

## BOARD OF DIRECTORS



**D. Rajkumar**



**S. K. Joshi**  
(upto 31.08.2011)



**Vijayagopal N.**  
(w.e.f. 01.09.2011)



**P. C. Siva**  
(w.e.f. 01.08.2012)



**V. Srinivasan**  
(upto. 31.07.2012)

### **Statutory Auditors**

Uttam Abuwala & Co.  
Chartered Accountants,  
Abuwala House, 409/410,  
Gundecha Industrial Complex,  
Akurli Road, Kandivali East,  
Mumbai - 400 101

### **Bankers**

State Bank of India  
BNP Paribas

### **Registered Office**

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

### **Corporate Office**

'E' Wing, 9<sup>th</sup> Floor,  
Maker Towers, Cuffe Parade,  
Mumbai - 400 005

## CONTENTS

Particulars	Page
Notice to Members	2
Directors' Report	4
Report on Corporate Governance	8
Comments of the Comptroller & Auditor General of India	13
Auditor's Report	14
Balance Sheet and Statement of Profit & Loss	18
Notes to Accounts	20
Cash Flow Statement	28

## NOTICE TO THE MEMBERS

Notice is hereby given that the Fifth Annual General Meeting of the Members of Bharat PetroResources JPDA 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, 10<sup>th</sup> September, 2012 at 1030 hrs, to transact the following Business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the financial year ended 31<sup>st</sup> March, 2012 and the Balance Sheet as at 31<sup>st</sup> March, 2012, 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 ₹ 60,000 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 financial 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 Vijayagopal N., 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 P.C.Siva, be and is hereby appointed as Director of the Company.”

For Bharat PetroResources JPDA Limited

#### Registered Office:

Bharat Bhavan, 4 & 6 Currimbhoy Road,  
Ballard Estate, Mumbai - 400 001  
Date: 7<sup>th</sup> August, 2012

Sd/-  
(Vijayagopal N.)  
Director

**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 Vijayagopal N. 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 1<sup>st</sup> September, 2011.

Shri Vijayagopal N., 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 Vijayagopal N., as Director of the Company. A brief resume of Shri Vijayagopal N., 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 Vijayagopal N., as Director of the Company.

Except Shri Vijayagopal N., no other Director is interested in the Resolution.

**Item No. 5 Appointment of Director**

Shri P.C.Siva 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 1<sup>st</sup> August, 2012.

Shri P.C.Siva, 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 P.C.Siva, as Director of the Company. A brief resume of Shri P.C.Siva, 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 P.C.Siva, as Director of the Company.

Except Shri P.C.Siva, no other Director is interested in the Resolution.

For Bharat PetroResources JPDA Limited

Sd/-  
(Vijayagopal N.)  
Director

**Registered Office:**

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

Date: 7<sup>th</sup> August, 2012

## DIRECTORS' REPORT TO THE MEMBERS

The Directors present their Fifth Report of Bharat PetroResources JPDA Limited for the financial year ended 31<sup>st</sup> March, 2012.

### BACKGROUND & BUSINESS ACTIVITIES OF THE COMPANY

Bharat PetroResources JPDA Limited ("the Company") was incorporated as a wholly owned Subsidiary Company of Bharat PetroResources Limited (BPRL). The Company was formed as a Special Purpose Vehicle for undertaking the exploration activities in the Block JPDA 06-103 awarded to the Company, in the Joint Petroleum Development Area (JPDA), by the Autoridade Nacional do Petroleo of Timor Leste (earlier known as Timor Sea Designated Authority). The Company currently holds 20% participating interest(PI) in this block. The other consortium members are Videocon JPDA 06-103 Limited & GSPC JPDA Limited, both hold 20% PI, Pan Pacific Petroleum (JPDA 06-103) Pty Limited holds 15% PI, Oilex (JPDA 06-103) Limited (as Operator) holds 10% PI and Japan Energy E&P JPDA Pty Limited holds 15% PI in the said block.

The Minimum Work Programme (MWP) Commitment in the block comprises a primary term of exploration phase of three years, a secondary term of two years and a third term of another two years subsequently. The block is currently in the primary term which includes drilling of four wells in the said block. During the financial year ended 2011 - 12, ANP granted extension of time period for the first phase till 15<sup>th</sup> January, 2013.

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 2011-12, the JPDA consortium carried out detailed re-evaluation of the block with a view to finalize the third well location and Demarcation of mandatory relinquishment areas.

The activities involved are 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 3<sup>rd</sup> 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 (i.e. 50% of the initial contract area) has been identified for mandatory relinquishment, as required by ANP.

**Highlights of Financial Performance**

	(₹ in '000')	
	For the year ended 31.3.2012	For the year ended 31.3.2011
Total Revenue	2730.70	1,295.04
Operating & Administration Expenditures	22,376.35	3,717.57
Profit / (Loss) before tax	(19,645.65)	(2,422.53)
Tax Expenses	-	-
Profit / (Loss) for the period from continuing operations	(19,645.65)	(2,422.53)

During the year, expenditure incurred by the company by way of paying the cash calls was ₹ 6.25 crore and the expenditure incurred towards cumulative cash calls was ₹ 87.35 crore upto 31<sup>st</sup> March, 2012.

The Comptroller and Auditor General of India (C&AG) have vide letter dated 12<sup>th</sup> July, 2012 which is enclosed as Annexure B to the Directors' Report, communicated that they have decided not to review the report of the Statutory Auditors on the accounts of the Company for the year ended 31<sup>st</sup> March, 2012 and as such have no comments to make under Section 619(4) of the Companies Act, 1956.

**DIVIDEND**

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

**FIXED DEPOSITS**

The Company has not accepted any Fixed Deposits during the year.

**HUMAN RESOURCES AND EMPLOYEES PARTICULARS**

There are no employees in the Company except the Directors on the Board who are nominees of holding company and are looking after the affairs of the Company. The Directors do not receive any remuneration from the Company. Hence, particulars of employees under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31<sup>st</sup> March, 2012 are not required to be given. The Directors are being assisted by the employees of BPRL.

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

The Company is in the early stages of operations. All possible steps are taken with regard to Citizens Charter, Official Language implementation, fulfillment of Social obligations and Right to Information Act, 2005 with the support of the parent Company.

**VIGILANCE**

Corporate Vigilance Guidelines relevant to Bharat Petroleum Corporation Limited (BPCL), the holding company, are applicable to the Company.

## CORPORATE GOVERNANCE

The Report on the Corporate Governance is enclosed as Annexure A.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors of the Company 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 at 31<sup>st</sup> March, 2012 and of the Statement of Profit and Loss of the Company for that period.
- 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 office of Director w.e.f. 1<sup>st</sup> September, 2011, on superannuation of his service in BPCL. The Directors have placed on record their deep appreciation and gratitude for the most valuable contributions made by Shri S.K.Joshi in the deliberations of the Board meetings and for the guidance and the support provided by him during his tenure.

Shri V. Srinivasan resigned from the office of Director w.e.f. 31<sup>st</sup> July, 2012 on superannuation of his service in BPCL. The Directors have placed on record their deep appreciation and gratitude for the guidance and the support provided by him during his tenure.

Shri Vijayagopal N., Vice-President (Finance), BPRL was appointed as Additional Director w.e.f. 1<sup>st</sup> September, 2011. Being, additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice, under Section 257 of the Companies Act, 1956 from a member proposing his name for appointment as Director at the ensuing Annual General meeting.

Shri P.C.Siva, Vice-President (Assets & Ops), BPRL was appointed as Additional Director w.e.f. 1<sup>st</sup> August, 2012. Being, additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his name for appointment as Director at the ensuing Annual General meeting.

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

### **STATUTORY AUDITORS & INTERNAL AUDITORS**

M/s Uttam Abuwala & Co., Chartered Accountants were appointed as Statutory Auditors of the Company for the financial year ended 31<sup>st</sup> March, 2012, by the C&AG under the provisions of Section 619(2) of the Companies Act, 1956. Further, C&AG has communicated the appointment of the said firm as Statutory Auditors of the Company for the financial year ending 2012-13.

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

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

Currently, the Company is having participating interest in the Block JPDA 06-103. The Operator in this block is Oilex (JPDA 06-103) Limited and all the exploration activities are carried out by the Operator. Since, the Company is not directly involved in the execution of works related to the block; activities related to conservation of energy and technology absorption are not applicable at this stage of operation. Hence, no separate form for disclosure of particulars with respect to Conservation of Energy, and technology absorption has been given.

Foreign Exchange Inflow - ₹ 27.30 lakh

Foreign Exchange Outgo - ₹ 5.71 lakh

### **ACKNOWLEDGEMENTS**

The Directors place on record their sincere thanks to the valuable guidance and continued support from the Government of India and the Holding Companies.

For and on behalf of the Board of Directors

Sd/-  
**(D.Rajkumar)**  
Chairman

Date : 7<sup>th</sup> August, 2012

Place : Mumbai

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy and Board of Directors

Bharat PetroResources JPDA Ltd ("the Company") was incorporated with the sole object of undertaking the exploration activities related to Block JPDA 06-103 awarded in the Joint Petroleum Development Area. The Company is managed by three Non-Executive Directors nominated by the parent Company. There are limited number of activities in the Company. Considering the same, the Company has approached Govt. of India for exemption from the applicability of the DPE guidelines on Corporate Governance to the Company.

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

23 <sup>rd</sup> May, 2011	27 <sup>th</sup> July, 2011	7 <sup>th</sup> October, 2011	2 <sup>nd</sup> February, 2012
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The Code of Conduct of parent company i.e. BPRL covering the requirements under the guidelines, is applicable to all the Board members of the Company. Further, no case and/or suit of any material or substantial nature are pending against the Company.

### 2. Audit Committee

The Company has constituted the Audit Committee comprising all the Non-Executive Directors on 30<sup>th</sup> March, 2011 in terms of Section 292A of the Companies Act, 1956. The quorum for the meetings of the Committee is two members. Shri S.K.Joshi chaired the Audit Committee meeting till 31<sup>st</sup> August, 2011. Subsequently, Shri D. Rajkumar chairs all the Audit Committee meetings. Shri Vijayagopal N. was appointed as a member of Audit Committee w.e.f. 1<sup>st</sup> September, 2011 on resignation of Shri S.K.Joshi. Shri Vijayagopal N. possesses the requisite knowledge of Finance & Accounting for effective functioning of the Audit Committee.

There were 4 Audit Committee meetings held during the Financial year on the following dates:-

23 <sup>rd</sup> May, 2011	27 <sup>th</sup> July, 2011	7 <sup>th</sup> October, 2011	2 <sup>nd</sup> February, 2012
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The Audit Committee has reviewed the annual financial statements for the financial year 2011-12 at its meeting held on 15<sup>th</sup> May, 2012.

### 3. Remuneration to Directors

All the Directors of the Company are the nominees of the parent Company and hence do not receive any remuneration from the Company.

### 4. Annual General Meeting

The Annual General Meeting (AGM) will be held on Monday, 10<sup>th</sup> September, 2012 at 1030 hrs at the Registered office of the Company at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai - 400001.

### 5. Annual/Extraordinary General Meetings during last three years

Meeting type	Date and Time of the meeting	Venue	Subject for Special Resolution passed
Annual General Meeting	6 <sup>th</sup> July, 2009 at 11.00 a.m.	Registered office at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001	----
Annual General Meeting	13 <sup>th</sup> August, 2010 at 3.00 p.m.	Registered office at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001	Increase in the borrowing powers of the Company, keeping of Registers / Returns/ documents at a place other than the registered office
Extraordinary General Meeting	25 <sup>th</sup> March, 2011 at 4.00 p.m.	Corporate Office at Maker Towers, 9 <sup>th</sup> Floor, E Wing, Cuffe Parade, Mumbai 400005	Enhancement of Authorised Share Capital & consequent amendments to the Memorandum of association & Articles of Association, Further Issue of shares to BPRL
Annual General Meeting	29 <sup>th</sup> August, 2011 at 1030 a.m.	Registered office at Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai 400001	-----

All the Directors have attended the last AGM held on 29<sup>th</sup> August, 2011.

### 6. Brief Resume of Directors seeking re-appointment

#### a) Shri D. Rajkumar

Shri D. Rajkumar is a B.Tech in Electrical Engineering from Indian Institute of Technology, Chennai and Post-Graduate Diploma in Management (PGDM) from Indian Institute of Management, Bangalore in Marketing. Presently, he is a Managing Director of BPRL. 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.

Shri D. Rajkumar is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

**b) Shri Vijayagopal N.**

Shri Vijayagopal N, is a member of the Institute of Chartered Accountants of India and a Bachelor of Law. He has held senior positions in BPCL and handled various areas of finance covering Refinery/Corporate Accounts, Treasury Management, Risk Management, Taxation and Budgeting, Fund Management etc. He has vast experience of 25 years in financial management in BPCL and presently, he is a Vice-President (Finance) of BPRL.

Shri Vijayagopal N. was appointed as Additional Director w.e.f. 1<sup>st</sup> September, 2011, by the Board of Directors. Being, an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice, under Section 257 of the Companies Act, 1956, from a Member proposing his name as Director of the Company.

**c) Shri P.C.Siva**

Shri P.C.Siva is a Mechanical Engineer. He has held senior positions in BPCL and handled various areas of projects in BPCL over last 25 years and presently, he is a Vice-President (Assets & Operations) of BPRL.

Shri P.C.Siva was appointed as Additional Director w.e.f. 1<sup>st</sup> August, 2012, by the Board of Directors. Being, an Additional Director, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice, under Section 257 of the Companies Act, 1956, from a Member proposing his name as Director of the Company.

**7. Disclosures**

There were no transactions of material nature that may have potential conflict with the interest of the Company at large. The Company has been adhering to the provisions of all the laws and guidelines of respective regulatory authorities / applicable DPE guidelines and there was no instance of non compliance of any provisions of law, guidelines from regulatory authorities. 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. The Block JPDA 06-103 is in the stage of Exploration /Operation & capital expenditure is considered as Capital work in progress. Hence, the revenue expenditure mainly consists of administrative & other office expenses.

The Company has only three part-time Directors, nominated from parent Company, who are covered under the Whistle Blower policy of BPCL, Hence, there is no separate Whistle Blower policy for the company.

8. Particulars of Directors including their attendance at the Board meetings during the year 2011-12

Names of the Directors  Non Executive Directors	Academic Qualifications	Attendance out of 4 Board Meetings held during the year and percentage thereof		Details of Directorships held in other Public Limited /Foreign Companies	Memberships held in Committees
		No. of Meetings Attended	%		
Shri S. K.Joshi (upto 31.8.2011)	A.C.A. M.B.A.	2	100 *	Chairman 1) BREL 2) BSSPL 3) BSSDPL Director 1) BPCL # 2) NRL 3) BPRL 4) 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
Shri D. Rajkumar	B.Tech (Elect) PGDM from I.I.M.	4	100	Director 1) BPRL @	Audit Committee - BPR- JPDA i) Member (upto 31.8.2011) ii) Chairman (w.e.f. 1.9.2011)
Shri V. Srinivasan	B.E.	3	75	Director (upto 4.9.2011) 1. BIBV 2. BVBV 3. BVMBV 4. BVIBV	Member a) Audit Committee 1. BPR- JPDA
Shri Vijayagopal N. (w.e.f. 1.9.2011)	A.C.A., L.L.B.	2	100 *	Director (w.e.f. 5.9.2011) 1. BIBV 2. BVBV 3. BVMBV 4. BVIBV	Member a) Audit Committee 1. BPR- JPDA

BPCL : Bharat Petroleum Corporation Ltd, NRL : Numaligarh Refinery Limited, BPRL: Bharat PetroResources Ltd,BPR- JPDA : Bharat PetroResources JPDA Ltd, BORL : Bharat Oman Refineries Limited, BSSPL : Bharat Stars Services Pvt Ltd, BSSDPL : Bharat Stars Servies (Delhi) Pvt. Ltd, BREL : Bharat Renewable Energy Ltd, BIBV : BPRL International BV, BVBV : BPRL Ventures BV, BVMBV : BPRL Ventures Mozambique BV, BVIBV: BPRL Ventures Indonesia BV

# indicates Director (Finance) in BPCL @ indicates Managing Director in BPRL

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

## Compliance Certificate on Corporate Governance

To,

The Members of  
Bharat PetroResources JPDA Limited

I have examined the compliance of the conditions of Corporate Governance by Bharat PetroResources JPDA 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 31<sup>st</sup> 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

Mumbai

Date: 25<sup>th</sup> 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 JPDA LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2012**

The preparation of financial statements of Bharat PetroResources JPDA Limited for the year ended 31<sup>st</sup> 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 and 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 15<sup>th</sup> May, 2012.

I, on the behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the Accounts of Bharat PetroResources JPDA Limited for the year ended 31<sup>st</sup> March, 2012 and as such have no comments to make 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 : 12<sup>th</sup> July, 2012

## AUDITORS' REPORT TO THE MEMBERS OF BHARAT PETRORESOURCES JPDA LIMITED

1. We have audited the attached Balance Sheet of **BHARAT PETRORESOURCES JPDA LIMITED** as at 31<sup>st</sup> March, 2012 and also the Profit and Loss Account and Cash Flow Statements of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion of 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. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and read together with the Companies (Auditor's Report) Amendment Order, 2004, (hereinafter referred to as the Order), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Attention is required to Note No. B-4 of Schedule F regarding incorporation of the company's share, in the operations of the joint venture based on the statements received from the Operator. For the current year, audited financial statements as received from the operator of the joint venture for the year ended 31<sup>st</sup> December, 2011 and unaudited billing statements for three months ended 31<sup>st</sup> March, 2012 have been used for the purpose of reporting expenditures and share of interest in jointly controlled assets, i.e. the management has considered the 15 month period from January 2011 to March 2012 for incorporating the income and expenses. As against this, for the previous year, the company had received from the operators un-audited financial statement for the twelve month period ended 31<sup>st</sup> December, 2010 on which we have placed reliance. Accordingly, the figures for the previous year are not comparable.
5. Further to our comments 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- iii. The Company's Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
- v. The Department of Company Affairs vide their General Circular No 8/2002 dated 22<sup>nd</sup> March, 2002 have clarified that Government Nominee Directors are exempted from the provisions of Section 274(1)(g) of the Companies Act, 1956. So declaration from the directors is not required under Section 274(1)(g) of the Companies Act.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said account read with notes and the significant accounting policies thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view 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 31<sup>st</sup> March, 2012;
  - (b) In the case of the Profit and Loss Account, of the Loss of the Company 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 Uttam Abuwala & Co.**

Chartered Accountants

**Sd/-**

**CA Uttam Prakash Agarwal**

(Partner)

M.No.041986

Firm No. 111184W

Place : Mumbai

Date : May 15, 2012

## ANNEXURE TO THE AUDITOR'S REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

Referred to in paragraph 3 of our report of even date to the members of **BHARAT PETRORESOURCES JPDA LIMITED** on the accounts for the year ended 31<sup>st</sup> March, 2012

- i)
  - (a) The Company has not acquired any fixed assets hence no Fixed Assets register is maintained. However, company is undertaking activities related to production & exploration of Oil & Gas and other energy resources and expenditure on it is considered Capital Work in Progress and expenditure on such capital work is recorded in the fixed assets register maintained by the company as per the data received from Oilex (JPDA 06-103) Ltd, (Operator)
  - (b) As Company has not acquired any Fixed assets, no reconciliation called for between the physical and book records.
  - (c) As Company has no fixed assets this clause is not applicable.
- ii) The Company has no inventory, hence clause no. (a) (b) (c) are not applicable.
- iii) Based on the audit procedures applied by us and according to the information and explanations given to us, the Company has not granted or taken any loans secured or unsecured to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of sub - clauses (b), (c), (d), (e), (f) and (g) of sub - para (iii) of para 4 of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system.
- v)
  - (a) Based on the audit procedures applied by us to the best of our knowledge and belief and according to the information and explanation given to us, there were no transactions that need to be entered in the Register maintained in pursuance of Section 301 of the companies Act, 1956.
  - (b) Sub-clause (b) of sub- para (v) of para 4 of the Order regarding reasonability of prices at which such transactions have been entered into is not applicable as there are no such transactions that needed to be entered in the Register maintained pursuant to Section 301 of the Companies Act, 1956.
- vi) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit from public within the provision of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under, with regard to deposits accepted from public.
- vii) The Company has internal audit system commensurate with its size and nature of its business.
- viii) We have been informed that the Company is not required to maintain any cost records.
- ix)
  - a) According to the records of the Company, statutory dues are deposited regularly.
  - b) According to the information and explanations given to us, no undisputed amount payable in respect of any statutory dues is in arrears as on 31/03/2012 for a period exceeding six month.

- x) The company has accumulated losses at the end of the financial year, and it has incurred cash losses during the current financial year.
- xi) On the basis of verification of records and according to the information and explanations given to us and based on the records made available to us, the Company has not raised any loans from Financial Institutions or Bank or on Debentures. Hence our comments are not offered on this matter.
- xii) 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) The Company is not a chit fund or a nidhi or a mutual benefit society. Therefore, the provisions of sub-para (xiii) of para 4 of the Order are not applicable to the Company.
- xiv) a) In our opinion, 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 investment.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or financial institutions.
- xvi) According to the information and explanations given to us, the Company has not taken or raised any term loan during the year.
- xvii) According to the information and explanations given to us, based on an overall examination of the Balance Sheet of the Company related information made available to us and as represented to us by the Management, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xviii) The Company has not made any preferential allotment of shares during the year to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year and therefore the question of creating security or charge in respect thereof does not arise.
- xx) The Company has not made any public issue of any securities during the year and therefore the question of disclosing the end - use of money raised by any public issue does not arise.
- xxi) During the course of our examination of the books and records of the Company carried out in accordance with the Generally Accepted Auditing Practices in India and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

**For Uttam Abuwala & Co.**  
Chartered Accountants

Sd/-

**CA Uttam Prakash Agrawal**

(Partner)

M.No.041986

Firm No. 111184W

Place : Mumbai

Date : May 15, 2012

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012**

Particulars		Note no.	₹ in '000'	₹ in '000'
			As at 31/03/2012	As at 31/03/2011
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Shareholders' Funds</b>			
	(a) Share Capital	1	150,000.00	150,000.00
	(b) Reserves & Surplus	2	(75,954.51)	(56,308.86)
			<b>74,045.49</b>	<b>93,691.14</b>
(2)	<b>Non-current liabilities</b>			
	Long-term borrowings	3	744,517.33	681,315.44
			<b>744,517.33</b>	<b>681,315.44</b>
(3)	<b>Current liabilities</b>			
	Other current liabilities	4	12,627.58	2,346.24
			<b>12,627.58</b>	<b>2,346.24</b>
	<b>TOTAL</b>		<b>831,190.40</b>	<b>777,352.82</b>
<b>II</b>	<b>ASSETS</b>			
(1)	<b>Non-current assets</b>			
	Capital work-in-progress	5	808,916.66	755,963.63
			<b>808,916.66</b>	<b>755,963.63</b>
(2)	<b>Current assets</b>			
	(a) Cash and cash equivalents	6	13,700.19	15,952.82
	(b) Other current assets	7	8,573.55	5,436.37
			<b>22,273.74</b>	<b>21,389.19</b>
	<b>TOTAL</b>		<b>831,190.40</b>	<b>777,352.82</b>

Statement of Significant Accounting Policies and Notes 10

For and on behalf of the Board of Directors

As per our attached report of even date

Sd/-  
D. Rajkumar  
Director

Sd/-  
Vijayagopal. N  
Director

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

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

Place: Mumbai  
Dated: May 15, 2012

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

		Notes	₹ in '000'	₹ in '000'
			For the year 2011-12	For the year 2010-11
I	Other Income	8	2,730.70	1,295.04
II	<b>Total Revenue</b>		<b>2,730.70</b>	<b>1,295.04</b>
III	Expenses:			
	Operating and Administration expenditures	9	22,376.35	3,717.57
	<b>Total expenses</b>		<b>22,376.35</b>	<b>3,717.57</b>
IV	<b>Profit (Loss) before tax (II - III)</b>		<b>(19,645.65)</b>	<b>(2,422.53)</b>
V	Tax Expense:			
	(i) Current tax		-	-
	(ii) Deferred Tax		-	-
	(iii) Short provision of current tax relating to earlier years		-	-
VI	<b>Profit (Loss) for the period from continuing operations (IV - V)</b>		<b>(19,645.65)</b>	<b>(2,422.53)</b>
VII	Profit (Loss) from discontinuing operations		-	-
VIII	Tax expense of discontinuing operations		-	-
IX	<b>Profit (Loss) from discontinuing operations (after tax) (VII-VIII)</b>		<b>-</b>	<b>-</b>
X	<b>Profit / (Loss) for the period (VI+IX)</b>		<b>(19,645.65)</b>	<b>(2,422.53)</b>
XI	Earnings per share			
	(i) Basic		<b>(1.31)</b>	(18.36)
	(ii) Diluted		<b>(1.31)</b>	(18.36)

Statement of Significant Accounting Policies and Notes 10

For and on behalf of the Board of Directors

Sd/-  
D. Rajkumar  
Director

Sd/-  
Vijayagopal. N  
Director

Place: Mumbai  
Dated: May 15, 2012

As per our attached report of even date

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

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

<b>Note '1' - SHARE CAPITAL</b>		<b>As at 31 March, 2012</b>		<b>As at 31 March, 2011</b>	
<b>Equity Share Capital</b>		<b>Number of shares</b>	<b>₹ in '000'</b>	<b>Number of shares</b>	<b>₹ in '000'</b>
<b>i</b>	<b>Authorised</b>				
	Equity shares of ₹ 10 each with voting rights *	15,000,000	150,000	15,000,000	150,000
	<b>Total</b>	<b>15,000,000.00</b>	<b>150,000.00</b>	<b>15,000,000.00</b>	<b>150,000.00</b>
<b>ii</b>	<b>Issued, subscribed and paid-up Capital:</b>				
	<b>Issued and Subscribed Capital:</b>				
	Equity shares of ₹ 10 each fully paid-up with voting rights *	15,000,000	150,000	15,000,000	150,000.00
	<b>Paid up Capital:</b>				
	Equity shares of ₹ 10 each fully paid-up with voting rights *	15,000,000	150,000	15,000,000	150,000
	<b>Total</b>	<b>15,000,000</b>	<b>150,000</b>	<b>15,000,000</b>	<b>150,000</b>
<b>iii</b>	<b>Par value of equity shares:</b>		<b>₹ 10 each</b>		<b>₹ 10 each</b>
<b>iv</b>	<b>No. of shares outstanding</b>				
	<b>Equity shares of ₹ 10 each fully paid-up</b>				
	As at beginning of the year	15,000,000	150,000	50,000	500
	Issued during the year	-	-	14,950,000	149,500
	<b>As at the year end</b>	<b>15,000,000</b>	<b>150,000</b>	<b>15,000,000</b>	<b>150,000</b>
<b>v</b>	<b>Shareholders holding more than 5% shares</b>				<b>No. of Shares</b>
	<b>Name of shareholder</b>	<b>% holding</b>	<b>31<sup>st</sup> March 2012</b>	<b>% holding</b>	<b>31<sup>st</sup> March 2011</b>
	Bharat Petroresources Limited	100	14,999,940	100	14,999,940
<b>vi</b>	<b>Shareholders held by Holding Company</b>				<b>No. of Shares</b>
	<b>Name of shareholder</b>		<b>31<sup>st</sup> March 2012</b>		<b>31<sup>st</sup> March 2011</b>
	Bharat Petroresources Limited	100	14,999,940	100	14,999,940

\* 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 liquidation of 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.

<b>Note '2' - RESERVES &amp; SURPLUS</b>	<b>₹ in '000'</b>	<b>₹ in '000'</b>
	<b>As at 31/03/2012</b>	<b>As at 31/03/2011</b>
<b>Surplus (Deficit) in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	(56,308.86)	(53,886.33)
Profit / (loss) for the year	(19,645.65)	(2,422.53)
<b>As at 31st March</b>	<b>(75,954.51)</b>	<b>(56,308.86)</b>

<b>Note '3' - LONG-TERM BORROWINGS</b>	<b>₹ in '000</b>	<b>₹ in '000</b>
	<b>As at 31/03/2012</b>	<b>As at 31/03/2011</b>
<b>Unsecured</b>		
Term Loan from Parent Company	744,517.33	681,315.44
<b>Total</b>	<b>744,517.33</b>	<b>681,315.44</b>

<b>Terms &amp; Repayment Schedule of Term Loans:</b>	<b>₹ in '000'</b>	<b>₹ in '000'</b>		
<b>Loans &amp; Borrowings</b>	<b>Book value as on 31<sup>st</sup> March, 2012</b>	<b>Book value as on 31<sup>st</sup> Mar, 2011</b>	<b>Date of Maturity</b>	<b>Rate of Interest (%)</b>
Loan from Parent Company	744,517.33	681,315.44	15 years from date of withdrawing the loan	0.00%

<b>Note '4' - OTHER CURRENT LIABILITIES</b>	₹ in '000'	₹ in '000'
	As at 31/03/2012	As at 31/03/2011
Other Payables:		
(i) Payable for Legal and Professional fees	72.84	71.70
(ii) Statutory Dues Payable	0.25	-
In respect of Joint ventures:		
Payable for Contract Supplies/works	12,554.49	2,274.54
<b>Total</b>	<b>12,627.58</b>	<b>2,346.24</b>

<b>Note '5' - CAPITAL WORK-IN-PROGRESS</b>	₹ in '000'	₹ in '000'
	As at 31/03/2012	As at 31/03/2011
<b>Capital work-in-progress (at cost)</b>		
Acquisition Cost	8,178.71	8,178.71
Exploration Cost		
- Geological & Geophysical Cost	273,736.20	236,324.16
- Drilling Cost	527,001.75	511,460.76
<b>Total</b>	<b>808,916.66</b>	<b>755,963.63</b>

<b>Note '6' - CASH AND CASH EQUIVALENTS</b>	₹ in '000'	₹ in '000'
	As at 31/03/2012	As at 31/03/2011
Cash on Hand	-	-
<b>With Scheduled banks :</b>		
In current accounts	32.17	1,166.32
With Bank in Current Accounts* (in respect of Joint ventures)	13,668.02	14,786.50
<b>Total</b>	<b>13,700.19</b>	<b>15,952.82</b>

\* Earmarked for Joint Venture Operations

<b>Note '7' - OTHER CURRENT ASSETS</b>	₹ in '000'	₹ in '000'
	As at 31/03/2012	As at 31/03/2011
Advance paid to Operator	-	5,395.73
Share of interest in joint ventures	8,573.55	-
Pre-incorporation Expenses	-	40.64
<b>Total</b>	<b>8,573.55</b>	<b>5,436.37</b>

<b>Note '8' - OTHER INCOME</b>	₹ in '000'	₹ in '000'
	For the year 2011-12	For the year 2010-11
Provision written back	-	156.39
Foreign Exchange fluctuations (net)	2,730.70	1,138.65
<b>Total</b>	<b>2,730.70</b>	<b>1,295.04</b>

Note '9' - OTHER EXPENSES	₹ in '000'	₹ in '000'
	For the year 2011-12	For the year 2010-11
Legal and Professional Fees	1,528.72	415.15
Share in Operators Expenditure	20,733.99	2,998.28
Share in Production Sharing Contracts (PSC) Commitments	-	173.77
Remuneration to auditors		
Audit fees	56.18	85.23
Fees for other services-certification		
Others		
Pre Incorporation Expenses	40.64	40.64
Bank Charges	11.87	-
Other Expenses	4.95	4.50
<b>Total</b>	<b>22,376.35</b>	<b>3,717.57</b>

**NOTE 10****STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF FINANCIAL STATEMENTS****A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES****1 BASIS FOR PREPARATION**

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

**2 USE OF ESTIMATES**

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

**3 OIL AND NATURAL GAS PRODUCING ACTIVITIES**

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

### **3.2 SURRENDER OF FIELD / DISPOSAL OF PARTICIPATION INTEREST**

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

### **3.3 DEPLETION**

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

### **3.4 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 assets and is subsequently depleted as part of the capital costs of the facility or item of plant. Any change in the value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding tangible fixed assets.

## **4 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.

**5 FOREIGN CURRENCY TRANSACTIONS**

- 5.1 Transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction.
- 5.2 According to AS - 11 of ICAI, Monetary items denominated in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet. Any profit/loss arising out of such conversion is charged to Profit and Loss Account.

**6 PRELIMINARY EXPENSES**

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

**7 PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

- 7.1 According to AS - 29 of ICAI, Provision is recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.
- 7.2 Disclosure for a contingent liability is made when there is a possible obligation that may, but probably will not, require an outflow of resources.
- 7.3 Capital commitments and Contingent liabilities disclosed are those which exceed ₹ 100 thousands in each case.
- 7.4 Show cause notices issued by various Government authorities are considered for the evaluation of Contingent liabilities only when converted into demand.

**8 TAXES ON INCOME**

- 8.1 According to AS - 22 of ICAI, Deferred tax on account of timing difference between taxable and accounting income is provided using the tax rates and tax laws enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient taxable income will be available against which deferred tax assets can be realised.

**9. CLASSIFICATION OF INCOME/EXPENSES**

Being not material:

- 9.1 Prepaid expenses up to ₹ 10 thousands in each case, are charged to revenue as and when incurred.
- 9.2 Liabilities for expenses are provided for only if the amount exceeds ₹ 10 thousands in each case.

**NOTE '10' (Continued)****B. NOTES:**

- 1) The Company was incorporated as a 100% subsidiary of Bharat PetroResources Limited (BPRL) on 28<sup>th</sup> October 2006 to hold 25% participating interest in block "JPDA 06-103" located in the Joint Petroleum Development Area between Australia and Timor.
- 2) The Company is engaged in the business of Exploration and Production of Hydrocarbons, with a single segment as per Accounting Standard (AS) 17 issued by the Institute of Chartered Accountants of India (ICAI). There are no geographical segments.
- 3) Earnings Per Share (EPS):

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

		<b>2011-12</b>	2010-11
Net profit/ (loss) after tax	₹ in '000'	<b>(19,645.65)</b>	(2,422.53)
Weighted average equity shares outstanding during the period	Nos. In '000'	<b>15,000.00</b>	131.92
Basic earning per equity share	₹	<b>(1.31)</b>	(18.36)
Diluted earnings per equity share	₹	<b>(1.31)</b>	(18.36)

**Calculation of Weighted Average Number of Shares as at March 31, 2011:-** **(in '000')**

Additional issue of shares on March 30, 2011	14,950.00
Weighted Average Number of Equity Shares issued during the year	81.92
Opening Share capital	50.00
Weighted Average Number of Equity Shares for EPS Calculation	131.92

- 4) In accordance with AS 27 'Financial Reporting of Interests in Joint Ventures', the required information is as under:

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 for incorporating the income and expenses. Accordingly the figures for the previous year are not comparable. Had the Company not accounted the income and expenses for the period January 1, 2012-March 31, 2012 (as in the previous year), the loss for the year would have been lower by ₹ 5,315.42 (in '000').

In case of the block held by the Company, the reporting period is year ended 31<sup>st</sup> December, 2011. Therefore, audited financial statements as received from the operator of the joint venture for the year ended 31<sup>st</sup> December, 2011 and unaudited billing statements for three months ended 31<sup>st</sup> March, 2012 have been used for the purpose of reporting expenditures and share of interest in jointly controlled assets.

a) Jointly controlled Assets :	Country of Incorporation	Percentage of Ownership interest as on	
		31.03.2012	31.03.2011
JPDA 06-103 Block	East Timor	20.00	20.00

b) In respect of jointly controlled assets, the Corporation's share of assets, liabilities, income, expenditure complied on the basis of un-audited/audited financial statements received from these joint ventures are as follows:

	(₹ in '000')	
	31.03.2012	31.03.2011
(i) Current Assets	22,241.56	14,786.50
(ii) Liabilities	12,554.49	2,274.54
(iii) Income	2,730.70	1,138.65
(iv) Expenses	20,733.99	3,172.05

5) Capital commitments and Contingent Liabilities:

	(₹ in '000')	
	31.03.2012	31.03.2011
(a) <b>Capital Commitments :-</b> Estimated amount of contracts remaining to be executed on capital account and not provided for USD 8.8 Mn - (Previous year USD 15.61 Mn)	450,269.56	696,986.50
(b) <b>Contingent Liabilities</b>	NIL	NIL

6) 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.

7) Expenditure in Foreign Currency

	(₹ in '000')	
	31.03.2012	31.03.2011
(a) Professional Consultancy Fees	571.80	279.32

8) During the year, there were no employees on the payroll of the Company.

9) Foreign Exchange Gain of ₹2, 730.70 (in '000') [Previous year Gain of ₹1,138.65 (in '000')] are in line with the Significant Accounting Policy No.5 due to applicability of AS-11 (Revised).

10) **Taxation:-**

(a) **Deferred Tax Provision**

Since the block is in the exploration phase, there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which carry forward tax losses can be realised. Hence, no deferred tax asset has been recognised as per AS-22 in the accounts in respect of carry forward losses.

(b) **Current Tax Provision**

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

11) Exchange Rate - 1 USD = INR 51.16 1AUD = 53.00 as at 31.03.2012.

12) Figures of previous year have been regrouped wherever necessary, to conform to current year presentation.

**For and on behalf of the Board of Directors**

**As per our attached report of even date**

Sd/-  
**D. Rajkumar**  
Director

Sd/-  
**Vijayagopal. N**  
Director

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

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

Place: Mumbai  
Dated: May 15, 2012

Cash Flow Statement for the year ended 31<sup>st</sup> March 2012

		2011-12	2010-11
		₹ in '000'	₹ in '000'
	<b>Cash Flow from Operating Activities</b>		
	Profit / (Loss) before tax	(19,645.65)	(2,422.53)
	<i>Adjustments for:</i>		
	Non-cash items		(115.75)
	Miscellaneous Exp Written off	40.64	
	Net unrealised exchange (gain) / loss	(406.46)	
	<b>Operating Profit / (Loss) before Working Capital changes</b>	<b>(20,011.47)</b>	<b>(2,538.28)</b>
	(Increase) / Decrease in Current Assets	(3,177.82)	54,801.05
	Increase / (Decrease) in Current Liabilities	10,687.80	(301,123.27)
	Less: Taxes Paid during the year	-	3,022.93
<b>A</b>	<b>Net Cash Flow from / used in Operating Activities</b>	<b>(12,501.49)</b>	<b>(251,883.43)</b>
	<b>Net Cash Flow from Investing Activities</b>		
	Additions to Capital Work-in-progress	(52,953.03)	40,949.26
<b>B</b>	<b>Net Cash Flow from/used in Investing Activities</b>	<b>(52,953.03)</b>	<b>40,949.26</b>
	<b>Net Cash Flow from Financial Activities</b>		
	Issue of Equity Share Capital	-	-
	Proceeds from long-term borrowings	63,201.90	(30,146.31)
<b>C</b>	<b>Net Cash Flow from/used in Financing Activities</b>	<b>63,201.90</b>	<b>(30,146.31)</b>
	<b>Net Increase/(Decrease) in Cash and Cash equivalents (A+B+C)</b>	<b>(2,252.63)</b>	<b>(241,080.48)</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>2011</b>	<b>2010</b>
		<b>₹ In '000'</b>	<b>₹ In '000'</b>
	Bank Balance	1,166.32	856.92
	Share of Interest in Joint Venture	14,786.50	256,176.38
		<b>15,952.82</b>	<b>257,033.30</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>2012</b>	<b>2011</b>
		<b>₹ In '000'</b>	<b>₹ In '000'</b>
	Bank Balance	32.17	1,166.32
	Share of Interest in Joint Venture	13,668.02	14,786.50
		<b>13,700.19</b>	<b>15,952.82</b>
	<b>Net change in Cash and Cash equivalents</b>	<b>(2,252.63)</b>	<b>(241,080.48)</b>

**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/-  
D. Rajkumar  
Director

Sd/-  
Vijayagopal. N  
Director

Place: Mumbai  
Dated: May 15, 2012

As per our attached report of even date

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

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