayable after 15 years from the date of drawing the loan.

28) Expenditure in Foreign Currency :

(₹ in Lacs)

		2011-12	2010-11
(a)	Professional Consultancy Fees	**92.64**	88.65
(b)	General & Administrative Expenses	**1,43.24**	1,08.96
(c)	Travelling & Conveyance	**20.33**	41.98

29) As at March 31, 2012, there are no creditors covered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence no disclosures under the Act are made.

30) Foreign Exchange gain of ₹ 1,59.75 (in lacs) [previous year ₹ 28.74 (in lacs)] are in line with Significant Accounting Policy No. 8 due to applicability of AS-11 (Revised).

31) As the Company is yet to commence commercial production, requirement to maintain cost records does not apply to it. As a measure of caution, the Company has sought a confirmation from the Ministry of Corporate Affairs to this effect, which is awaited. Pending this confirmation, Cost Records are not maintained by the Company.

32) Taxation:-

a) **Deferred Tax Provision**

As per the requirement of the Accounting Standard 22 – "Accounting for taxes on Income" the net deferred tax Asset/liability debited during the year is Nil (previous year Nil).

The Period end position is given below:

₹ In lakhs

	31st March 2012	31st March 2011
Deferred Tax Liability:		
Depreciation	23.13	23.49
Deferred Tax Asset:		
Carried forward losses	23.13	23.49
Net Deferred Tax Liability	-	-

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, deferred tax asset has been recognised as per AS – 22 in the accounts in respect of unabsorbed depreciation and carry forward losses has been created to the extent of deferred Tax liability.

b) **Current Tax Provision**

During the year there is no taxable income hence no provision for tax has been made in the current year.

33) Exchange Rates: 1 USD = 51.16 INR, 1 AUD = 53.00, 1 GBP = 81.59 as at 31.03.2012.

34) Figures of previous year have been regrouped wherever necessary to make them comparable to current year presentation.

For and on behalf of the Board of Directors

Sd/-
S. Varadarajan
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Dated: May 17, 2012

As per our attached report of even date

For and on behalf of
G.M. Kapadia & Co.
Chartered Accountants

Sd/-
Rajen Ashar
Partner

Cash Flow Statement for the period ending 31st March 2012

		2011-12	2010-11
		₹ Lakhs	₹ Lakhs
A	**Cash Flow from Operating Activities**		
	Profit Before Tax from Continuing Operations	**(8,894.43)**	(1,898.23)
	Profit Before Tax from Discontinuing Operations	**-**	-
	Adjustments for:		
	Depreciation and Amortisation	**148.60**	60.47
	Provision for Reduction in CWIP	**3,000.00**	-
	Write off of Assets	**1,687.79**	146.15
	Pre Incorporation Expenses Written off	**50.05**	50.05
	Interest income	**(0.95)**	(0.15)
	Net (gain) / loss on sale of investments	**-**	(25.23)
	Liabilities / provisions no longer required written back	**(2.44)**	-
	Net unrealised exchange (gain) / loss	**(26.08)**	-
	Operating Profit / (Loss) before Working Capital changes	**(4,037.46)**	(1,666.94)
	(Increase) / Decrease in Current Assets	**(464.02)**	(3,370.70)
	(Increase) / Decrease in Non Current Assets	**5,874.34**	(557.85)
	Increase / (Decrease) in Non Current Liabilities	**-**	-
	Increase / (Decrease) in Current Liabilities	**8,366.06**	549.54
	Cash generated from operations	**9,738.92**	(5,045.95)
	Net income tax (paid) / refunds	**-**	-
	Net cash flow from / (used in) operating activities	**9,738.92**	(5,045.95)
B	**Net Cash Flow from Investing Activities**		
	Addition to Fixed Assets	**(6.44)**	(468.57)
	Investment in Equity of Subsidiary company	**(12,088.35)**	(61,554.43)
	Loan to Subsidiary Company	**(632.02)**	-
	Interest Income	**0.95**	0.15
	Additions to Capital Work-in-progress	**(23,845.08)**	(3,587.96)
	Proceeds from sale of long-term investments		25.23
	Net Cash Flow from/(used) in Investing Activities	**(36,570.94)**	(65,585.58)
C	**Net Cash Flow from Financial Activities**		
	Receipt of Share Application Money	**12,000.00**	39,745.00
	Proceeds from long-term borrowings	**15,175.00**	30,810.00
	Net Cash Flow from/(used) in Financing Activities	**27,175.00**	70,555.00
D	**Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)**	**342.98**	(76.54)
	Cash and cash equivalents at the beginning of the year	**2011**	2010
		₹ Lakhs	₹ Lakhs
	Bank Balance	**71.75**	173.22
	Deposits with Bank	**10.00**	5.00
	Share of Interest in Joint Venture	**27.21**	7.28
		108.96	185.50
	Cash and cash equivalents at the end of the year	**2012**	2011
		₹ Lakhs	₹ Lakhs
	Bank Balance	**250.61**	71.75
	Deposits with Bank	**10.00**	10.00
	Share of Interest in Joint Venture	**191.33**	27.21
		451.94	108.96
	Net change in Cash and Cash equivalents	**342.98**	(76.54)

Notes:

1. The Cash Flow Statement is prepared in accordance with Accounting Standard 3 issued by the Institute of Chartered Accountants of India.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit / (Loss) for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. 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. Varadarajan
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Dated: May 17, 2012

As per our attached report of even date

For and on behalf of
G.M. Kapadia & Co.
Chartered Accountants

Sd/-
Rajen Ashar
Partner

Annexure - C

Information of Subsidiary Companies for the financial year ended 31.3.2012

Sr. No.	Details	Bharat PetroResources JPDA Ltd.	BPRL International BV		BPRL Ventures BV		BPRL Ventures Mozambique BV		BPRL Ventures Indonesia BV	
		₹ in Lacs	USD Mn	₹ in Lacs	USD Mn	₹ in Lacs	USD Mn	₹ in Lacs	USD Mn	₹ in Lacs
1	Capital	1500.00	304.85	155,962.96	222.28	113,717.76	177.48	90,800.16	17.00	8,696.72
2	Reserves	(759.54)	(100.90)	(51,620.11)	(57.11)	(29,218.10)	(37.99)	(19,433.18)	(3.80)	(1,944.48)
3	Total Assets	8311.90	329.17	168,405.34	305.01	156,042.85	147.76	75,594.67	14.84	7,590.17
4	Total Liabilities	7571.45	125.22	64,062.48	139.84	71,543.19	8.26	4,227.69	1.64	837.93
5	Investments (excluding investments in subsidiary)	–	–	–	–	–	–	–	–	–
6	Turnover	27.30	0.00	0.42	0.02	8.46	0.00	0.68	0.00	0.68
7	Profit(Loss) before tax	(196.46)	(66.04)	(31,667.71)	(35.45)	(16,995.93)	(26.92)	(12,907.47)	(2.07)	(992.19)
8	Provison for Tax	–	–	–	–	–	–	–	–	–
9	Profit(Loss) after tax	(196.46)	(66.04)	(31,667.71)	(35.45)	(16,995.93)	(26.92)	(12,907.47)	(2.07)	(992.19)
10	Proposed Dividend	–	–	–	–	–	–	–	–	–

Consolidated Financial Statements Of Bharat Petroresources Limited

Report of the Auditors to the Board of Directors of Bharat PetroResources Limited on the Consolidated Financial Statements of Bharat PetroResources Limited

1. We have audited the attached Consolidated Balance Sheet of **BHARAT PETRORESOURCES LIMITED (**"the Company"), and its subsidiaries as described in Note 1 para 2(b) and joint venture (together referred to as the 'Group'), as at March 31, 2012, and Consolidated statement of profit and loss and the Consolidated Cash Flow Statement for the year ended on that date and annexed thereto. These financial statements are the responsibility of the Management of the Company and have been prepared by the management on the basis of separate financial statements and others financial information regarding components. Our responsibility is to express an opinion on these consolidated 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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. We did not audit the standalone financial statements of Bharat PetroResources JPDA Ltd. (BPR JPDA) and consolidated financial statements of BPRL International BV, the subsidiaries of the Company, whose financial statements reflect total assets of ₹ 278,022.60 lacs as at March 31, 2012, total revenues of ₹ 38.91 lacs and cash flows amounting ₹ 6489.05 lacs for the year ended on that date.

   We did not audit the standalone financial statements of IBV (Brazil) Petroleo Pvt Ltda, a joint Venture of the Company, whose financial statements reflect total assets of ₹ 154,987.06 lacs as at March 31, 2012, total revenues of ₹ 3898.90 lacs and cash flows amounting ₹ 203.37 lacs for the year ended on that date.

4. Financial statements of BPR JPDA are prepared under Indian GAAP and audited by another firm of auditors on which we have placed reliance for the purpose of this report.

   Financial statements of other entities are prepared under respective GAAP and audited by the local firm of auditors. For the purposes of consolidation, we are furnished with financial statements prepared and certified by the management under Indian GAAP, which are prepared based on audited financial statements prepared under local GAAP, on which we have placed reliance for the purpose of this report.

5. We report that the Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS) 21 on "Consolidated Financial Statements", Accounting Standard (AS) 27 on "Financial Reporting of Interest in Joint Ventures" notified pursuant to the Companies (Accounting Standards) Rules, 2006.

6. Attention is drawn to our observation in our Audit Report of Bharat PetroResources Limited (Standalone) regarding incorporation of details about the Company's share in assets, liabilities, income and expense in the operations of the joint ventures based on the audited/ unaudited statements received from the respective Operators. In these regards, it has been observed that:

   - Total assets, liabilities, income and expenses relating to all the joint ventures amounts to ₹ 47,262.27 lacs, and ₹ 8,551.30 lacs, ₹ 14.25 lacs and ₹ 1,479.85 lacs respectively;
   - Out of the above, in case of the eight blocks, no audited statements have been received by the Company. Total assets, liabilities, income and expenses in respect of these eight blocks, amounts to ₹ 30,695.36 lacs, ₹ 8,083.98 lacs, ₹ 1.37 lacs and ₹ 742.21 lacs respectively;
   - The audited statements referred above are prepared, as stated there in, to meet requirements of production sharing contracts and are special purpose statement;

- All the statements, audited as well as unaudited, are not drawn up in the format prescribed under Schedule VI to the Companies Act, 1956;
- Some of the Operators use accounting policies other than those adopted by the Company for like transactions. The Company has made appropriate adjustments while incorporating relevant data; and
- No break up of assets and liabilities is available in respect of one block where the Company has invested ₹ 2,001 lacs
- To realign the accounting periods of all the joint ventures with the financial year of the Company, the Company has considered its share in the income and expenses of such joint ventures for the period 1st January, 2011 to 31st March, 2012 and their assets and liabilities as on 31st March, 2012 as against the past practise of considering the year ending on 31st December and the assets and liabilities as on that date. Accordingly, the figures for the previous year to that extent are not comparable.

The Company's proportionate share in jointly control assets, liabilities for which the Company is jointly responsible, Company's proportionate share of income and expenses for the year, the elements making up the Cash Flow Statement and related disclosures contained in the enclosed financial statements and our observations thereon are based on such audit reports and statements from the Operators to the extent available with the Company.

7. We state that the audit of the Company in the previous year was carried out by other firm of Auditor. The opening balances of the year, of the Company were provided by the management and accepted by us.
8. The auditors of IBV Brazil Petroleo Ltda. have drawn attention to the fact that the said joint venture has spent significant amounts that are related mainly to exploration and evaluation costs, the recovery of which is subject to the success of all of its exploration campaigns. The management of the said joint venture understands that members of the joint venture will continue to provide the funds necessary for keeping the company's operations and, therefore, the financial statements for the year ended December 31, 2011 were prepared based on the assumption that the Company will continue to operate as a going concern.
9. Based on our audit and on the consideration of the reports of the other auditors and of the management on separate financial statements of subsidiaries and joint venture (as mentioned above), as submitted to us by the management, and to the best of our information and explanation given to us, based on our observations stated in paras above, 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 31st March, 2012;
   b) in the case of the Consolidated Statement of profit and loss, 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 G.M.KAPADIA & CO.
Chartered Accountants
Firm No. 104767W

Sd/-
RAJEN ASHAR
Partner
Membership No. 48243

Place: Mumbai
Date: May 17, 2012

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	Particulars	Note no.	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
I	**EQUITY AND LIABILITIES**			
(1)	**Shareholders' Funds**			
	(a) Share Capital	2	110,000.27	110,000.27
	(b) Reserves & Surplus	3	(30,341.55)	(35,291.14)
	(c) Money received against share warrants		–	–
			79,658.73	**74,709.13**
(2)	**Share application money pending allotment**	4	12,000.00	–
(3)	**Non-current liabilities**			
	(a) Long-term borrowings	5	78,685.00	125,847.98
	(b) Trade payables		–	–
	(c) Deferred tax liabilities (Net)		–	3,732.98
	(d) Other Long term liabilities		–	–
	(e) Long-term provisions		–	–
			78,685.00	**129,580.96**
(4)	**Current liabilities**			
	(a) Short-term borrowings	5	135,367.64	–
	(b) Trade payables		–	–
	(c) Other current liabilities	6	17,315.91	9,747.22
	(d) Short-term provisions	7	5.12	–
			152,688.68	**9,747.22**
	TOTAL		**323,032.40**	**214,037.32**
II	**ASSETS**			
(1)	**Non-current assets**			
	(a) Fixed assets			
	(i) Tangible assets	8	120.97	151.95
	(ii) Intangible assets	8	43,640.07	38,965.39
	(iii) Capital work-in-progress	9	268,356.52	160,843.19
	(b) Non-current investments		–	–
	(c) Long-term loans and advances	10	2,585.38	13,389.24
	(d) Other Non-Current Assets	11	41.59	
			314,744.53	**213,349.77**
(2)	**Current assets**			
	(a) Cash and cash equivalents	12	7,424.40	376.77
	(b) Short-term loans and advances	13	11.33	12.89
	(c) Other current assets	14	852.14	297.89
			8,287.87	**687.55**
	TOTAL		**323,032.40**	**214,037.32**
	Statement of Significant Accounting Policies	1		
	Notes forming part of Accounts	1-33		

For and on behalf of the Board of Directors

Sd/-
S. Varadarajan
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Dated: May 17, 2012

As per our attached report of even date

For and on behalf of
G.M. Kapadia & Co.
Chartered Accountants

Sd/-
Rajen Ashar
Partner

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

		Notes	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
I	Other Income	15	120.49	6,658.27
II	**Total Revenue**		**120.49**	**6,658.27**
III	Expenses:			
	Employee benefits expenditures	16	876.82	656.87
	Write off on Farm out		–	146.15
	Provision for CWIP		3,000.00	–
	Finance Costs	17	1,990.23	3,686.04
	Depreciation and amortization expenses	8	161.15	80.39
	Other expenses	18	14,668.50	5,602.33
	Total expenses		**20,696.69**	**10,171.78**
IV	**Profit (Loss) before tax (II - III)**		**(20,576.21)**	**(3,513.50)**
V	Tax Expense:			
	(i) Current tax		–	–
	(ii) Deferred Tax (in respect of Joint Venture)		3,898.90	(2,236.93)
	(iiii) Short provision of current tax relating to earlier years		–	–
VI	**Profit (Loss) for the period from continuing operations (IX - X)**		**(16,677.31)**	**(5,750.44)**
VII	Profit (Loss) from discontinuing operations		–	–
VIII	Tax expense of discountinuing operations		–	–
IX	**Profit (Loss) from discontinuing operations (after tax) (XII - XIII)**		–	–
X	**Profit / (Loss) for the period (XI + XIV)**		**(16,677.31)**	**(5,750.44)**
XI	**Earnings per share (Refer Note 22)**			
	(i) Basic		(1.43)	(0.82)
	(ii) Diluted		(1.43)	(0.82)

Statement of Significant Accounting Policies	1
Notes forming part of Accounts	1-33

For and on behalf of the Board of Directors

Sd/-
S. Varadarajan
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Dated: May 17, 2012

As per our attached report of even date

For and on behalf of
G.M. Kapadia & Co.
Chartered Accountants

Sd/-
Rajen Ashar
Partner

NOTE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICES

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, 2012
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 of BPRL Ventures BV and Videocon Energy Brazil 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 Accounting Standard 21 - "Consolidated Financial Statements" and Accounting Standard 27 – "Financial Reporting of Interest in Joint Ventures" issued by the the Companies (Accounting standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

(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, 2012 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, 2011 have been used for the purpose of consolidation.

iii) All the subsidiaries and joint venture of the Holding Company are incorporated outside India except Bharat PetroResources 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 Accounting Standard 11 – 'The Effects of Changes in Foreign Exchange Rates. 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, 2012. 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 the Companies (Accounting standard) Rules, 2006 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 in respect of its oil and natural gas exploration and production activities read with the guidance note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India. 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.

(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**

Holding Company

Expenditure incurred for creating/acquiring other intangible assets of ₹50 lacs 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.

Subsidiary Company

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

(ii) **Tangible Assets**

Fixed Assets are stated at cost of acquisition (including incidental expenses) less accumulated deprecation

(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 ₹ 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%
Machinery & Communication equipment	35%
Installations	10%

(g) <u>Revenue Recognition</u>

- Revenue is respect of interest on deposit is recognised on accrued basis.
- Liquidated Damages for delay in execution of contracts/supplies are accounted for as per the terms of the contracts and are recognized as income in the year of deduction.

(h) Investments

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

ii) According to Accounting Standard – 13 "Accounting for Investments" issued by the Companies (Accounting standard) Rules, 2006, 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.

(i) Foreign currency transactions

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

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

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

iv) However, foreign exchange differences on long term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of the asset or liability.

(j) Preliminary expenses

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

(k) Provisions, contingent liabilities and capital commitments

a. According to Accounting Standard– 29 “Provisions, Contingent Liabilities and Contingent Assets” issued by the Companies (Accounting standard) Rules, 2006, 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.

b. Disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources.

c. Capital commitments and Contingent liabilities disclosed are those which exceed ₹ 0.10 million in each case.

d. Show cause notices issued by various Government authorities are considered for the evaluation of Contingent liabilities only when converted into demand.

(l) Taxes on income

a. Provision for current tax is is calculated on the basis of the provisions of local laws of respective entity.

(i) According to Accounting Standard – 22 “Accounting for Taxes on Income” issued by the Companies (Accounting standard) Rules, 2006, 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.

(m) Classification of income/expenses

Holding Company

a. Prepaid expenses upto ₹ 0.10 Lacs in each case, are charged to revenue as and when incurred.

b. Liabilities for expenses are provided for only if the amount exceeds ₹ 0.10 Lacs in each case.

c. Acquisition cost which can not be assigned / identified to particular block is expensed during the year.

(₹ lakhs)

Note '2' - SHARE CAPITAL Equity Share Capital		As at 31 March, 2012		As at 31 March, 2011	
		Number of shares	₹	Number of shares	₹
i	**Authorised**				
	Equity shares of ₹10 each with voting rights *	3,000,000,000	300,000.00	3,000,000,000	300,000.00
	Total	**3,000,000,000.00**	**300,000.00**	**3,000,000,000.00**	**300,000.00**
ii	**Issued, subscribed and paid-up Capital:**				
	Issued and Subscribed Capital:				
	Equity shares of ₹ 10 each fully paid-up with voting rights *	1,220,002,670	122,000.27	1,100,002,670	110,000.27
	Paid up Capital:				
	Equity shares of ₹ 10 each fully paid-up with voting rights *	1,100,002,670	110,000.27	1,100,002,670	110,000.27
	Total	**1,100,002,670**	**110,000.27**	**1,100,002,670**	**110,000.27**
iii	**Par value of equity shares:**		**₹ 10 each**		₹ 10 each
iv	**No. of shares outstanding**				
	Equity shares of ₹ 10 each fully paid-up				
	As at beginning of the year	1,100,002,670	110,000.27	702,552,670	70,255.27
	Issued during the year	-	-	397,450,000	39,745.00
	As at the year end	**1,100,002,670**	**1,100,002,670**	**1,100,002,670**	**110,000.27**
v	**Shareholders holding more than 5% shares**				**No. of Shares**
	Name of shareholder	**% holding**	**31st March 2012**	**% holding**	**31st March 2011**
	Bharat Petroleum Corporation Ltd	100*	1,100,002,610	100*	1,100,002,610
vi	**Shareholders held by Holding Company**				No. of Shares
	Name of shareholder		**31st March 2012**		**31st March 2011**
	Bharat Petroleum Corporation Ltd.	100*	1,100,002,610	100*	1,100,002,610

* 60 shares held by other shareholders

* The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.
In the event of liquidition fo the Company, the holders of equity share will be entitled to receive any of the remaining assets of the company, after distribution fo all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note '3' - RESERVES & SURPLUS	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
(a) Foreign currency translation reserve		
Opening balance	(21,388.55)	(14,255.21)
Add / (Less): Effect of foreign exchange rate variations during the year	21,626.90	(7,133.34)
Add / (Less): Transferred to Statement of Profit and Loss on disposal of the net investment in non-integral foreign operations		
Closing balance	238.35	(21,388.55)
(b) Surplus/(Deficit) in Statement of Profit & Loss		
Opening balance	(13,902.60)	(13,201.72)
Add: Transferred from surplus/ (deflicit) in Statement of Profit and Loss	(16,677.31)	(3,513.50)
Surplus on Amalgamation of VB Brazil		5,049.57
Closing balance	(30,579.90)	(13,902.60)
Total	**(30,341.55)**	**(35,291.14)**

Note '4' - Share application money pending allotment	₹ Lakhs 31/03/2012	₹ Lakhs 31/03/2011
Share application money pending allotment	12,000.00	-
Total	**12,000.00**	**-**

During the current year,pursuant to an invitation to offer shares, the Company has received an amount of ₹ 12,000 lakhs towards share application money for 1,200 lakhs equity shares from its Holding Company (As at 31 March, 2011 ₹ NIL). As per the terms of issue, shares will be issued at par value and there is no specific time limit for allotment mentioned in the offer.The allotment of the shares will be made in due course as per the decision of the Board. The Company has sufficient authorised capital to cover the allotment of these shares.

₹ Lakhs

Note '5' -Borrowings	As at 31/03/2012		As at 31/03/2011	
	Current	**Non Current**	**Current**	**Non Current**
Term loans				
Secured				
From banks	**71,422.02**	**-**	-	62,337.98
Unsecured				
From banks	**63,945.63**	**-**	-	-
From Parent Company (Refer Note 27)	**-**	**78,685.00**		63,510.00
Total	**135,367.64**	**78,685.00**	-	**125,847.98**
Grand Total	–	**214,052.64**	-	**125,847.98**

Terms & Repayment Schedule of Term Loans: ₹ Lakhs

Loans & Borrowings	Book value as on 31st March, 2012	Book value as on 31st Mar, 2011	Date of Maturity	Rate of Interest (%)	Security
Secured:					
i) Loan from Bank	71,422.02	62,337.98	4/9/2012	2.75% + 3 months LIBOR (3.22%)	i) Pledge of shares held in IBV ii) Corporate Guarantee from Parent Company
Unsecured:					
i) Loan from Bank	63,945.63	-	14/8/2012	1.7% + 3 months LIBOR (2.17%)	-
ii) Loan from Parent Company	78,685.00	63,510.00	15 years from date of drawal	0.00%	-

Note '6' - Other current liabilities	₹ Lakhs	₹ Lakhs
	As at 31/03/2012	**As at 31/03/2011**
Due to Holding Company	513.18	686.31
Due to Operator	5,048.42	766.45
Interest accrued but not due on borrowings	213.69	90.87
Other Payables:		
(i) Payable for Legal and Professional fees	71.97	129.00
(ii) Payable for Contract Services	41.19	-
(iii) Payable for Purchase of Assets	33.01	139.82
(iv) Trade / security deposits received	4.30	-
(v) Stautory Dues Payable	6.04	13.54
In respect of Joint ventures:		
(i) Due to Operator	2,705.95	7,921.23
(ii) Stautory Dues Payable	0.84	
(iii) Payable for Contract Supplies/works	8,674.38	
(iv) Payable to Employees	2.94	
Total	**17,315.91**	**9,747.22**

Note '7' - Short Term Provisions	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Provision for abandonment (In respect of Joint ventures)	5.12	-
Total	**5.12**	-

Note '8' - Tangible and Intangible assets

₹ Lakhs

Sr. No.	PARTICULAR	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK	
		AS AT 01/04/2011	ADDITIONS	Foreign Exchange Adjustment	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFI-CATIONS	AS AT 31/3/2012	UPTO 31/03/2011	This Period	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFI-CATIONS	Foreign Exchange Adjustment	UPTO 31/3/2012	AS AT 31/3/2012	AS AT 31/3/2011
	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)		(9)	(10)	(11)
	Tangible Assets												
1	Plant and Equipment	137.38	3.36	0.00		140.74	27.34	20.14	-	-	47.48	93.26	110.04
2	Office Equipments	26.34	3.08	-		29.43	10.11	6.84		-	16.95	12.47	16.23
	In respect of Joint Venture												
1	Furniture and Fixtures	15.06	0.29	0.32		15.66	6.46	1.57	-	(0.08)	8.11	7.55	8.60
2	Vehicles	48.51	-	0.44		48.95	43.31	5.27	-	(0.09)	48.67	0.28	5.20
3	Office Equipments	35.76	0.71	0.86		37.34	23.89	5.70	-	(0.34)	29.93	7.41	11.88
	TOTAL	263.05	7.44	1.62	-	272.11	111.10	39.53	-	(0.51)	151.14	120.97	151.95
	PREVIOUS YEAR (2010-11)	142.94	115.13	8.46		266.53	71.72	37.02		4.35	23.09	153.44	71.22
	Intangible Assets												
1	Computer Software	499.85	-	-	-	499.85	80.84	121.62	-		202.46	297.39	419.01
2	Goodwill (Refer Note 28)	38,544.88	-	4,797.80	-	43,342.68	-	-	-		-	43,342.68	38,544.88
	TOTAL	39,044.73	**-**	**4,797.80**	**-**	**43,842.53**	80.84	121.62	**-**	-	202.46	43,640.07	38,963.89
	PREVIOUS YEAR (2010-11)	38,689.80	354.93			39,044.73	37.47	43.37			80.84	38,963.89	38,652.33
	PREVIOUS YEAR (2010-11)												
	GRAND TOTAL	38,832.74	470.06	8.46	-	**39,311.26**	109.19	80.39		4.35	103.93	39,117.33	38,723.55

Note '9' - Capital Work-In-Progress	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Capital work-in-progress (at cost)		
Acquisition Cost	2,336.40	911.54
Exploration Cost		
- Geological & Geophysical Cost	25,172.76	15,931.91
- Drilling Cost	116,261.21	56,821.88
Share of Interest in Joint Venture (Refer Note 28)	127,557.80	87,177.86
	271,328.16	160,843.19
Less Provision for CWIP	(3,000.00)	–
	268,328.16	160,843.19
Video Conference Equipments and Accessories	28.36	–
Total	**268,356.52**	**160,843.19**

Note '10' - Long term Loans and Advances (Unsecured, Considered good unless otherwise stated)	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Capital advances	17.34	13,389.24
Security Deposit	4.92	
In respect of Joint Venture		
- Capital Advances	2,561.47	–
- Petroleum Exploration Licence Deposit	1.21	–
- Interest Accurred and due on above deposit	0.44	–
Total	**2,585.38**	**13,389.24**

Note '11' - Other Non-Current Asset	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Foreign Currency Monetary Item Translation Difference (Refer Note 28)	41.59	–
Total	**41.59**	**–**

Note '12' - Cash and cash equivalents	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Cash on Hand		**–**
With banks :		
In current accounts	6,853.09	162.47
In deposit accounts # (Maturity within three months)	10.00	–
Other Deposits with Bank # (Original maturity more than three months)	–	10.00
With Banks in Current Accounts* (in respect of Joint ventures)	561.31	204.30
Total	**7,424.40**	**376.77**

* ₹328.13 lakhs Earmarked for Joint Venture Operations
# Lien of Ministry of Petroleum and Natural Gas

Note '13' - Short Term Loans and Advances	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Balances with government authorities		
Unsecured, considered good		
Taxes Receivable	11.33	10.78
Advance to Suppliers (In respect of share in Joint Venture)	–	2.11
Total	**11.33**	**12.89**

Note '14' - Other current assets	₹ Lakhs As at 31/03/2012	₹ Lakhs As at 31/03/2011
Prepaid Expense	120.40	188.21
In Respect of Joint Venture:		59.22
Prepaid Expenses	188.54	–
Consumables	31.99	–
Receivable from others / Joint Venture partners	511.20	–
Pre-incorporation Expenses	–	50.46
Total	**852.14**	**297.89**

Note '15' - Other Income	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
<u>Interest Income</u>		
Interest Income on refund of Cash Calls / Deposits	0.99	0.15
<u>Gain/Loss on sale of Investments</u>		
Profit on Sale of Investment	–	25.23
<u>Other Non-operating Income</u>		
Liquidated damages retained	3.95	12.78
Interest Income in respect of Joint Venture	14.25	–
Liabilities / provisions no longer required written back (above includes in respect of Joint venture also)	12.68	1.56
Foreign Exchange fluctuations (net) (above includes in respect of Joint venture)	88.62	6,618.55
Total	**120.49**	**6,658.27**

Note '16' - Employee benefits expenditures (Refer Note 21)	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
Salaries and wages	756.04	524.42
Payment to Parent Company towards Provident fund	32.22	24.92
Payment to Parent Company towards gratuity	13.35	10.06
Welfare expenses	11.33	6.20
Salaries and Allowances (In respect of Joint Venture)	63.87	91.27
Total	**876.82**	**656.87**

Note '17' Finance Cost	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
(a) Interest expense on:		
Borrowings	1,666.60	2,010.17
(b) Loan Processing Charges	323.63	1,675.88
Total	**1,990.23**	**3,686.04**

Note '18' - Other expenses	₹ Lakhs For the year 2011-12	₹ Lakhs For the year 2010-11
Repairs and maintenance :		
Machinery	24.16	21.80
Building	–	–
Others	1.22	2.50
Insurance	0.39	116.29
Rates and taxes	36.53	26.56
Legal and Professional Fees	695.49	511.43
Share in Operators Expenditure	5,968.46	2,643.43
Project cost Charged off	1,687.79	17.68
Travelling and Conveyance	166.50	189.81
Advertisement	0.73	6.56
Liquidated Damages Paid	883.42	–
Bank Charges	268.38	116.94
Printing & Stationery	10.45	15.39
Telephone, Telex, Cables, Postage,etc.	6.20	8.63
Bid Related Expenditure	0.81	20.45
Electricity Charges	17.27	15.47
Business Promotion Expenses	9.27	7.63
Security Expenses	4.77	3.52
Other Expenses	7.43	2.86
Remuneration to auditors:		
Audit fees	24.22	24.18
Fees for other services-certification	0.25	0.50
Pre-feed Studies	3,221.79	
Preliminary Expenditure	50.46	50.46
Share in Administration Expenditure of Joint Venture:		1,800.22
Legal and Professional Fees	114.05	–
Rates and taxes	45.05	–
Travelling and Conveyance	16.68	–
Electricity Charges	12.55	–
Repairs and maintenance-others	8.13	–
Business Promotion Expenses	24.24	–
Share in Operators Expenditure	1,361.79	–
Total	**14,668.50**	**5,602.33**

Notes Forming part of Accounts (Notes No. 19 to 33)

19) Disclosure under Accounting Standard-27 on Financial Reporting of Interest in Joint Venture:

Details of the Blocks and JV's as on 31.03.2012:

Name	Company	Country	Participating Interest of the Group	
			31.03.2012	**31.03.2011**
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%	11.11%
NELP – VII				
RJ/ONN/2005/1	BPRL	India	25.00% (a)	25.00%
NELP – IX				
CB/ONN/2010/11	BPRL	India	25%	-
AA/ONN/2010/3	BPRL	India	20%	-
Blocks outside India				
WA/388/P	BPRL	Australia	8.40% (b)	14.00%
AC/P32	BPRL	Australia	20.00% (b)	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	0.00% (c)	50.00%
EP-413	BPRL	Australia	27.80%	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		

Name	Company	Country	Participating Interest of the Group	
Espirito Santo			31/03/2012	31/03/2011
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.	Mozam-bique	10.00%	10.00%
Nunukan PSC, Tarakan Basin	BPRL Ventures Indonesia B.V.	Indonesia	12.50%	12.50%

(a) Based on Operating Committee resolution dated 24th March, 2010 the participating interest of a defaulting party was to be shared by the remaining parties in equal share, in accordance with the provisions of Production Sharing Contract and Joint Operating Agreement. Accordingly, participating interest of the Company in the block is 33.33%. Pending approval from Directorate General of Hydrocarbon and Ministry of Petroleum & Natural Gas, the Company has considered only 25.00% share of the block in the financial statements.

(b) After the completion of the committed work Programme in AC/P 32 block, Browse Basin and WA 388P block in Carnarvon Basin, post well studies and analysis was conducted by the Joint venturers. Based on the findings of the study, the management has decided not to continue with further activities in the block and has taken a decision to withdraw from the permit. In view of the above, the management has provided. ₹ 3,000 (lacs) being the cost incurred on such blocks in the financial statements for the year.

(c) On completion of Minimum Work Programme Commitments, and based on analysis of seismic and well drilling results indicating poor prospectively, as assessed by the Management, the Company with effect from 29th November, 2011 has withdrawn from the permit in respect of TP- 15 block, Perth Basin. Consequently an amount of ₹ 1,687.79 (lacs) has been written off to the profit and loss account in the financial statements for the year.

(d) The group has 10% participating interest in exploration and production concession contract signed by Anadarko Mozambique Area 1 Limitada with Empresa Nacional de Hidrocarbonetos E.P. and the Government of Mozambique.

As per the obligations contained in Exploration & Production Concession Contract (EPCC) entered with Mozambique Government, BPRL Ventures Mozambique B.V. is taking over its proportionate share of the EMPRESA NACIONAL DE HIDROCARBONETOS, E.P.(ENH) carry of 1.765%. The carry shall be limited to all costs incurred by the Concessionaire in discharging its obligations under this EPC, up to and including the date upon which the first development plan has been approved. From the date of commencement of Commercial Production, ENH shall reimburse in full the Carry in cash or in kind. All Carry amount owed by ENH up to approval of the first development plan shall be subject to payment of interest compounded quarterly calculated at the 3 months LIBOR plus one percentage point. However if there is no commercial success no such reimbursement will be applicable.

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

(₹ in Lacs)

		31.03.2012	31.03.2011
i)	Current Assets	13,04.37	2,76.41
ii)	Non-current assets	1301,20.92	871,77.86
iii)	Current Liabilities	113,89.24	79,21.23
iv)	Income	14.25	66,20.11
v)	Expenses	296,77.91	45,34.92

- Production sharing contrast in respect of two Indian blocks has been signed with the Government of India on 28th March, 2012, where activities are yet to commence.
- The Company has received the audited financial statements as at March 2012 of seven Joint venture blocks out of the remaining nine Indian blocks where the Company has a participating interest. In respect of such blocks, the Company has incorporated its share in assets, liabilities, income and expenditure in the financial statements based on audited statements. In respect of one joint venture block the Company has incorporated the share of the assets, liabilities, income and expenditure based on the unaudited financial statements as on 31st March, 2012 and in respect of the remaining block income/expenses has been accounted upto 31st March, 2012 based on billing statements.
- In respect of balance five Joint Ventures blocks outside India:
    - o The assets, liabilities, income and expenditure in respect of four joint venture blocks have been incorporated on the basis of unaudited financial statements as on 31st March, 2012.

- o The Company is yet to receive the billing statements for the block 48/1b & 2c – North Sea for the period January 2012 to March 2012. For the purpose of the Company share, the Company has considered the billing statements upto December 2011 in respect of the said block. In view of the management, this would not have any material impact on the financial statements.
- o During the previous year the financial statements had been drawn up incorporating the Company shares in joint ventures for the period of 12 months ended December 2010. The details of assets and liabilities were reported based on the details available with the Company. For the current year, the management has considered the 15 month period ie from January 2011 to March 2012 (except as stated above) for incorporating the income and expenses. Accordingly the figures for the previous year are not comparable.

21) Employee Benefits:

All employees of the Holding Company are on deputation from Bharat Petroleum Corporation Limited (BPCL). Expenditure under the head “Employee benefits expenditure” include the amount charged by BPCL vide various debit notes to the Holding Company. Such debit notes include debit notes for the Holding Company’s share of the employee benefits including retirement benefits towards Provident Fund, Gratuity and Leave Encashments, The details of expenses debited to the profit and loss account are as under:

₹ Lacs

Sr No	Particulars	For the year 2011-12	For the year 2010-11
1	Provident Fund	32.22	24.92
2	Gratuity	13.36	10.06
3	Leave encashment	26.16	19.79
	Total	**71.74**	**54.77**

In view of the above, the management is of the view that no additional disclosure is required in terms of Accounting Standard 15 on “Employee Benefits” issued by the Companies Accounting Standard Rules 2006

22) Consolidated Earnings Per Share (EPS):

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

Particulars		2011-12	2010-11
Net profit/ (loss) after tax	₹ in Lacs	**(166,77.31)**	**(57,50.44)**
Weighted average equity shares outstanding during the period	Nos.	**1,16,63,27,807**	**70,47,30,478**
Basic earnings per equity share	₹	**(1.43)**	**(0.82)**
Diluted earnings per equity share	₹	**(1.43)**	**(0.82)**

Calculation of Weighted Average number of equity shares:

Particulars	31st March 2012	31st March 2011
Shares existing at the beginning of the year	1,10,00,02,670	70,25,52,670
Shares issued and allotted during the year	Nil	39,74,50,000
Shares issued for which application money were received during the year (Pending Allotment refer note 3)	12,00,00,000	Nil
Weighted Average Number of shares issued during the year	6,63,25,137	21,77,808
Weighted Average Number of shares for EPS Calculation	1,16,63,27,807	70,47,30,478

23) Related Party Disclosure as per AS-18:

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

Nature of Transactions:

(₹ in Lacs)

	Cumulative upto Mar 2012	Cumulative upto Mar 2011
Loan to IBV Brazil Petroleo Pvt Ltda.- Brazil Reals 376,476 (previous year : 493,960)	**1719,12.14**	1163,79.33

Key Management Personnel:

b) Shri D. Rajkumar (Managing Director)

Managerial Remuneration

₹ in Lacs

	2011-12	2010-11
Salary and allowances	**25.30**	18.82
Contribution to Provident Fund and other funds	**10.48**	2.12
Other benefits	**1.53**	14.25
Total	**37.31**	35.19

In terms of para 9 of Accounting Standard 18 on Related Party Disclosures, no disclosure in the financial statements have been made for transactions with the Company and other related party relationships with other state-controlled enterprises.

24) Expenditure incurred by BPCL on behalf of the Company are accounted for on the basis of the debit notes raised by BPCL. Supporting documents for such debit notes are available with BPCL.

25) Taxation:-

a) Deferred Tax Provision

As per the requirement of the Accounting Standard 22 – "Accounting for taxes on Income" the net deferred tax Asset/liability debited during the year is Nil (previous year ₹ 37,32.98 lakhs).

The Period end position is given below:

₹ In lakhs

	31st March, 2012	31st March, 2011
Deferred Tax Liability:		
Depreciation	23.20	23.49
Foreign exchange gain (in respect of joint venture)	-	37,32.98
Deferred Tax Asset:		
Carried forward losses	23.20	23.49
Net Deferred Tax Liability	-	3732.98

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, deferred tax asset has been recognised as per AS – 22 in the accounts in respect of unabsorbed depreciation and carry forward losses has been created to the extent of deferred Tax liability.

b) Current Tax Provision

During the year there is no taxable income hence no provision for tax has been made in the current year.

26) 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.

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.

(₹ in lacs)

	Brazil		Mozambique		India		Unallocated		Grand Total	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Revenue	-	-	-	-			-	-	-	-
External Revenue	-	-	-	-			-	-	-	-
Inter Segment Revenue	-	-	-	-			-	-	-	-
Total Revenue										
Result										
Segment Results	1,361.79	1,800.22	7,145.94	1,548.51	2,220.02	357.25	707.72	737.67	11,435.47	4,443.64
Unallocated Corporate Expenses							7,270.99	2,042.10	7,270.99	2,042.10
Operating Profit / (Loss)	(1,361.79)	(1,800.22)	(7,145.94)	(1,548.51)	(2,220.02)	(357.25)	(7,978.72)	(2,779.76)	(18,706.46)	(6,485.74)
Add: Interst & Other Income	-	6,620.11	-		14.79	12.93	105.70	25.23	120.49	6,658.27
Less : Interest Expenses		-	-	-	-	-	1,990.23	3,686.04	1,990.23	3,686.04
less: Foreign exchange loss	-	-	-	-	-	-	-	-	-	-
Tax	3,898.90	(2,236.93)	-	-	-	-	-	-	3,898.90	(2,236.93)
Profit After Tax from Ordinary Activities	(5,260.69)	7,056.83	(7,145.94)	(1,548.51)	(2,205.23)	(344.32)	(9,863.25)	(6,440.57)	(16,677.31)	(5,750.44)
Other Information										
Segment Assets	127,557.80	87,177.86	82,739.65	37,176.76	34,766.93	18,646.79	27,159.63	18,118.19	272,224.01	161,119.60
Unallcoated Corporate Assets							50,808.38	52,917.72	50,808.38	52,917.72
Total Assets	127,557.80	87,177.86	82,739.65	37,176.76			77,968.01	71,035.91	323,032.39	214,037.32
Segment Liabilites	2,705.95	7,864.99	4,227.40	33.63	8,400.06	-	1,104.24	4,522.04	16,437.66	12,420.66
Unallocated Corporate Liabilites							883.38	1,059.54	883.38	1,059.54
Total Liabilities	2,705.95	7,864.99	4,227.40	33.63	8,400.06	-	1,987.62	5,581.58	17,321.04	13,480.20
Capital Expenditure	40,503.51	35,460.19	45,562.89	27,407.47	16,120.15	3,589.31	21,446.93	6,140.88	107,513.33	72,597.85
Depreciation / Amortisation	12.54	19.91	-	-	-	-	148.60	60.47	161.15	80.39
Non cash expenses other than Depreciation							50.46	50.46	50.46	50.46

27) Loan from BPCL:

Unsecured Loans (Non-Current) Note 5, represent loans provided by the parent Company BPCL amounting to ₹ 78685.00 lacs. (Previous Year ₹ 63510.00 lacs.). Based on the understanding with the Parent Company, the loan is an interest free loan and is repayable after 15 years from the date of drawing the loan.

28) Pursuant to the Ministry of Corporate Affairs Notification G.S.R. 914 (E) dated 29th December 2011, the Company has exercised the option under Para 46 A of AS-11 (notified under the Company's Accounting Standard Rules, 2006) and has changed its accounting policy for recognition of exchange differences arising on reporting of long term foreign currency monetary items. Accordingly foreign exchange differences adjusted against Assets or accumulated in a "Foreign Currency Monetary Item Translation Difference Account" (FCMITDA) and the balance amount in FCMITDA to be amortised in the future periods are as under:

(₹ Lacs)

Exchange (Gain)/Losses as per Statement of Profit & Loss	Adjustments Against Assets	FCMITDA	Amortised during the current financial year
190,29.74	188,88.34	41.59	99.81

29) In respect of blocks held in India, as per the Production Sharing Contracts signed by the Company with the Government of India (GoI), the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) is payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the GoI.

30) Capital commitments and Contingent Liabilities:

(a) **Capital Commitments:**

Based on the estimation by the Management, BPRL's share of MWP commitments for all the blocks as on the reporting date amounted to ₹ **521,59.92 lacs.** (Previous year ₹ 2028,53.88 Lacs.).

(b) **Contingent Liabilities:**

Contingent liabilities in respect of operations where BPRL is not the operator are recognised based on inputs received from the operator.

31) As at March 31, 2012, there are no creditors covered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence no disclosures under the Act are made.

32) Exchange Rates: 1 USD = 51.16 INR, 1 AUD = 53.00, 1 GBP = 81.59, 1 Reais = 27.97 as at 31.03.2012.

33) Figures of previous year have been regrouped wherever necessary to confirm to current year presentation.

For and on behalf of the Board of Directors

Sd/-
S. Varadarajan
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Dated: May 17, 2012

As per our attached report of even date

For and on behalf of
G.M. Kapadia & Co.
Chartered Accountants

Sd/-
Rajen Ashar
Partner

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

		For the year ended 31st March, 2012		For the year ended 31st March, 2011	
		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
A	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit before Tax and Extraordinary Items		(20,576.21)		(3,513.50)
	Adjustments for :				
	Depreciation / Amortisation	161.15		80.39	
	(Profit) / loss on sale / write off of assets	1.50		-	
	Provision written back	(12.68)		-	
	Finance costs	1,990.23		3,686.04	
	Loss/(Profit) on sale Investment	-		(25.23)	
	Interest income	(15.24)		(0.15)	
	Write off on Farm out	-		146.15	
	Provision for CWIP	3,000.00		-	
	Project Cost charged off	1,687.79		17.68	
	Miscellaneous expenditure written off	50.46		50.46	
	Short /(Excess) Provision for other items (Net)	165.92	7,029.13	(575.62)	3,379.72
			(13,547.08)		(133.78)
	Operating Profit before working capital changes				
	Adjustments for:				
	(Increase) / Decrease in Current Assets	(603.15)		443.14	
	(Increase) / Decrease in Non Current Assets	10,762.27		(5,616.72)	
	Increase / (Decrease) in Non Current Liabilities	-		-	
	Increase / (Decrease) in Current Liabilities	7,586.50	17,745.61	378.08	(4,795.50)
	Cash generated from Operations		4,198.53		(4,929.28)
	Direct taxes paid		-		(30.23)
	Net cash from Operating Activities (A)		4,198.53		(4,959.51)
B	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of fixed assets and Intangible Assets		(4,805.24)		(470.06)
	Additions to CWIP		(112,201.12)		(72,127.79)
	Surplus on Amalgamation of VB Brasil		-		5,049.57
	Sale of Investments		-		25.23
	Interest received		15.24		0.15
	Net Cash used in Investing Activities (B)		**(116,991.12)**		**(67,522.90)**
C	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from borrowings (Net of exchange gain/loss)		88,204.66		40,293.42
	Proceeds from Issue of equity shares		-		39,745.00
	Share Application Money received		12,000.00		-
	Finance Cost		(1,990.23)		(3,686.04)
	Net cash used in Financing Activities (C)		**98,214.43**		**76,352.38**
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**(14,578.16)**		**3,869.97**
	Cash and cash equivalents at the beginning of the year		**376.77**		**3,644.25**
	Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		21,625.78		(7,137.44)
	Cash and cash equivalents at the end of the year		7,424.40		376.77
	Reconciliation of Cash and cash equivalents with the Balance Sheet:				
	Bank Balance		162.47		932.00
	Deposit with the Bank		10.00		-
	Share of Interest in Joint Venture		204.30		2,712.25
			376.77		3,644.25
	Cash and cash equivalents at the end of the year				
	Bank Balance		6,853.09		162.47
	Deposit with the Bank		10.00		10.00
	Share of Interest in Joint Venture		561.31		204.30
			7,424.40		376.77

As per our report of even date

For G.M. Kapadia & Co.
Chartered Accountants
Sd/-
Rajen Ashar
Partner
Place: Mumbai
Date: May 17, 2012

For and on behalf of the Board of
Bharat Petroresources Limited

Sd/-
S. Varadarajan
Director
Place: Mumbai
Date: May 17, 2012

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

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

Name of the Subsidiary Company	Financial year ending of the subsidiary company	No. of shares held by BPRL as on 31.3.2012	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.	
1	2	3	4	5	6	7	8
				For the period ended on 31.03.2012 (₹ in Lacs)	For the previous financial years since it became a subsidiary company (₹ in Lacs)	For the period ended on 31.03.2012 (₹ in lacs)	For the previous financial years since it became a subsidiary company (₹ in lacs)
Bharat PetroResources JPDA Limited (with effect from 28.10.2006)	31.03.2012	1,49,99,940 shares of ₹ 10 each fully paid up (Refer Note 1)	100%	(196.46)	(563.09)	-	-
BPRL International B.V. (Refer Note 2 & 3) (with effect from 26.3.2008)	31.03.2012	22,04,80,394 shares of Euro 1 each	100%	(31,667.71)	(17,832.41)	-	-
BPRL Ventures B.V. (with effect from 26.03.2008) (100% Subsidiary of BPRL International B.V) (Refer Note 2)	31.03.2012	16,13,07,311 shares of Euro 1 each	100%	(16,995.93)	(11,084.39)	-	-
BPRL Ventures Mozambique B.V. (with effect from 23.07.2008) (100% Subsidiary of BPRL International B.V) (Refer Note 2)	31.03.2012	12,29,57,257 shares of Euro 1 each	100%	(12,907.47)	(5,661.62)	-	-
BPRL Ventures Indonesia B.V. (with effect from 21.08.2009) (100% Subsidiary of BPRL International B.V) (Refer Note 2)	31.03.2012	1,21,73,441 shares of Euro 1 each	100%	(992.19)	(885.87)	-	-

Notes :-

1. In addition to the shares held by holding company, six individuals, who are nominees of BPCL, each hold ten shares of ₹ 10 each of the Company.
2. 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, taking average exchange rates for profits of financial year ended 2011-12 and closing exchange rates for all other figures.
3. 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/-
Varadarajan S
Director

Sd/-
D. Rajkumar
Managing Director

Sd/-
Narendra Dixit
Company Secretary

Place: Mumbai
Date: 7th August, 2012

BHARAT PETRORESOURCES LIMITED

Bankers

State Bank of India
BNP Paribas

Registered Office

Bharat Bhavan
4 & 6 Currimbhoy Road
Ballard Estate,
Mumbai 400001

Statutory Auditors

G.M.Kapadia & Co,
Chartered Accountants,
Tamarind House,
36B Tamarind Lane, Fort,
Mumbai- 400001

Corporate Office

'E' Wing, 9th Floor,
Maker Towers,
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