ANNUAL REPORT
2010-2011

Contents

Responsible Development

We firmly believe in inclusive growth and expend considerable efforts towards social responsibility in all areas of our operations.

While traversing on our path of sustainable development, we balance economic progress with social value, health, safety, security and environmental care.

Our inspiring vision has been the stimulant for a high level of performance, catalysed by technology and powered by a vibrant workforce.

We continuously explore opportunities and evolve innovative solutions, driven by our passion to enhance value for our customers, stakeholders and society.

We are committed to building a better world for generations to come through reaching out to people in myriad ways.

BPCL . . . energising a brighter future

Chairman's Letter

Dear Shareowners,

It gives me immense pleasure to communicate to you for the first time since taking over as Chairman & Managing Director.

The financial year that has just gone by saw several important milestones being achieved. Amongst the key developments during the year was the announcement of five oil and gas discoveries in Mozambique, Brazil and Indonesia from exploration blocks where BPCL's wholly owned subsidiary company, Bharat PetroResources Limited has participating interest. This augurs well for the future in terms of oil and gas equity for the company once production starts in these blocks.

The year also saw the commissioning of the 6 Million Metric Tonnes per annum (MMTPA) grass roots refinery in Bina in Madhya Pradesh which was set up by Bharat Oman Refineries Limited (BORL). BORL is a company promoted by BPCL and in which Oman Oil Company and the Madhya Pradesh Government are partners. Hon'ble Prime Minister, Dr. Manmohan Singh dedicated the refinery to the nation on 20th May, 2011. Once all the units stabilize, the refinery would go a long way in meeting the product requirements of BPCL in central and northern parts of the country. The Kochi refinery also commissioned the Capacity Expansion and Modernisation Project which saw the refinery's processing capacity increase from 7.5 MMTPA to 9.5 MMTPA.

The external environment in which we are operating continues to remain extremely volatile and challenging. Crude oil prices have remained at high levels. BPCL has to deal with the issue of high under-recoveries on the sale of sensitive petroleum products. Under the circumstances, effective management of the cash flows remains a challenge. The interest rates are on the uptrend, consequent to the Reserve Bank of India raising the key monetary rates as it tries to rein in the persistently high levels of inflation in the economy. Notwithstanding the difficult conditions, we remain committed to augment our downstream capabilities in order to be able to meet the growing energy needs of the country.

As a company, BPCL and its employees have always sought to put their best foot forward and this approach has helped achieve outstanding results in the past. Carrying this tradition forward, the company has drawn up ambitious plans for the next 5 years. Under Project 'DreamPlan', BPCL has lined up major capital expenditure plans, which are aimed at ensuring that the company is in a position to capitalise on the immense opportunities available and build on its competitive edge in the market place.

In addition to enhancing the refining capacity to meet the growing demand for petroleum products, BPCL is exploring the possibility of achieving value addition by venturing into the petrochemicals space. BPCL is looking at using the raw material produced at the Kochi refinery to manufacture value added products having excellent demand, but limited availability within the country at present.

BPCL has been an early mover in the gas business. However a lack of distribution infrastructure has come in the way of BPCL enhancing its presence in the gas market. A number of options are being explored, including participation in consortiums for bidding for pipelines and setting up LNG terminals.

BPCL remains committed towards strengthening its core business of refining and marketing of petroleum products. Towards this end, major plans have been drawn up for enhancing the port and distribution infrastructure and setting up of new retails outlets, particularly in the rural markets.

A number of exploration and production blocks, where BPCL's subsidiary company has participating interest, will be entering the development phase. There will be a need to contribute our proportionate share of the expenditure during the development phase. Considering the nature of the exploration and production business, the amounts involved will be quite substantial.

While all the initiatives outlined above will involve large capital outlays, their successful completion can take BPCL to the next level and enhance the value to the shareholders. If this has to be achieved, execution becomes the key and therefore, the focus has been on putting in place strong monitoring mechanisms that facilitate timely completion of projects at the right cost.

BPCL has recently commenced a new project which is aimed at connecting effectively with our customer and getting to know them and their needs. The objective behind this is to develop a deeper relationship with our customers and ensure that they avail of the entire range of BPCL's product and services offerings across all business units. Success in this initiative can help in building a stronger bond with our customers and also contribute towards designing products and services that meet their needs in the best possible manner. Ultimately, BPCL aims to reinforce its image as a company that is caring and focused on meeting the different requirements of customers.

One of the key challenges in the coming days is in the domain of Human Resources. As the company grows in size and complexity, there would be a need to have a trained pool of skilled and experienced manpower. BPCL continues to provide a work climate which encourages excellence in all areas of operations and thereby, goes a long way in retaining talent. BPCL has been blessed with an excellent team at all levels and it is their untiring efforts that have taken the company to this level.

The journey ahead is indeed very tough and challenging. We look forward to receiving your unstinted support and encouragement in all our endeavours. My colleagues on the Board and I remain confident of BPCL's ability to achieve its ambitious goals and targets and thereby, deliver value to each one of you.

Warm regards,

R. K. SINGH
Chairman & Managing Director

Board of Directors

R. K. SINGH
Chairman & Managing Director
(w.e.f. 9.12.2010)

ASHOK SINHA
Chairman & Managing Director
(up to 18.8.2010)

S. RADHAKRISHNAN
Director (Marketing)
(up to 28.2.2011)

K. K. GUPTA
Director (Marketing)
(w.e.f. 31.3.2011)

S. K. JOSHI
Director (Finance)

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

T. BALAKRISHNAN
Additional Chief Secretary, (I&C)
Government of Kerala
(up to 29.6.2010)

ALKESH KUMAR SHARMA
Secretary (IP),
Government of Kerala
(w.e.f. 30.6.2010)

RAMA BIJAPURKAR
Director
(up to 30.6.2010)

I. P. S. ANAND
Director

HARESH M. JAGTIANI
Director

S. MOHAN
Director (Human Resources)

B. K. DATTA
Director (Refineries)
w.e.f. 1.8.2011

N. VENKITESWARAN
Director

S. K. BARUA
Director

S. V. KULKARNI
Company Secretary

Bankers

State Bank of India
Union Bank of India
Corporation Bank
Bank of India
State Bank of Patiala
Central Bank of India
Deutsche Bank
Standard Chartered Bank
Royal Bank of Scotland
ICICI Bank
HDFC Bank Ltd.
State Bank of Travancore
Indian Bank
Industrial Development Bank of India Ltd.
BNP Paribas
Calyon Bank

Auditors

B. K. Khare & Co.
K. Varghese & Co.

Share Transfer Agents

Data Software Research Co. Pvt. Ltd.
#9 Pycroft Garden Road,
Off Haddows Road,
Nungambakkam, Chennai 600 006

Registered Office

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

Group Performance Highlights

- Sales turnover at ₹ 166,038.80 crores
- Crude throughput at 24.03 MMT
- Market Sales including exports at 32.19 MMT
- Net profit at ₹ 1,742.06 crores
- Bina Refinery augments product security
- Oil and Gas discoveries abroad brighten our horizons

Vision

- We are a leading energy company with global presence through sustained aggressive growth and high profitability
- We are the first choice of customers, always
- We exploit profitable growth opportunities outside energy
- We are the most environment friendly company
- We are a great organisation to work for
- We are a learning organisation
- We are a model corporate entity with social responsibility

Mission

- Participate prominently in nation-building by meeting its growing energy needs, and to support this endeavour, pursue the creation of economic surplus by efficiently deploying all available resources and aiming towards global competitiveness in the energy sector
- Strengthen and expand areas of core competencies throughout the country, total quality management in all spheres of business and maintain the status of a leading national company
- Create awareness among people on the imperatives of energy conservation and efficient consumption of petroleum resources, by disseminating information through appropriate media
- Availing ourselves of new opportunities for expansion / diversification arising from the liberalization of the economy to achieve a global presence
- Promote ecology, environmental upgradation and national heritage

Dr. S. Mohan, Director (Human Resources), Mr. S. K. Joshi, Director (Finance), Mr. R. K. Singh, Chairman & Managing Director and Mr. K. K. Gupta, Director (Marketing)

Building a better world for future generations

Management Team

Ms. I. Sasikala	Chief Vigilance Officer
Mr. A.K. Bansal	Executive Director (Gas)
Mr. Anurag Deepak	Executive Director (Pipelines)
Mr. D.M. Reddy	Executive Director (Industrial & Commercial)
Ms. Dipti Sanzgiri	Executive Director (Human Resources Development)
Mr. E. Nandakumar	Executive Director, Kochi Refinery
Mr. John Minu Mathew	Executive Director (Technical), Kochi Refinery
Mr. J. Ravichandran	Executive Director (Refineries Finance)
Mr. K.V. Seshadri	Executive Director, Mumbai Refinery
Mr. P.S. Bhargava	Executive Director (Planning)
Mr. Pallav Ghosh	Executive Director (Retail), East
Mr. R.K. Mehra	Executive Director (International Trade)
Mr. R.M. Gupta	Executive Director (LPG)
Mr. S. Krishnamurti	Executive Director (Corporate Affairs)
Mr. S.P. Gathoo	Executive Director (Human Resources Services)
Mr. S. P. Mathur	Executive Director (Engineering & Projects)
Mr. S. Ramesh	Executive Director (Retail) In-charge
Ms. Sumita Bose Roy	Executive Director (Audit)
Mr. S. Varadarajan	Executive Director (Corporate Finance)
Mr. Arjun Hira	General Manager (Brand & ARB) RHQ
Mr. A.K. Kaushik	General Manager (IS - Infrastructure & Services)
Mr. Basudev Rana	General Manager (Quality Control Cell)
Mr. Brij Pal Singh	General Manager (Marketing Corporate)
Mr. D.K. Mane	Head (Health, Safety, Security & Environment) Entity
Mr. Gautam Mukerji	General Manager (Coordination)
Mr. George Paul	General Manager (Lubes)
Mr. G.S. Wankhede	General Manager (Logistics) Retail
Mr. I. Srinivas Rao	General Manager (Marketing) Gas
Mr. J. Dinaker	General Manager (Corporate Treasury)
Mr. J.R. Akut	General Manager (IIS Technology)
Mr. K.B. Narayanan	General Manager (ERP - CC)
Mr. K.H. Subramanian	General Manager (Retail) West
Mr. K. N. Ravindran	General Manager (Projects), Kochi Refinery
Mr. K.P. Chandy	General Manager (Sales) LPG HQ
Mr. K.V. Shenoy	General Manager (Retail) In-charge, South
Mr. M.M. Chawla	General Manager (Pipeline Projects), E&P
Mr. M.M. Somaya	General Manager (Brand & Public Relations)
Mr. M.P. Govindarajan	General Manager (Human Resources), Kochi Refinery
Ms. Monica Widhani	General Manager (Urban Retailing)
Mr. P. Anandasundaresan	General Manager (Sales) I&C, Mumbai
Mr. P. Balasubramanian	General Manager (Corporate Finance)
Mr. P. C. Srivastava	General Manager (Highway Retailing) RHQ
Mr. P. Kumaraswamy	General Manager (Projects)
Mr. P. Padmanabhan	General Manager (Refinery Coordination)
Mr. Pramod Sharma	General Manager (Retail) North
Mr. Prasad K. Panicker	General Manager (Operations), Mumbai Refinery
Mr. P.V. Kumar	General Manager (International Trade)
Mr. R.P. Natekar	General Manager (Finance) Retail HQ
Mr. S.B. Bhattacharya	General Manager (Aviation)
Mr. S.K. Agrawal	General Manager (Legal)
Mr. S.K. Mathur	General Manager (Rural Retailing/Real Estate)
Mr. Sharad K. Sharma	General Manager Sales (Retail) HQ
Mr. S. Vijayakumar	General Manager (Human Resources), Mumbai Refinery
Mr. S.V. Kulkarni	Company Secretary
Mr. Tapan Datta	General Manager (Vigilance), CO
Mr. Thomas Chacko	General Manager (Engg. & Adv. Services) Kochi Refinery
Mr. Thomas Zachariah	General Manager (Engg. & Adv. Services) Mumbai Refinery
Mr. Tomy Mathews	General Manager (Operations), Kochi Refinery
Mr. T. Somanath	General Manager – Talent Management
Dr. U.V. Girish Kumar	General Manager (IT & BI), Retail HQ
Mr. V. Anand	General Manager (Sales Strategy), Retail HQ
Mr. Arun Singh	Chief Procurement Officer
Ms. Madhu Sagar	Dy. General Manager (Employee Satisfaction Enhancement), CO

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 58th Annual General Meeting of the Shareholders of Bharat Petroleum Corporation Limited will be held in the Rama Watumull Auditorium at Kishinchand Chellaram College (K.C. College), 124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020, on Friday, the 16th September, 2011, at 10.30 a.m. to transact the following Ordinary and Special Business:

A. Ordinary Business

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as at that date and the Reports of the Board of Directors and the Statutory Auditors and the Comments of the Comptroller & Auditor General of India thereon.

2. To declare dividend.

3. To appoint a Director in place of Shri S. K. Barua, Director, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Shri S. K. Barua, being eligible, offers himself for re-appointment

4. To appoint a Director in place of Dr. S. Mohan, Director, who retires by rotation in pursuance of Section 256 of the Companies Act, 1956. Dr. S. Mohan, being eligible, offers himself for re-appointment.

B. Special Business

5. **Appointment of Director**

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

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

6. **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".

7. **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".

By order of the Board of Directors

Sd/-
(S. V. Kulkarni)
Company Secretary

Registered Office:
Bharat Bhavan,
4 & 6 Currimbhoy Road,
Ballard Estate,
Mumbai – 400 001.
Date: 12th August, 2011

Notes :

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

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

3. The Share Transfer Books of the Company will remain closed from Wednesday, 7th September, 2011 to Friday, 16th September, 2011 (both days inclusive), for the purpose of payment of dividend on equity shares for the year ended 31st March, 2011, if declared at the Annual General Meeting as under:

   a) To all Beneficial Owners in respect of shares held in electronic form as per the data to be made available by NSDL/CDSL as at the close of the last working day on or before 6th September, 2011.

   b) To all Members in respect of shares held in physical form after giving effect to transfer in respect of valid share transfer requests lodged with the Share Transfer Agent viz. Data Software Research Co. Pvt. Ltd. on or before 6th September, 2011.

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

5. a) Pursuant to Section 205A(5) and Section 205C of the Companies Act, 1956, any amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education & Protection Fund established by the Central Government. Accordingly, the unclaimed dividends for the financial years ended 31st March, 1995 to 31st March, 2003 of BPCL and erstwhile KRL, and also unclaimed amount of interim dividend for the financial year 2003-04 in respect of BPCL had been transferred to the said Fund, and no claim shall lie against the said Fund, or the Company, for the amount of dividend so transferred.

   b) Shareholders of BPCL, who have not yet encashed their final dividend warrant(s) for the financial year ended 31st March 2004 or dividend warrant(s) for any subsequent financial years, are requested to make their claims to the Share Transfer Agent of the Company or to the Registered Office of the Company. With regard to unclaimed amount of dividend for the financial year ended 31st March, 2004 and for subsequent financial years of erstwhile KRL, the claims can be made to the Share Transfer Agent of the Company.

      It may be noted that the unclaimed amount of final dividend for the financial year ended 31st March, 2004 will become due for transfer to the Investor Education and Protection Fund on 5.10.2011 in respect of BPCL and 19.8.2011 in respect of erstwhile KRL.

EXPLANATORY STATEMENT

Annexed to the Notice convening the 58th Annual General Meeting to be held on Friday, the 16th September, 2011.

Item No. 5 Appointment of Director

Shri K. K. Gupta was appointed as Additional Director of Bharat Petroleum Corporation Ltd. under the provisions of Article 77A of the Articles of Association of the Company, effective 31.3.2011 in accordance with the directions of the Government of India.

Shri K. K. Gupta, being an Additional Director holds office up to the date of the ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Member, proposing the name of Shri K. K. Gupta as Director of the Company. A brief resume of Shri K. K. Gupta as required under Clause 49(IV)(G) of the Listing Agreement, is provided separately in the Corporate Governance Report enclosed to the Directors' Report. The Directors recommend appointment of Shri K. K. Gupta as Director of the Company.

Except Shri K. K. Gupta, no other Director is interested in the Resolution.

Item No. 6 Appointment of Director

Shri B. K. Datta was appointed as Additional Director of Bharat Petroleum Corporation Ltd. under the provisions of Article 77A of the Articles of Association of the Company, effective 1.8.2011 in accordance with the directions of the Government of India.

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 under Section 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 Clause 49(IV)(G) of the Listing Agreement, 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.

Item No. 7 Appointment of Director

Government of India has advised the appointment of Shri S. Varadarajan to the post of Director (Finance) of the Company. The Company has received a notice under Section 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 Clause 49(IV)(G) of the Listing Agreement, 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.

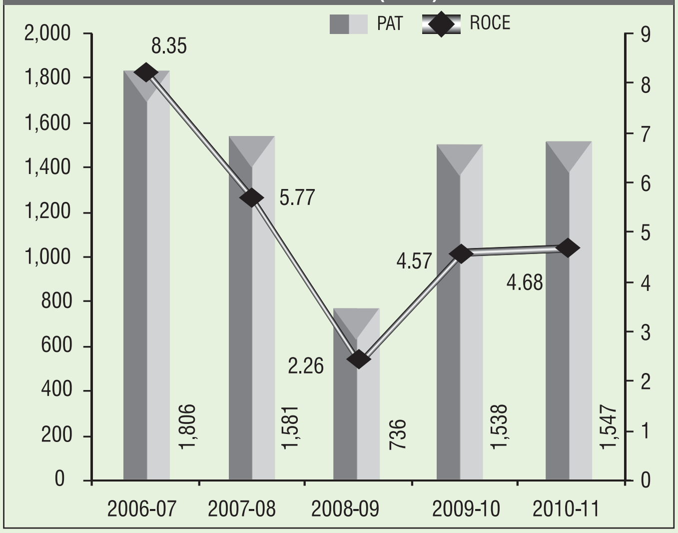
Except Shri S. Varadarajan, no other Director is interested in the Resolution.

By order of the Board of Directors

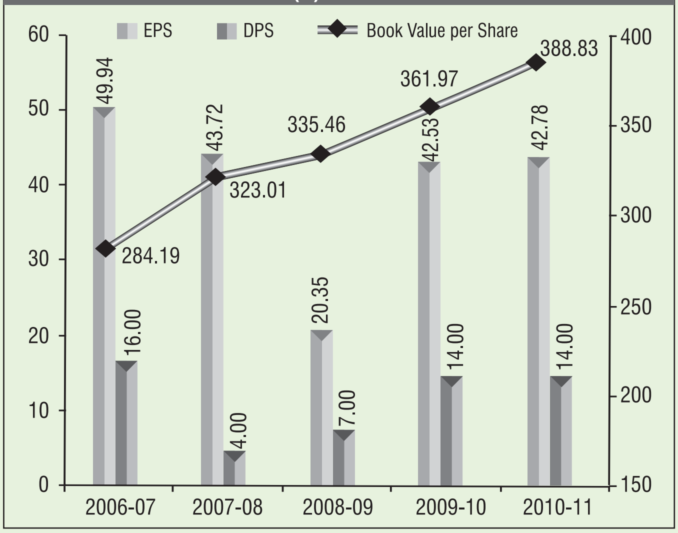
Sd/-
(S. V. Kulkarni)
Company Secretary

Registered Office:
Bharat Bhavan,
4 & 6 Currimbhoy Road,
Ballard Estate,
Mumbai – 400 001.
Date: 12th August, 2011

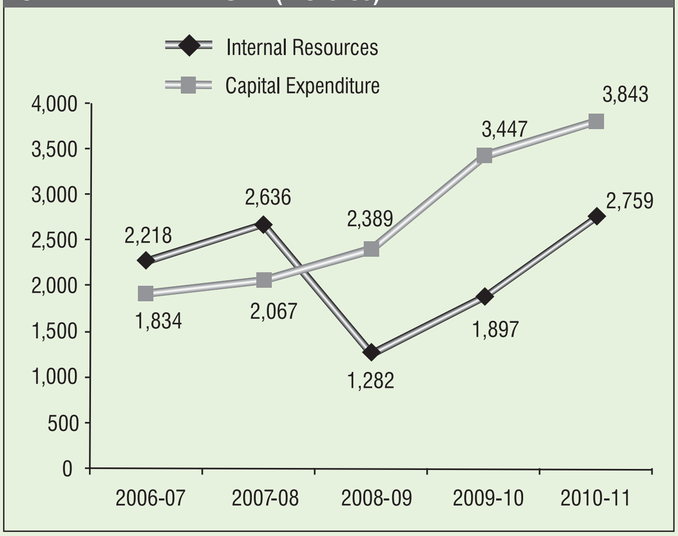
PROFIT AFTER TAX (₹ Crores) RETURN ON CAPITAL EMPLOYED (in %)



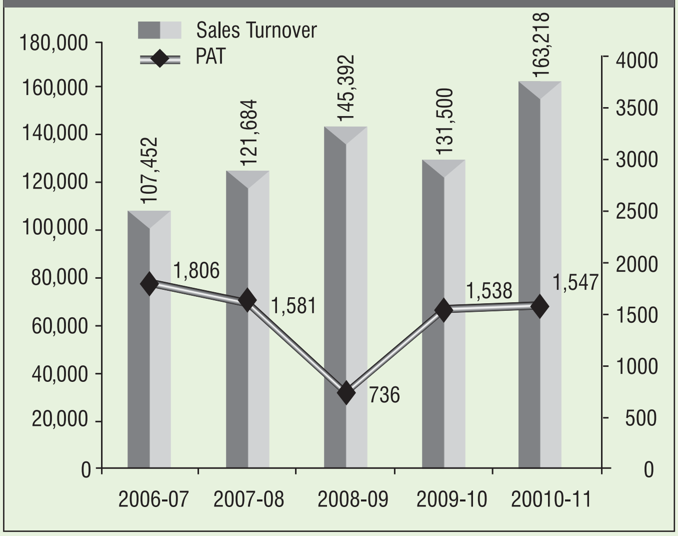
EARNINGS PER SHARE / DIVIDEND PER SHARE / BOOK VALUE PER SHARE (₹)



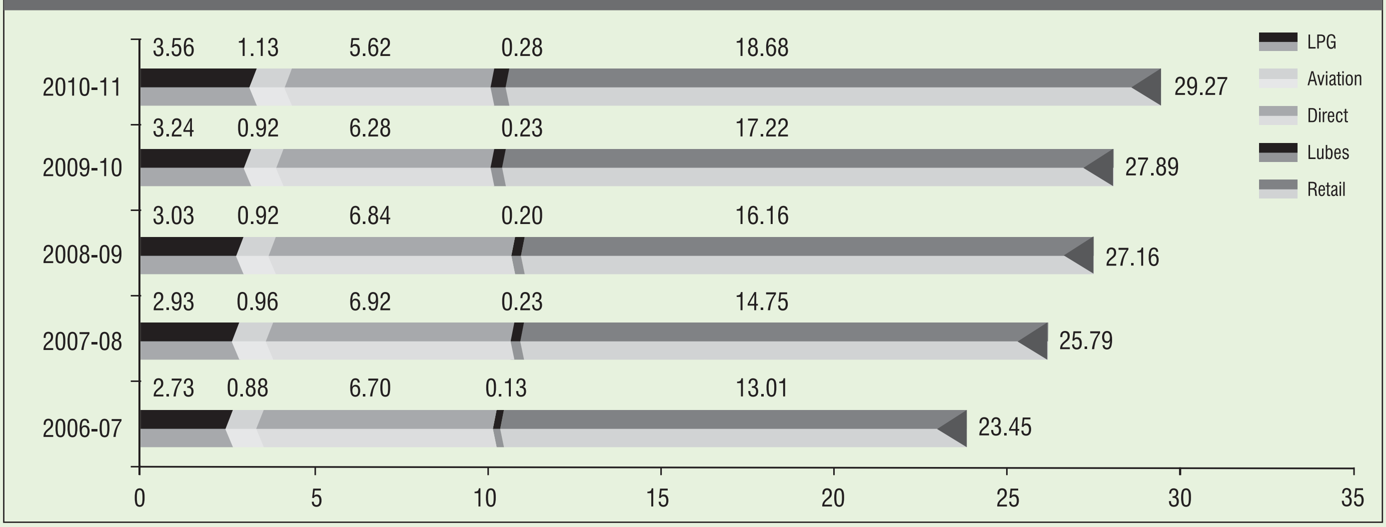
INTERNAL RESOURCES / CAPITAL EXPENDITURE (₹ Crores)



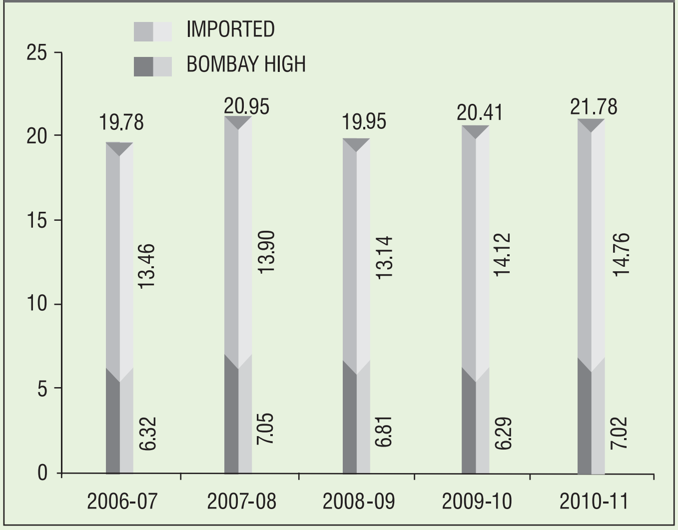
SALES TURNOVER / PROFIT AFTER TAX (₹ Crores)



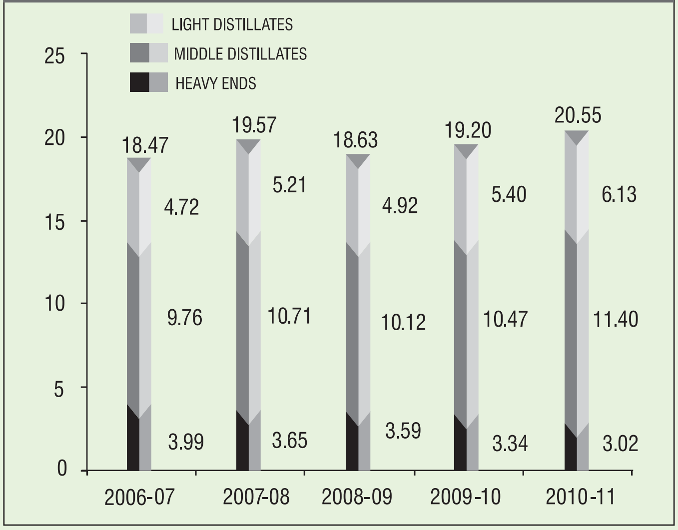
MARKET SALES VOLUME (Million Metric Tonnes)



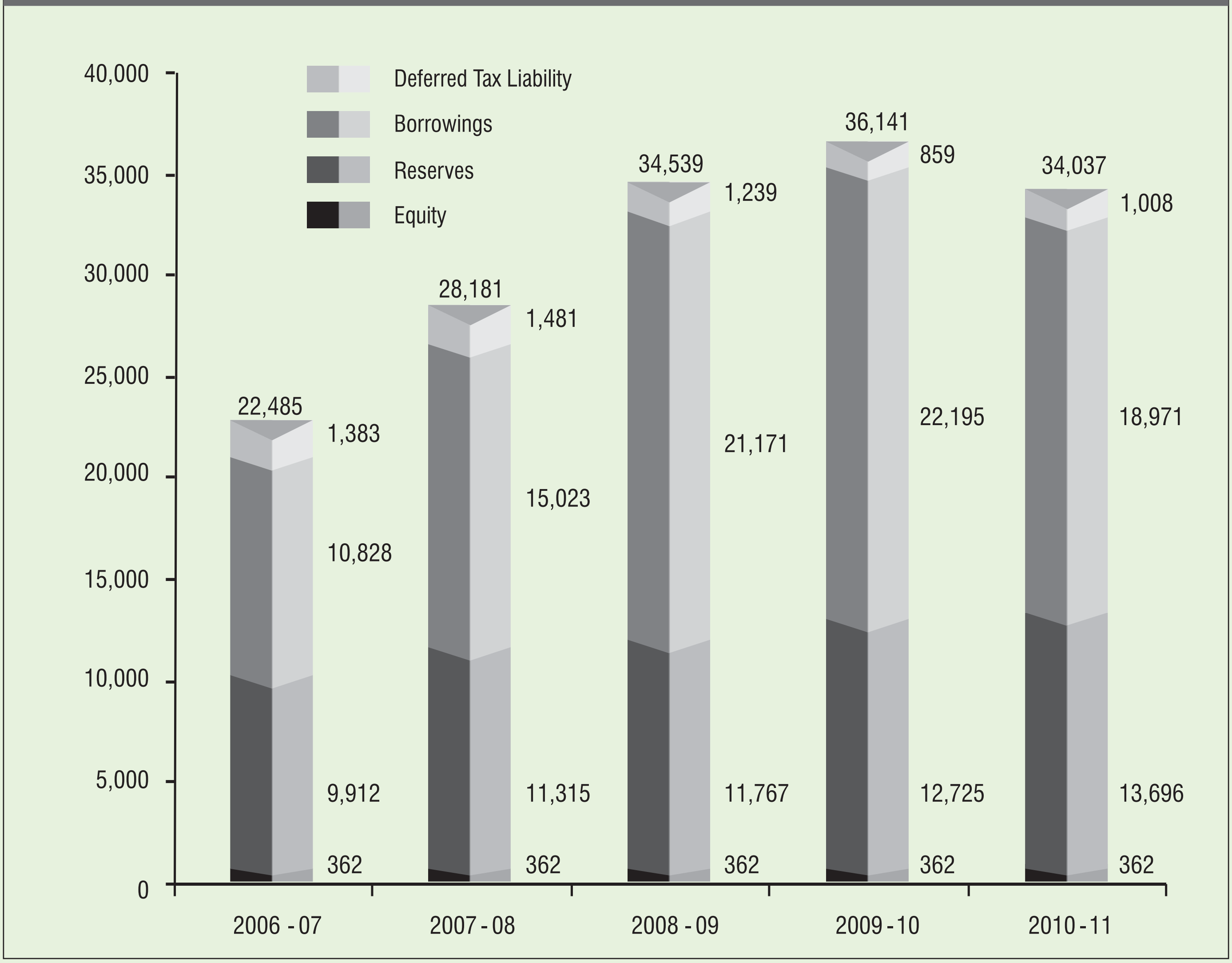
CRUDE PROCESSED (Million Metric Tonnes)



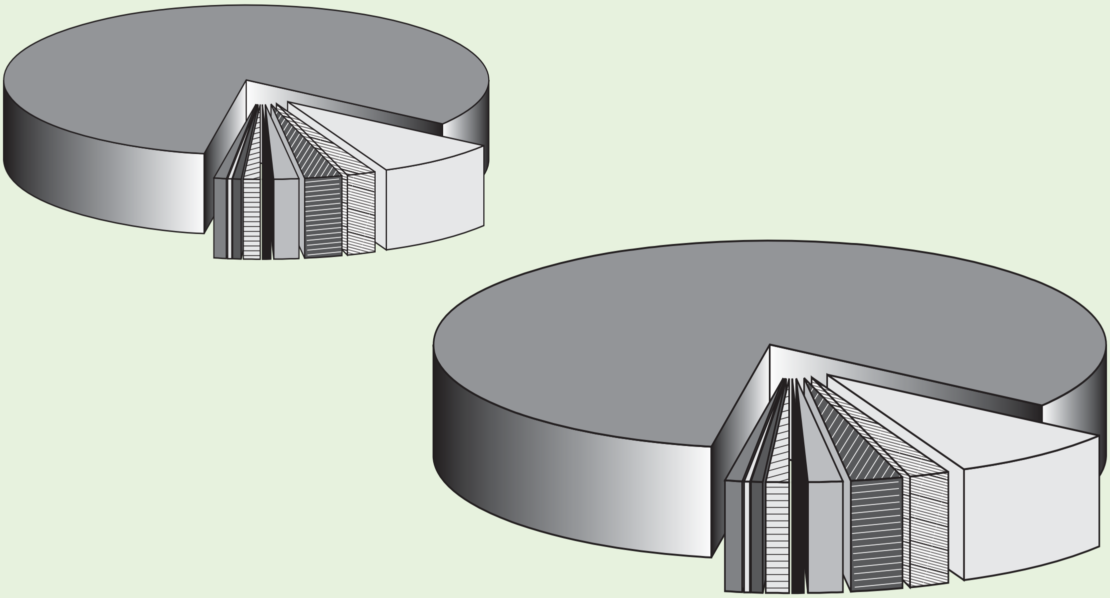
PRODUCTION (Million Metric Tonnes)



TOTAL FUNDS EMPLOYED (₹ Crores)



DISTRIBUTION OF EACH RUPEE EARNED



2009-2010	2010-2011	
83.11	84.21	Raw Materials, Purchase of Products for resale and packages
7.44	7.50	Duties, Taxes etc.
1.93	1.73	Transportation
2.46	1.73	Stores and other Operating Expenses
1.60	1.70	Employees' remuneration and other benefits
0.76	0.67	Interest on Borrowings
0.93	1.00	Depreciation
0.62	0.52	Income Tax
0.43	0.35	Dividend (including Corporate Dividend Tax)
0.72	0.59	Retained Profits

The Directors take pleasure in presenting their Report on the performance of Bharat Petroleum Corporation Limited (BPCL) for the year ended 31st March, 2011.

PERFORMANCE OVERVIEW

Group Performance

The aggregate Refinery throughput at BPCL's Refineries at Mumbai and Kochi and that of its subsidiary company, Numaligarh Refinery Limited (NRL) in 2010-11 was 24.03 Million Metric Tonnes (MMT) as compared to 23.03 MMT in 2009-10. The market sales volume of the BPCL Group for 2010-11 stood at 29.58 MMT, as compared to 28.25 MMT in the previous year. The group also exported 2.61 MMT of petroleum products during the year as against 2.51 MMT in 2009-10.

During the year 2010-11, the BPCL group achieved a sales turnover of ₹166,038.80 crores as compared to ₹133,749.10 crores recorded in 2009-10. The Profit after Tax for the year stood at ₹1,742.06 crores as against ₹1,719.98 crores in 2009-10. After setting off the minority interest, the Group earnings per share for the year stood at ₹45.22 as compared to ₹45.15 in 2009-10.

CONSOLIDATED GROUP RESULTS		
	2010-11	2009-10
Physical Performance		
Crude Throughput (MMT)	**24.03**	23.03
Market Sales (MMT)	**29.58**	28.25
Financial Performance		**₹ Crores**
Sales / Income from Operations	**166,038.80**	133,749.10
Less: Excise Duty Paid	**(12,393.83)**	(9,932.38)
Net Sales / Income from Operations	**153,644.97**	123,816.72
Gross Profit	**5,986.47**	5,341.35
Interest	**1,246.84**	1,124.66
Depreciation & amortization	**1,891.37**	1,444.56
Profit before tax	**2,848.26**	2,772.13
Provision for taxation – Current	**864.47**	1,324.75
Profit after Current Tax	**1,983.79**	1,447.38
Provision for taxation – Deferred	**159.72**	(301.27)
Short provision for Taxation in earlier years provided for	**82.01**	28.67
Net Profit	**1,742.06**	1,719.98
Minority Interest	**107.10**	87.62
Net Income of the group attributable to BPCL	**1,634.96**	1,632.36
Group Earnings per share attributable to BPCL (₹)	**45.22**	45.15

COMPANY RESULTS

Physical Performance		
	2010-11	2009-10
Crude Throughput at Mumbai and Kochi Refineries (MMT)	**21.78**	20.41
Market Sales (MMT)	**29.27**	27.89
Financial Performance		**₹ Crores**
	2010-11	2009-10
Sales Turnover – Gross	**163,218.21**	131,499.72
Gross Profit before Depreciation, Interest and Tax	**5,168.83**	4,619.32
Interest	**1,100.78**	1,010.95
Depreciation & amortization	**1,655.40**	1,242.32
Profit before tax	**2,412.65**	2,366.05
Provision for Taxation – Current	**628.00**	1,127.00
Provision for Taxation – Deferred	**148.24**	(303.25)
Short provision for taxation in earlier years provided for	**89.73**	4.68
Net Profit	**1,546.68**	1,537.62
Balance brought forward	**181.06**	76.37
Amount available for disposal	**1,727.74**	1,613.99
The Directors propose to appropriate this amount as under:		
Towards Dividend:		
Final (proposed) Dividend -	**506.16**	506.16
Towards Corporate Dividend Tax	**71.08**	72.77
For transfer to Debenture Redemption Reserve	**-**	700.00
For transfer to General Reserve	**650.50**	154.00
Balance carried to Balance Sheet	**500.00**	181.06
Summarized Cash Flow Statement :		
Cash Flows:		
Inflow/(Outflow) from operations	**4,206.31**	(1,515.15)
Inflow/(Outflow) from investing activities	**627.00**	1,538.43
Inflow/(Outflow) from financing activities	**(1,817.00)**	652.09
Net increase/(decrease) in cash & cash equivalents	**3,016.31**	675.37

Company Performance

BPCL recorded a sales turnover of ₹163,218.21 crores in the year 2010-11. This represents an increase of 24.12 % over the previous year's turnover of ₹131,499.72 crores. In terms of volume, sales increased from 27.89 MMT in 2009-10 to 29.27 MMT in 2010-11, showing an increase of 4.95%. The profit before tax for the year went up by 1.97% over the preceding year to reach a level of ₹2,412.65 crores, as against ₹2,366.05 crores in 2009-10. After providing for tax, (including deferred tax) of ₹865.97 crores in 2010-11, as against ₹828.43 crores in 2009-10, the profit after tax for the year stood at ₹1,546.68 crores, as compared to ₹1,537.62 crores in the financial year ended 31st March, 2010.

The Board of Directors has recommended a dividend of 140% (₹14 per share) for the year on the paid-up share capital of ₹361.54 crores, which will absorb a sum of ₹577.24 crores out of the profit after tax inclusive of ₹71.08 crores for Corporate Dividend Tax on distributed profits. BPCL's net worth as on 31st March, 2011 stands at ₹14,057.62 crores, as compared to ₹13,086.71 crores as at the end of the previous year.

The earnings per share for the year stood at ₹42.78 in 2010-11 as compared to ₹42.53 in 2009-10. Internal cash generation during the year increased from ₹1,898.10 crores in 2009-10 to ₹2,759.31 crores. During the year, BPCL's contribution to the exchequer by way of taxes and duties amounted to ₹36,010.08 crores as against ₹26,685.75 crores in the previous financial year.

Borrowings from banks decreased from ₹18,743.87 crores as at 31st March, 2010 to ₹16,088.57 crores at the close of the financial year 2010-11. There was no outstanding balance under the Collateralized Borrowing and Lending Obligation (CBLO) through Clearing Corporation of India Limited as at the end of the year as compared to ₹500 crores at the end of the previous year. The outstanding amount of loans from Oil Industry Development Board decreased to ₹871.75 crores as at 31st March, 2011 from ₹921.37 crores at the end of the previous year. Debentures worth ₹1,000 crores were issued during the year and remained outstanding as on 31st March 2011 in addition to the debentures of ₹1,000 crores issued in 2009-10.

There was no balance on account of Public deposits as at 31st March 2011 as compared to ₹0.24 crores at the end of the previous year. The amount of deposits, matured but unclaimed, at the end of the year was ₹0.09 crores, which pertains to 24 depositors.

The total Capital Expenditure during the year 2010-11 amounted to ₹2,532.20 crores which is lower than the expenditure in 2009-10 when it stood at ₹3,446.77 crores during the previous year.

The Comments of the Comptroller and Auditor General of India (C&AG) on the Accounts for the year ended 31st March, 2011 along with the explanation of the Board of Directors are annexed as Annexure E.

REFINERIES

MUMBAI REFINERY

During the year 2010-11, Mumbai Refinery processed 13.02 MMT of crude oil as against 12.52 MMT processed in 2009-10. This was the highest level of crude oil processing achieved in a single year by the refinery. This represents a capacity utilization of 108% as compared to 104% in the previous year. During the year, the refinery achieved its highest ever production of Liquefied Petroleum Gas (LPG), Aviation Turbine Fuel (ATF), High Speed Diesel (HSD) and Lube Base Oils. The refinery also met the demand for Motor Spirit (MS) and HSD complying with Euro IV quality norms. The year also saw the refinery process 3 new crude oils viz. Malaysia crude oil - Kikeh and Libyan crude oils - El Sharara & Mellitah for the first time, thus bringing the total number of crude oils processed by Mumbai Refinery so far to 75. The gross refining margin (GRM) for the year stood at USD 4.23 per barrel as compared to USD 1.78 per barrel realized in 2009-10. The overall gross margin for the refinery in 2010-11 amounted to ₹1,884.88 crores as compared to ₹792.63 crores in 2009-10. The increase in GRM was mainly due to favorable crude product spreads in the current year, as reflected in the increase in the Singapore Dubai cracking margin from USD 3.5 per barrel in 2009-10 to USD 5.2 per barrel in 2010-11.

KOCHI REFINERY

Kochi Refinery achieved a crude throughput of 8.76 MMT in 2010-11 as compared to 7.89 MMT in 2009-10. This was the highest throughput achieved by the refinery in any year, surpassing the level of 8.17 MMT achieved in 2007-08. During the year, the refinery processed 2 new crude oils - El Sharara and Mellitah from Libya for the first time. The refinery earned a GRM of USD 4.83 per barrel in 2010-11 as against USD 4.87 per barrel in 2009-10. This translates into a total GRM of ₹1,445.76 crores for the year as against ₹1,366.63 crores earned in 2009-10. KRL's capacity utilization for the year 2010-11 was 103.1% as compared to 105.2% achieved in the previous year.

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

MERGER OF KRL WITH BPCL

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

MARKETING

During the year 2010-11, BPCL's market sales volume stood at 29.27 MMT as compared to 27.89 MMT in the previous year. BPCL thus recorded a growth of 4.95% over the sales volume of the previous year. There was no change in BPCL's market share amongst the public sector oil companies, which stood at 22.49% as at 31st March, 2011.

A detailed discussion of the performance of the Marketing function is given in the MD&A.

PROJECTS

Central India Refinery Project

Bharat Oman Refineries Limited (BORL), promoted by BPCL, has recently commissioned a 6 MMTPA grass roots refinery at Bina in Madhya Pradesh. Besides, crude oil import facilities consisting of a Single Point Mooring (SPM) system and Crude Oil Storage Terminal (COT) have been set up at Vadinar in Gujarat. A 935 km cross-country crude oil pipeline of 24" (60.96 cm) dia from Vadinar to Bina has been built for moving crude oil to the refinery. The refinery will help BPCL in meeting the product requirements in the northern and central regions of the country. The total cost of the project is estimated at ₹12,208 crores which has been funded with a debt equity ratio of 1.6 : 1.

BORL has an authorized share capital of ₹7,000 crores and paid up capital of ₹1,777.23 crores. The refinery has been set up in partnership with Oman Oil Company (OOC). Besides the initial investment of ₹75.5 crores in the share capital of BORL, OOC has made an additional investment of ₹1,219.67 crores in 81.31 crores equity shares of ₹10 each at a premium of ₹5 per share. As on date, BPCL has subscribed to ₹88.86 crores equity shares of ₹10 each in BORL by investing a sum of ₹888.61 crores including the initial investment of ₹75.5 crores. In addition, BPCL has invested a sum of ₹935.68 crores against which it was allotted 78.61 crores warrants representing the right to subscribe to 78.61 crores equity shares of ₹10 each at a later date. Till the time the total equity of BORL is tied up, BPCL and OOC will hold 50% shares in BORL. On a future date, BPCL and OOC will hold 49% and 26% respectively in the fully diluted equity of BORL.

The individual units, tankages and pipelines have been commissioned. All process units have been independently tested. The integrated process run commenced on 1st May, 2011. The Refinery has been dedicated to the nation by the Hon'ble Prime Minister of India, Dr. Manmohan Singh on 20th May, 2011. The cumulative capital expenditure as on 30th June, 2011 amounted to ₹11,390 crores.

Bina Product Despatch Terminal

The Bina Product Despatch Terminal is designed to facilitate the marketing of products from the new refinery at Bina. The despatch terminal was constructed with a tankage of 4.45 lakh kilolitres for storing white oils, 10 bay road loading gantry and single spur rail loading gantry for white oils, 6 x 1400 MT LPG mounded storage, 4 bay road loading gantry for LPG, 12 km long railway siding and other associated infrastructural facilities, adjacent to the Bina refinery. The facilities have been commissioned in stages and road despatches have commenced. The approved cost of the project is ₹639.11 crores and the cumulative expenditure as on 30th June, 2011 stood at ₹606.57 crores.

Bina Kota Product Pipeline

The project, with an approved cost of ₹405.82 crores involved laying of an 18" (45.72 cm) dia, 257 km long cross-country product pipeline from Bina to Kota, to facilitate the economic evacuation of MS, HSD, Superior Kerosene Oil (SKO) and ATF from the Bina refinery. The pipeline is designed for an initial throughput of 2.8 MMTPA and will be connected to the existing multi-product Mumbai-Manmad-Manglya-Piyala-Bijwasan pipeline at Kota to facilitate distribution of products to the markets in northern India. The pipeline is mechanically complete and will be commissioned on receipt of sufficient quantity of finished product from the Bina Refinery. The cumulative expenditure on the project as on 30th June, 2011 stood at ₹375.09 crores.

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

The project involved the putting up of facilities for the production of auto fuels i.e. MS and HSD conforming to Euro – III / IV equivalent norms along with modernization and capacity expansion of the refinery from 7.5 MMTPA to 9.5 MMTPA. All the units envisaged in the project viz. capacity expansion of the Crude Distillation Unit, VGO HDS Unit, NHT/CCR Unit, SRU Unit, Captive Power Plant and other utilities have been completed and commissioned progressively. The total expenditure on the project as on 30th June, 2011 was ₹3,260.67 crores as against the approved project cost of ₹3,941.41 crores.

Continuous Catalytic Regeneration Reformer (CCR) Facilities and Hydrocracker Revamp

The project is being undertaken to increase the production of Euro IV grade MS and HSD at Mumbai Refinery. The project involves revamping of the Hydrocracker Unit to increase the capacity from 1.75 MMTPA to 2.0 MMTPA and setting up of a 1.2 MMTPA capacity Continuous Catalytic Regeneration Reformer (CCR) Unit at a cost of ₹1,827 crores. The project is expected to be completed by April 2013. As on 30th June, 2011, the project has achieved physical progress of 27.60%. The cumulative expenditure on the project as on 30th June, 2011 stood at ₹136.24 crores while the total commitment as on that date amounted to ₹1,142 crores.

Refrigerated LPG Storage and Handling Facility at JNPT and Uran LPG Plant

The project envisages the development of LPG import facilities at Jawaharlal Nehru Port Trust (JNPT). The project involves erecting of facilities for unloading of refrigerated LPG, a 12.5 km long refrigerated transfer pipeline from the JNPT jetty to Uran LPG Plant and storage in 2 x 8000 MT refrigerated tanks. The project is in the final stage of completion and is likely to be commissioned in November, 2011. The overall progress of the project stood at 95.4% as of 30th June, 2011. The approved cost of the project is ₹304.40 crores while the cumulative expenditure up to 30th June, 2011 was ₹237.80 crores.

Strategic Storage for LPG

Strategic storage for LPG at a total cost of ₹193 crores is being provided by putting up 23 Mounded Storage Vessels (MSVs) at 12 different locations. The work of providing the MSVs at Pune, Nasik, Goa, Chennai, Bangalore and Pithampur (Indore) has been completed and the tanks commissioned. The vessels at Lalru, Saleempur, Mangalore, Dharwad, Jaipur and Kurnool are mechanically complete. The cumulative expenditure on the project as on 30th June, 2011 was ₹171. 57 crores.

Pipeline for Transfer of LPG from BPCR/HPCR Mumbai to Uran LPG Plant

The project consists of laying a 28 km pipeline (12 kms offshore and 16 kms onshore) and providing 3 x 900 MT MSVs at Uran. The pipeline portion of the project costing ₹206.81 crores is being undertaken alongwith Hindustan Petroleum Corporation Limited (HPCL) and the cost will be shared equally by the two companies. The cost of MSVs amounting to ₹40 crores will be to BPCL's account. The process design has been finalized and the tendering / ordering activities have been completed. The pipeline laying and civil works have commenced and the project is likely to be completed by June 2012. The cumulative expenditure on the project as on 30th June, 2011 stood at ₹31.51 crores while the total commitments as on that date amounted to ₹226.90 crores.

RESEARCH & DEVELOPMENT (R&D)

R&D is one of the means by which BPCL aims to achieve future growth by developing new products or processes to improve and expand operations. In order to improve its abilities to undertake R&D activities, BPCL is continuously strengthening the infrastructure and manpower resources at its Corporate R&D Centre, Greater Noida, Uttar Pradesh as well as at its Product & Application Development Centre, Sewree, Mumbai and the R&D Centre at Kochi Refinery. BPCL's initiatives in the area of R&D are discussed separately in the MD&A.

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

NON-CONVENTIONAL ENERGY INITIATIVES

BPCL has taken several steps to develop non-conventional/ renewable sources of energy and has undertaken various initiatives in tapping non-conventional energy sources like bio-diesel, bio-ethanol, wind energy, solar energy and fuel cells.

BPCL has been exploring the possibility of promoting green fuels with a view to protect the environment by reducing pollution and dependency on imported fuels. In the State of Uttar Pradesh, BPCL has launched the Bio-diesel Value Chain project for which a Joint Venture Company, Bharat Renewable Energy Limited has been incorporated. As on 31st March, 2011, the Company has identified about 1 lakh acres (40469 hectares) of waste / arid land, out of which 3122 acres (1263.44 hectares) of Jatropha plantation has been done across the State. The Joint Venture Company has also signed agreements with Panchayats for 52,000 acres (21043.88 hectares) of land. BPCL is also in discussion with the State Governments of Bihar, Madhya Pradesh and Karnataka to set up Bio-Diesel Value Chains in these states.

BPCL in coordination with the Government of Karnataka has identified the location at Bio-fuel Technology Park, Hassan for setting up a Green Fuel Retail Outlet (GFRO) jointly with the Department of Agriculture, Government of Karnataka. Bio-diesel will be supplied by the Technology Park to the Retail Outlet and blended Bio-diesel will be marketed through this outlet. Work is currently on to secure all the statutory approvals for the same.

BPCL has been one of the first oil companies to successfully generate power through windmills. Windmills with a capacity of 5 MW (four windmills of 1.25 MW each) in the hilly range of Kappatguda in Karnataka have been operating since 2007. The power produced is sold to the Karnataka State Electricity grid. This was one of the projects identified to avail of carbon emission credits under the Kyoto protocol. The project was approved by UNFCCC in February 2009. BPCL has plans to make further investments in windmills in the states of Rajasthan, Maharashtra, Gujarat, Tamil Nadu and Madhya Pradesh.

A 1 MW capacity grid connected solar farm is being set up at BPCL's LPG bottling plant in Lalru, in the state of Punjab. The project has been approved by Indian Renewable Energy Development Agency Limited under Rooftop and Small Solar Power Generation Programme (RPSSGP) guidelines under the National Solar Mission. The Power Purchase Agreement (PPA) with Punjab State Power Corporation Ltd. has been signed for a period of 25 years for evacuating the power generated from the plant through the grid.

INDUSTRIAL RELATIONS

The overall Industrial Relations climate remained peaceful and cordial throughout the year. Negotiations with the Unions are in progress for signing the Long Term Wage Settlement both in Marketing and Refineries.

FULFILLMENT OF SOCIAL OBLIGATIONS

Corporate Social Responsibility initiatives (CSR) in BPCL have emerged from the belief that it is only through collective effort that change can be brought about in society. BPCL's CSR initiatives are pan India in reach and involve collaboration with a number of Non-Government Organisations (NGOs) who are committed to the cause of social development and people empowerment. BPCL has successfully completed various projects in the fields of education, water conservation, health, environment conservation and economic empowerment, where the communities have achieved sustainability.

The CSR targets are a part of BPCL's Memorandum of Understanding (MOU) with the Ministry of Petroleum & Natural Gas. The Company has taken a target of making 8 drought prone villages 'water positive' through rainwater harvesting and positively reaching out to 15,000 children through its 'Education' initiatives. BPCL has been successful in making 8 'drought free' villages and reaching out to about one lakh underprivileged children by enabling qualitative and inclusive education. BPCL has also undertaken several initiatives like Computer Assisted Learning, Education Assistance Programme and Teach for India Programme, in rural areas of Uran, Panvel and Nandurbar districts and Mumbai in Maharashtra, Lucknow in Uttar Pradesh and Sagar District in Madhya Pradesh, thus enabling the spread of quality education in the country.

A third party social impact assessment of the vocational training project in Chikankari work, for rural women in a tribal village near Lucknow, was undertaken. Around 80 women on an average earn about ₹1500 per month and have registered as a Self Help Group. Based on the recommendations of the impact assessment and the success of the project, the same has been replicated to cover 250 women in poverty stricken villages near the LPG bottling plant in Lucknow. BPCL also replicated the vocational training programme for 250 youth in Ranchi after successful completion of the same covering 300 youth in Muzaffarpur, who now on an average, earn ₹3500 per month.

BPCL's CSR projects continue to receive enthusiastic support from the Company's employee volunteers, who have dedicated their personal time towards water conservation and education initiatives by teaching children from the lower socio-economic strata. Through their energized efforts, BPCL has accomplished 3500 employee volunteering hours.

BPCL envisions exploiting the available resources and skills to their fullest potential to achieve maximum results through enrollment of all stakeholders, including the entire BPCL family, in this process of being Socially Responsible, thereby creating leadership and ownership values throughout the Corporation. BPCL received the 'CIDC Vishwakarma Award 2011' for the good work done in the area of CSR.

PROMOTION OF SPORTS

BPCL sportspersons continued to excel in the national as well as international sports arena in the disciplines of Cricket, Hockey, Badminton, Chess, Table Tennis, Kabaddi, Volleyball, Billiards, Snooker and Golf. Ace Badminton player, Saina Nehwal was conferred with the prestigious 'Rajiv Gandhi Khel Ratna' award, the highest recognition conferred on an Indian sportsperson. She was also the first Indian woman player to be ranked no. 3 in the world. Saina became the first woman to win four Super Series titles in a calendar year. Several sportspersons from BPCL represented India in the Commonwealth and Asian Games and won Medals. In Badminton, Saina Nehwal won the Gold Medal in Women's Singles and Silver Medal in the Team event. In the Women's Doubles event, Jwala Gutta won the Gold Medal. Aditi Mutatkar was also a member of the Indian Women's Badminton Team that clinched Silver in the Team event. Poulami Ghatak in Table Tennis won Silver and Bronze Medal in the Team event and Women's Doubles respectively. In Hockey, Tushar Khandekar and Ravi Pal were members of the team that won the Silver Medal at the Commonwealth Games. In the Asian Games, Vibin George was a member of the Indian Volleyball team that won the Bronze Medal. Chess players G.N. Gopal & P. Harikrishna won the Bronze Medal in the Asian Team Chess Championship. Parmarjan Negi, another ace Chess player was conferred with the prestigious Arjuna Award.

In cricket, S. Sreesanth was a member of the World Cup winning Indian Cricket Team. Kabaddi Player Nilesh Shinde made his debut for the Indian Team and won the Asian Gold Medal. Joby Mathew won the Silver Medal in the Badminton World Open in the disabled category. Pragyan Ojha, Sreesanth, Jaydev Unadkat in Cricket, Tushar Khandekar, Hari Prasad, Ravi Pal, Birendra Lakra in Hockey, Poulomi Ghatak in Table Tennis, Saina Nehwal, Aditi Mutatkar, Jwala Gutta & Arvind Bhat in Badminton and Vibin George in Volleyball have represented India in various international events and won accolades.

BPCL also bagged the Second Runners-up "President's Trophy" of Petroleum Sports Promotion Board (PSPB) during the year.

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

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

Students belonging to Scheduled Castes / Scheduled Tribes and Economically Backward classes are encouraged by awarding scholarships to enable them to complete their education up to graduation level and for pursuing courses at Industrial Training Institutes. During the year 2010-11, 88 students were awarded scholarships under these schemes.

BPCL also complies with provisions under "The Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation), Act 1995" relating to providing employment opportunities for Persons with Disabilities (PWDs).

A Special Recruitment Drive was undertaken for OBC and PWD categories and 35 OBC / 13 PWD candidates were appointed during the year 2010-11.

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

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

The Official Language Implementation Committees continue to function at the Corporate, Regional, Refinery and major location levels in order to implement various provisions of the Official Language Act and Rules across the Company, in line with the Annual Program issued by the Government of India. Several Hindi workshops were conducted in 2010-11. During the year, the first sub-committee of Parliamentary Committee on Official Language visited the Corporate Office, Piyala LPG Plant, Madurai Depot and Noida Regional office. Joint Secretary, Ministry of Petroleum & Natural Gas visited the Corporate Office and carried out inspection of Hindi activities. Rajyabhasha Vibhag of the Ministry of Home Affairs inspected 6 locations on an all India basis. All the Committees expressed their appreciation of the efforts taken by BPCL on the promotion of Hindi.

BPCL's website was launched in bilingual form. Hindi fortnight was celebrated at all major locations during September 2010 with various Hindi competitions organized. During the year, training programmes for the Hindi software 'ISM V5 Office' continued in all the Regions and Refineries. The ISM V5 helpline module was installed on Intralink for the benefit of users.

CITIZENS' CHARTER

BPCL remains committed to providing customers with all information relating to their rights, in addition to the products and services being offered to them. There is a well established Grievance Redressal Mechanism in operation at all consumer contact points. The Area

Marketing Managers situated in all the States / Union Territories act as nodal officers for personal hearing and resolution of customer grievances. The internet based online Grievance Redressal Mechanism (Centralised Public Grievance Redressal and Monitoring System) continues to be leveraged to facilitate the speedy solution of customer issues. BPCL has disposed off 437 grievances online during the year. BPCL also continues to provide the facility of designated toll free numbers to enable customers from anywhere in the country to lodge their complaints or give their suggestions.

The Right to Information (RTI) Act 2005 has been implemented in BPCL since its inception. People across the organization are familiar with the Act. BPCL has a unique single window concept for all replies under the Act. During the period ending 31st March, 2011, BPCL has received 2726 requests for information, of which 2027 were attended to and out of these, 74 cases were referred to the Chief Information Commissioner, New Delhi for review. The balance 699 requests were under process as per the Act. No adverse remarks have been made against BPCL at any time since the inception of the Act in October 2005. With a view to facilitate prompt attendance to requests for information, two additional Public Information Officers have been created - one for the LPG business and the other for the Retail business.

VIGILANCE

Corporate Vigilance in BPCL has made great strides in enhancing the ethical standards of the organisation by encouraging sound business practices and good corporate governance through an effective balance of preventive and proactive measures.

As part of the preventive vigilance activities, Vigilance officials, during their visits to various locations, guided the officers and staff on all the relevant procedures and guidelines. Inspections were conducted at 190 locations, 495 retail outlets and 172 LPG distributorships. Based on the outcome of these inspections, preventive/administrative actions and system improvements were initiated. Detailed inspections of major projects/works were also undertaken and observations with specific recommendations were made available to the concerned departments. Vigilance has proactively enabled Business Units to identify vulnerable areas in their existing procedures/processes relating to aspects like bill payments, dealer/distributor selections, reconstitution of dealerships/distributorships, file tracking, e-payments, etc. Workshops / seminars were designed on the case study model and delivered for the benefit of the concerned officers. Based on the feedback and inputs obtained, the required system improvements were recommended. A Bill Payment Monitoring System has been rolled out and implemented across the Company.

Corporate Vigilance also conducted detailed investigation into the complaints and source information received. During the year, 406 complaints including 309 online complaints were received and investigated.

Vigilance Awareness Week, between 25th October to 1st November, 2010, was observed at all locations of BPCL. The first issue of the vigilance journal, “Vigilance Plus” was released during the year. Vendor Meets were conducted in three regions for getting feedback from important stakeholders. With a view to cover a wider section of stakeholders, Corporate Vigilance introduced the concept of “Integrity Clubs” as a corporate initiative to instill ethical values in school children and transform them into valuable change agents in civil society. The first “Integrity Club” was started at Kochi Refinery School and received a great response. This movement has now been extended to five more schools under Kendriya Vidyalaya Sangatan in Kerala.

SUBSIDIARY COMPANIES

Numaligarh Refinery Limited (NRL)

NRL was incorporated in 1993 with an authorized capital of ₹1,000 crores. It is a Mini Ratna Company (Category I) with a 3 MMTPA refinery at Numaligarh in Assam. As on 31st March, 2011, BPCL holds 61.65% of the paid up equity in NRL. The refinery processed 2.25 MMT of crude oil during the year 2010-11 as compared to 2.62 MMT processed in the previous year. As on 31st March, 2011 the Refinery completed 9 years of Lost Time Accident (LTA) free operations (equivalent to 1.63 crores man-hours) since the date of the last LTA. NRL achieved a turnover of ₹8,972.19 crores for the financial year ending 31st March, 2011 as compared to ₹7,874.09 crores in the previous year. The Company’s profit after tax for the year stood at ₹279.26 crores as against a profit of ₹232.08 crores earned in the previous year. The earning per share (EPS) for the year 2010-11 amounted to ₹3.80 as compared to ₹3.15 in 2009-10. The Board of Directors of NRL has declared a dividend of ₹1.50 per share of ₹10 each for the current financial year, which is the same as in the previous year. NRL had a net worth of ₹2,601.06 crores and a book value of ₹35.36 per share as at 31st March, 2011.

Bharat PetroResources Limited (BPRL)

BPRL was incorporated in 2006 as a wholly owned subsidiary company of BPCL, with the objective of implementing BPCL’s plans in the upstream exploration and production sector. During the financial year 2010-11, the authorized capital of BPRL was increased from the existing ₹1,000 crores to ₹3,000 crores considering the need for long term resources for various projects in India and abroad. As on 31st March, 2011, the subscribed and paid up share capital of BPRL was ₹1,100 crores which was entirely held by BPCL. The exploration and production activities of BPRL and its subsidiary companies extend to 27 exploration blocks, where they hold participating interests (PI). Of this, 9 blocks are in India and 18 are abroad. Besides India, BPRL has blocks in Australia, Brazil, East Timor, Indonesia, Mozambique and the United Kingdom. BPRL’s total acreage in all these blocks is around 81,000 sq.km, of which approx. 90% is offshore acreage. These blocks are in various stages of exploration.

BPRL had formed a wholly owned subsidiary company, Bharat PetroResources JPDA Limited (BPR-JPDA LTD) through which it holds a participating interest of 20% in Block-JPDA 06-103-East Timor in the Joint Petroleum Development Area between Australia and East Timor. Further, BPRL has incorporated a wholly owned subsidiary company, BPRL International BV, Netherlands which in turn, has incorporated 3 wholly owned subsidiary companies viz. BPRL Ventures BV, BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV, for undertaking exploration activities in various countries. BPRL Ventures BV has 50% stake in IBV Brasil Petroleo Limitada, which has participating interests ranging from 20% to 40% in 10 blocks in Brazil. BPRL Ventures Mozambique BV has participating interest of 10% in a block in Mozambique, and BPRL Ventures Indonesia BV holds participating interest of 12.5% in a block in Indonesia.

BPRL earned income of ₹0.67 crores for the financial year ending 31st March, 2011 and had a loss of ₹18.98 crores as compared to an income of ₹0.42 crores and loss of ₹35.72 crores for the previous year. The consolidated loss for the year was ₹57.50 crores as against profit of ₹97.89 crores in the previous year.

Annual Accounts of the Subsidiary Companies

In view of the dispensation granted by the Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 8th February, 2011, copies of the Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the Subsidiary Companies are not attached to the Balance Sheet of the Company. In compliance with the conditions of dispensation, the Consolidated Financial Statements have been presented in the Annual Report and financial information of the Company's subsidiaries, as required, is disclosed in the Annual Report as Annexure F to the Directors' Report for information. The Audited Annual Accounts of the Subsidiary Companies and related detailed information will be made available to members of BPCL and the Subsidiary Companies seeking such information at any point of time. The Annual Accounts of the Subsidiary Companies will also be kept for inspection by any member in the Registered Office of BPCL and of the concerned Subsidiary Companies. BPCL will furnish a hard copy of details of accounts of subsidiaries to any member on demand. The said documents would also be posted on BPCL's website.

JOINT VENTURE COMPANIES

Petronet LNG Limited (PLL)

PLL was formed in April, 1998 for importing LNG and setting up LNG terminals with facilities like jetty, storage, regasification etc. to supply natural gas to various industries in the country. The Company has an authorised share capital of ₹1,200 crores. PLL was promoted by four public sector companies viz. BPCL, Indian Oil Corporation Limited (IOC), Oil and Natural Gas Corporation Limited (ONGC) and GAIL (India) Limited (GAIL). Each of the promoter companies holds 12.50% of the equity capital of PLL. The other major shareholders include Gaz de France with a 10% equity stake and Asian Development Bank with a holding of 5.20% of the equity capital of the Company. The balance 34.80% is held by the public. BPCL's equity investment in PLL currently stands at ₹98.75 crores. As at 31st March, 2011, PLL had a net worth of ₹2,680 crores with a book value of ₹35.73 per share.

The regasification capacity at Dahej, which is currently 10 MMPTA, is being further expanded to 12.50 MMPTA. The work on the greenfield terminal at Kochi has already commenced and the terminal is likely to be commissioned by December, 2011.

PLL recorded a sales turnover of ₹13,197 crores in the financial year ending as on 31st March, 2011 as compared to ₹10,649 recorded in 2009-10. The net profit for the year stood at ₹619.61 crores as compared to ₹404.49 crores in the previous year. The EPS for the year 2010-11 amounted to ₹8.26 as compared to ₹5.39 in 2009-10. PLL has declared a dividend of ₹2 per share for the financial year 2010-11 against ₹1.75 per share in the last year.

Indraprastha Gas Limited (IGL)

IGL, a Joint Venture Company promoted by BPCL and GAIL, was set up in December, 1998 with an authorised share capital of ₹220 crores for implementing the project for supply of Compressed Natural Gas (CNG) to the household and automobile sectors in Delhi. BPCL invested ₹31.50 crores for a 22.5% equity stake in the capital of IGL. IGL has commissioned over 278 CNG stations which supply the environment friendly fuel to more than 4,30,000 vehicles. IGL has more than 2,40,000 domestic Piped Natural Gas (PNG) customers and over 427 commercial customers in Delhi. The Company is also extending its business to the towns of Greater Noida and Ghaziabad.

IGL has registered a turnover of ₹1,950.00 crores and a profit after tax of ₹258.43 for the financial year ending on 31st March, 2011 as compared to a turnover of ₹1,213.14 crores and a profit after tax of ₹215.49 crores in the previous year. IGL has declared a dividend of ₹5 per share as compared to ₹4.50 per share in the previous year. IGL's net worth was ₹1,083.88 crores with a book value of ₹77.42 per share as at 31st March, 2011.

Sabarmati Gas Limited (SGL)

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

Both the promoters have a stake of 25% each in the equity capital of SGL and the balance has been subscribed to by financial institutions. SGL has set up 15 CNG stations. The Company has achieved a turnover of ₹462.32 crores and profit after tax of ₹26.76 crores for the financial year ending on 31st March, 2011 against a turnover of ₹297.74 crores and profit after tax of ₹21.30 crores in the previous year.

Central UP Gas Limited (CUGL)

CUGL is a Joint Venture Company set up in March 2005 with GAIL as the other partner for implementing the project for supply of CNG to the household, industrial and automobile sectors in Kanpur and Bareilly in Uttar Pradesh. The Company was incorporated with an authorised share capital of ₹60 crores. The joint venture partners have each invested ₹15 crores in the joint venture, with each partner having an equity stake of 25% in the company. The balance equity share capital has been subscribed to by Infrastructure Development Finance Company Limited (IDFC), Asian Development Bank (ADB) and Infrastructure Leasing & Financial Services Limited (IL&FS). CUGL has set up 11 CNG stations.

CUGL has achieved a turnover of ₹73.37 crores and profit of ₹12.30 crores for the financial year ending on 31st March, 2011 as compared to a turnover of ₹45.83 crores and a profit of ₹7.09 crores in the previous year. The EPS for the year stood at ₹2.05 as against ₹1.24 in 2009-10. The Board of Directors has recommended the payment of dividend at the rate ₹0.70 per share as compared to ₹0.35 per share in the previous year.

Maharashtra Natural Gas Limited (MNGL)

MNGL was set up on 13th January, 2006 as a Joint Venture Company with GAIL for implementing the project for supply of CNG to the household, industrial and automobile sectors in Pune and its nearby areas. The Company was incorporated with an authorised share capital of ₹100 crores. BPCL and GAIL have invested ₹22.50 crores each in MNGL's equity capital. The Maharashtra Government will hold a 5% stake in the company. The balance equity shares have been subscribed by IDFC, ILFS and Axis Bank. The Company has set up 14 CNG stations so far.

MNGL has achieved a turnover of ₹36.08 crores for the financial year ending 31st March, 2011 and profit of ₹0.10 crores as against a turnover of ₹10.89 crores and loss of ₹2.52 crores in the previous year.

Bharat Stars Services Private Limited (BSSPL)

BSSPL, a Joint Venture Company promoted by BPCL and ST Airport Pte Limited, Singapore was incorporated on 13th September, 2007 with an authorised share capital of ₹10 crores for providing into plane fuelling services at the new Bengaluru International Airport. The authorised share capital of BSSPL was subsequently enhanced to ₹20 crores.

The two promoters have each subscribed to 50% of the equity share capital of BSSPL and BPCL's present investment stands at ₹10 crores. The Company, which commenced its operations at the new international airport in Bengaluru from May, 2008 has also incorporated a wholly owned subsidiary for implementing into plane fuelling services at the new T3 Terminal at Delhi International Airport.

BSSPL has achieved a turnover of ₹2.54 crores for the financial year ending 31st March, 2011 and profit of ₹0.75 crores as against a turnover of ₹2.90 crores and a profit of ₹0.64 crores in the previous year.

Bharat Renewable Energy Limited (BREL)

BREL was incorporated on 17th June, 2008 for undertaking the production, procurement, cultivation and plantation of horticulture crops such as karanj, jatropha and pongamia, trading, research and development and management of all crops and plantation including Biofuels in the state of Uttar Pradesh, with an authorized capital of ₹30 crores. The Company has been promoted by BPCL with Nandan Biomatrix Limited, Hyderabad and Shapoorji Pallonji Company Limited, through their affiliate. Each of the partners will have an equal stake in the equity capital of the joint venture. The project envisages plantation of Jatropha in 1 million acres (404690 hectares) of marginal land which has the potential of generating employment/ self employment for 1 million people and producing 1 million tonnes of Bio-diesel with an investment of ₹2,200 crores over the next 10-15 years.

The Government of Uttar Pradesh has approved the project under "Jeevan Jyoti," a scheme of the Government which has the benefit of release of funds under the Mahatma Gandhi National Rural Employment Guarantee scheme. BREL has identified 1,00,000 acres (40469 hectares) of wasteland for plantation. Efforts are also being made to source saplings of Jatropha under the aegis of Bio-Tech Park, Lucknow through approved nurseries and franchisees. Work is on for getting necessary approvals for the identified land and in preparing the land for plantation.

BREL has earned miscellaneous income of ₹0.03 crores for the financial year ending 31st March, 2011 and incurred a loss of ₹1.74 crores as against a miscellaneous income of ₹0.08 crores and a loss of ₹1.44 crores in the previous year.

Matrix Bharat Marine Services Pte Limited (MBMS)

MBMS is a Joint Venture Company incorporated in Singapore on 20th May, 2008 for carrying on the bunkering business and supply of marine lubricants in the Singapore market, as well as international bunkering, including expanding into Asian and Middle East markets. The Company has been promoted by BPCL and Matrix Marine Fuels LP USA, an affiliate of the Mabanaft group of companies, Hamburg, Germany. The authorised capital of the Company is USD 4 million, which is equivalent to ₹20 crores. Both the partners have contributed equally to the share capital. Matrix Marine Fuels LP USA has subsequently transferred their share and interest in the joint venture in favour of Matrix Marine Fuels Pte Limited, Singapore, another affiliate of the Mabanaft group.

The Company has begun the ex-pipe bunkering operations in August, 2008. The Company will also undertake development of international bunkering facilities at Indian ports, risk management including hedging activities, inventory management, and quality blending and freight optimization by utilizing the back haulage of time charter vessels for importing petroleum products in India. MBMS has achieved a turnover of USD 402.33 million and earned a profit of USD 0.40 million as compared to a turnover of USD 229.95 million and a loss of USD 0.65 million in the previous year.

Petronet India Limited (PIL)

BPCL has 16% equity participation with an investment of ₹16 crores in PIL, which was formed as a non-government financial holding company to give impetus to the development of pipeline networks throughout the country. PIL has facilitated pipeline access on a common carrier principle through joint ventures for pipelines put up by them viz. Vadinar-Kandla, Kochi-Coimbatore-Karur and Mangalore-Hassan-Bangalore. PIL registered income of ₹0.23 crores and a net loss of ₹1.31 crores for the financial year ending 31st March, 2011 as against income of ₹0.41 crores and a net loss of ₹0.94 crores in the previous year.

The new pipeline policy announced by the Government of India some time back has affected the future of the Company, as interested companies are permitted to undertake pipeline projects and PIL does not have any new projects in hand. As such, promoters and other investors in PIL have reached a conclusion that continuation of PIL would not be viable. Accordingly, the winding up process has been initiated and the process of divesting PIL's 26% equity in the 3 joint venture companies promoted by it is in progress. The Board of Directors of BPCL, in its meeting held in December 2006, accepted PIL's offer to buy its 26% stake in the equity of Petronet CCK Limited where BPCL already holds 49% of the paid up share capital. This is awaiting receipt of approval of the Government of India.

Petronet CCK Limited (PCCKL)

BPCL has invested a sum of ₹49 crores for a 49% stake in the equity capital of PCCKL, a Joint Venture Company promoted with PIL with an authorised share capital of ₹135 crores. The Company owns the 292 km long multi-product Kochi-Karur pipeline from BPCL's installation at Irimpanam to Karur for transportation of MS, HSD and SKO. The pipeline commenced commercial operations from September, 2002.

The pumping volume during the year 2010-11 amounted to 1.87 MMT as against 1.72 MMT in the previous year. PCCKL registered a turnover of ₹54.87 crores and net profit of ₹8.91 crores for the financial year ending 31st March, 2011 as compared to a turnover of ₹50.42 crores and net profit of ₹4.40 crore in the previous year. BPCL has initiated steps subject to completion of all formalities to purchase the 26% share of PIL in PCCKL.

Delhi Aviation Fuel Facility Private Limited (DAFFPL)

A new Joint Venture Company, DAFFPL, has been promoted by BPCL, IOC and Delhi International Airport Limited (DIAL) for implementing Aviation Fuel facility for the new T3 Terminal at Delhi International Airport. BPCL and IOC will subscribe to 37% of the share capital of the joint venture while the balance will be held by DIAL. BPCL's onsite assets at the Delhi Airport were transferred to the Joint Venture. DAFFPL has registered a turnover of ₹96.06 crores and net profit of ₹34.67 crores for the financial year ending 31st March, 2011.

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

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

MEMORANDUM OF UNDERSTANDING WITH MINISTRY OF PETROLEUM & NATURAL GAS

BPCL for the twenty-second successive year has entered into a Memorandum of Understanding (MOU) for the year 2011-12 with the Ministry of Petroleum & Natural Gas. BPCL has been achieving an "Excellent" performance rating since 1990-91. BPCL also has the distinction of winning the Prime Minister's MOU Award for 'Excellence in Performance' for 1998-99, 2000-01, 2002-03 and 2006-07.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

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

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement and Department of Public Enterprises (DPE) Guidelines, the Report on Corporate Governance, together with the Auditors' Certificate on compliance of Corporate Governance, is annexed as Annexure B. The Report also indicates the extent of BPCL's compliance of the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs.

The Company has engaged M/s. Dholakia & Associates, Company Secretaries for conducting Secretarial Audit for the year 2010-11. The Secretarial Audit Report is enclosed as part of Annexure B.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the Annual Accounts, all the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
2. The Company has selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as on 31st March 2011 and of the Profit and Loss Account of the Company for the year ended on that date.
3. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. These Accounts have been prepared on a going concern basis.

DIRECTORS

Shri T. Balakrishnan, Addtitional Chief Secretary, (I&C), Government of Kerala resigned from the Board with effect from 29th June, 2010 and the Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business. Shri Alkesh Kumar Sharma, Secretary (IP), Government of Kerala was appointed as Additional Director on the Board with effect from 30th June, 2010. The Shareholders have appointed him as Director of the Company at the Annual General Meeting held on 24th September, 2010.

Smt. Rama Bijapurkar has tendered her resignation from the Board on 30th June, 2010. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by her for the development and progress of the Company's business.

Shri Ashok Sinha, Chairman & Managing Director has demitted office on the completion of his term of 5 years on 18th August, 2010. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business.

Shri S. Radhakrishnan, Director (Marketing) has superannuated on 28th February, 2011. The Directors have placed on record their appreciation of the valuable contributions made and guidance given by him for the development and progress of the Company's business. Shri K. K. Gupta, Executive Director (Retail) was appointed as Additional Director with effect from 31st March, 2011. He also assumed the office of Director (Marketing) from that date in pursuance of the appointment by the Government of India. As he has been appointed as Additional Director, he will hold office till the ensuing Annual General Meeting. Notice under Section 257 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

Shri B. K. Datta, Executive Director (Supply Chain Optimization) was appointed as Additional Director with effect from 1st August, 2011. He also assumed the office of Director (Refineries) from that date in pursuance of the appointment by the Government of India. As he has been appointed as Additional Director, he will hold office till the ensuing Annual General Meeting. Notice under Section 257 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

The tenure of Shri S. K. Joshi, Director (Finance) expires on 31.8.2011 consequent to his superannuation. Government of India has advised the appointment of Shri S. Varadarajan, Executive Director to the post of Director (Finance) of the Company from the date of his assumption of charge of the post on or after 1.9.2011. Notice under Section 257 has been received proposing his name for appointment as Director at the ensuing Annual General Meeting.

Prof. S. K. Barua and Dr. S. Mohan, Directors, will retire by rotation at the ensuing Annual General Meeting as per the provisions of Section 256 of the Companies Act, 1956, and being eligible, offer themselves for re-appointment as Directors at the said Meeting.

As required under the Corporate Governance clause, brief bio-data of the above Directors who are appointed / reappointed at the Annual General Meeting are provided in the Corporate Governance Report.

STATUTORY AUDITORS

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai and M/s. K. Varghese & Co., Chartered Accountants, Kochi, were appointed as Statutory Auditors for the year 2010-11, by the Comptroller & Auditor General of India (C&AG), under the provisions of Section 619 (2) of the Companies Act, 1956. They will hold office till the ensuing Annual General Meeting. Appointment of the Statutory Auditors for the financial year 2011-12 by the C&AG is awaited.

COST AUDITORS

During the year 2010-11, 7 cost audit reports pertaining to the Refineries & Lube plants have been filed with the Ministry of Corporate Affairs on various dates viz. 01.09.2010, 07.09.2010, 13.09.2010 and 17.09.2010. The due date for filing these cost audit reports was 30.09.2010. These cost audit reports pertain to the year 2009-10 and the cost auditors were M/s. N. I. Mehta & Co., Mumbai and M/s. Muralidhar Mohan & Associates, Mumbai.

The same cost auditors have been appointed for the year 2010-11. The due date for filing the cost audit reports for 2010-11 is 30.09.2011, for which necessary action is being taken.

ACKNOWLEDGEMENTS

The Directors express their gratitude to the employees who are the most valuable assets of the company and devote the best part of their working lives to the Company to help it achieve its goals and targets.

The Directors are grateful for the assistance and guidance received from the various Ministries of the Government of India, particularly from the Ministry of Petroleum & Natural Gas, which has enabled BPCL to function efficiently.

The Directors place on record their appreciation to BPCL's customers, dealers, distributors, contractors and suppliers for their continued support and patronage. The Directors also thank each and every shareowner of BPCL for their continued support.

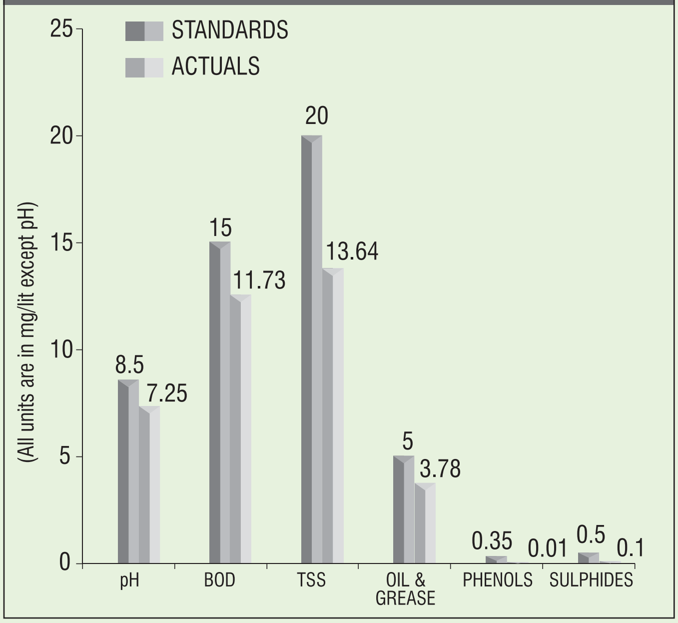
For and on behalf of the Board of Directors

Sd/-

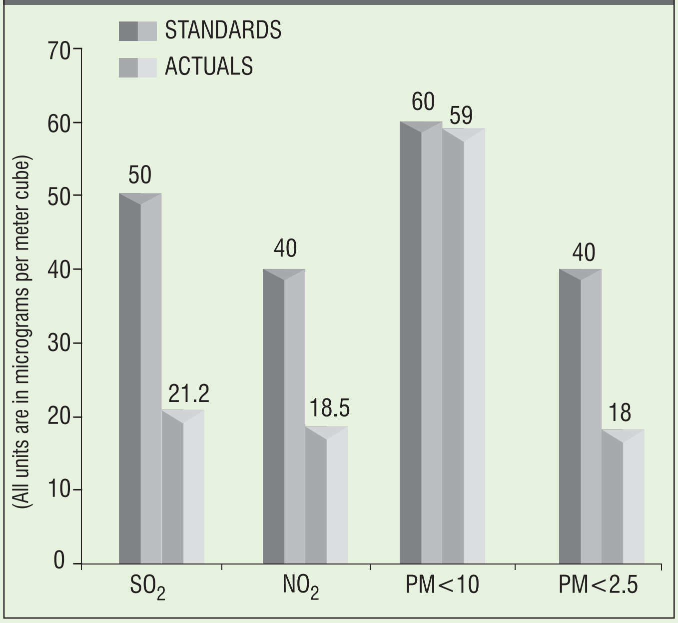
New Delhi
Date : 12th August, 2011

R. K. Singh
Chairman & Managing Director

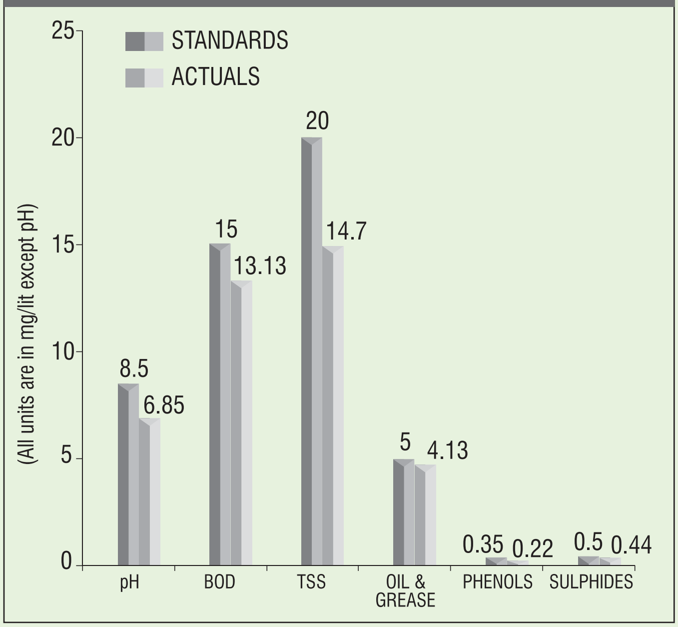
TREATED EFFLUENT WATER QUALITY VIS-A-VIS STATUTORY STANDARDS AT MUMBAI REFINERY



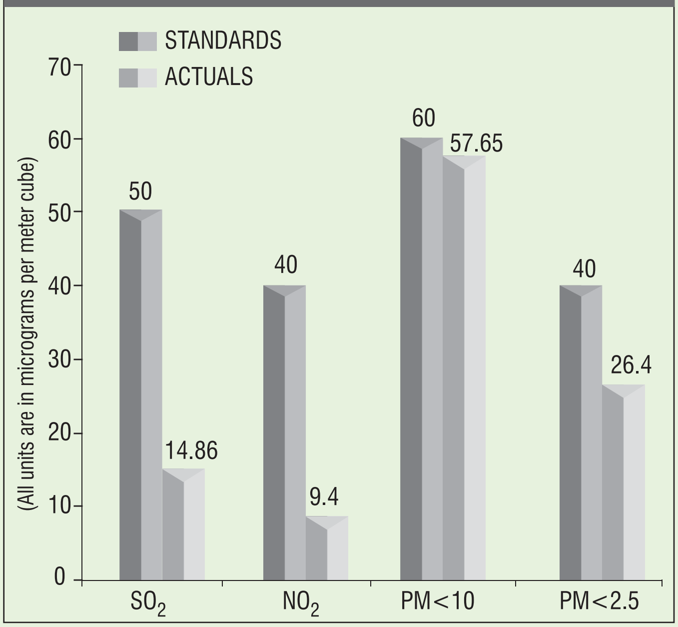
TYPICAL AMBIENT AIR QUALITY VIS-A-VIS STATUTORY STANDARDS AT MUMBAI REFINERY



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



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



ECONOMIC DEVELOPMENTS

The financial year 2010-11 was a challenging period for both businesses and policy makers. At the global level, the debt crisis in European countries like Greece, Ireland and Portugal remained a cause for concern. There were also uncertainties about the pace of economic recovery in the western world and the likely spike in commodity prices. The international markets continue to remain volatile. The rising prices and the gradual withdrawal of the fiscal stimulus in many countries are likely to taper the pace of growth. The major earthquake and the resultant tsunami in Japan added to the woes of the markets. The political crisis in several countries in the Middle East and North Africa has also impacted the global economy. On the domestic front, the key issue remains the inflationary pressures being faced by the economy despite several measures taken by the Government and the Reserve Bank of India. At the same time, policy makers have been alive to the need to nurture economic recovery in the face of global uncertainty. Interest rates have been on the uptrend and this will have an impact on the profitability of businesses. Despite the challenges encountered, India's Gross Domestic Product (GDP) is estimated to have grown by 8.5% in 2010-11. The good monsoon across the country has contributed towards healthy growth of the agriculture sector. However, the manufacturing sector grew at a slower pace as compared to the previous year. With key commodity prices expected to remain at elevated levels in 2011-12, there could be an impact on the pace of economic growth.

Even as global refining margins have been quite strong during the year, crude oil prices have also remained high throughout the year. The average prices of crude oil during the financial year was much higher than in 2009-10 and were in line with the average in 2008-09 when the international prices had reached record levels. There are serious concerns on the geo-political front in the Middle East and North Africa, which are major producers of crude oil and consequently, the international oil prices continue to remain high. There are expectations that oil prices may not come down significantly from the current levels and the world will need to live in a high oil price environment. During May 2011, there have been sharp falls in the prices of commodities like silver. Oil prices have also declined but they continue to remain at levels in excess of USD 100 per barrel. This would impact the pace of economic growth and would pose serious challenges, both to the developed and developing economies like India.

Notwithstanding the challenging business climate, India's GDP continued to grow at a healthy rate. However, the slowing down of the growth in sectors like manufacturing, coupled with rising prices, will make the aspiration of achieving GDP growth rates in excess of 9% on a consistent basis, a major challenge. The stock markets are also experiencing bouts of selling by foreign investors. There has been a slowdown in terms of new issues coming to the market for raising funds from investors. Barring a few issues of Public Sector Undertakings (PSUs), the share prices of companies which had come out with Initial Public Offerings (IPO) are languishing below the issue price, further dampening investor sentiments. However, experts continue to hold the view that India remains a promising market and that the economy is likely to become one of the global powerhouses. The Indian rupee remained strong for a major portion of the year.

Unlike in 2009-10, the agriculture sector was a strong performer in 2010-11 on the back of an excellent monsoon throughout the country. There are expectations of a near normal monsoon in 2011-12 also, which will go a long way in ensuring that this sector continues to perform well. The Reserve Bank of India is likely to continue with its policy of tightening interest rates for some more time. The days ahead are therefore likely to be extremely challenging.

TRENDS IN THE OIL & GAS SECTOR

Although there was a gradual increase in international oil prices in 2009-10, the record levels reached in 2008-09 were not breached. The year 2010-11 has seen prices being sustained at high levels and over the later part of the year, the prices have gone up further. At present, oil prices continue to remain beyond the USD 100 per barrel mark. The high prices can be attributed to the political situation in several countries of the Middle East and North Africa. Also, consequent to the nuclear plant crisis in Japan caused by the earthquake and tsunami, there are expectations of an increase in demand for oil and gas in that country to replace nuclear power.

The International Energy Agency (IEA) has, in its oil market report of 12th April, 2011, estimated the global demand for oil in the calendar year 2010 to be of the order of 87.9 Million Barrels per day (MBPD) representing an increase of 2.9 MBPD and 3.4% over the demand in 2009. At the same time, the total supply of crude oil increased only by 1.5 MBPD in 2010 over 2009. The Asia Pacific region has accounted for a major portion of the growth in demand in 2010. The other regions have maintained their demand levels, unlike the previous year, which had witnessed a sharp fall in demand, especially in countries of Europe and North America. The average price in 2010-11 of the benchmark Brent crude stood at USD 86.73 per barrel which was more than the highest level of USD 80.5 per barrel in the previous year. While demand for crude oil will remain strong from countries like India and China, prices are likely to be impacted by the crisis in the Middle East and North Africa, higher demand from Japan (if there is a switch from nuclear power) and increased consumption in developed countries, as the economies continue their recovery. The Reserve Bank of India had, therefore, in its Monetary Policy

Statement for 2011-12, estimated the average cost of crude oil in 2011-12 to be around USD 110 per barrel.

The year 2011 is expected to see the global oil demand to reach a level of 89.4 MBPD, indicating a year on year growth of 1.6%. The IEA estimates the global oil demand to grow by 1.3% annually over the next five years and reach a level of 95.3 MBPD by 2016. However, the possibility of persistent high oil prices impacting this likely growth in demand remains. The increase in global demand will continue to be led by the growth in countries of the Asia Pacific region.

Towards the end of the financial year 2009-10, there was hardly any differential between the prices of Brent and Dubai crude. The trend of reducing differentials between the light and heavy crude oils had commenced in 2008-09. The year 2010-11 saw the differential make a comeback with the Brent – Dubai differential averaging USD 2.6 per barrel. The initial months of the financial year 2011-12 has seen the differential widen further and average around USD 7 per barrel. The significant increase in the differentials, if sustained during the current year, can benefit refineries capable of processing heavier crude, by enhancing the refining margins.

The sharp drop in the oil output of countries like Libya had an impact on crude oil availability in March 2011 and this has contributed to higher prices. Major oil exporting countries like Saudi Arabia have ensured higher supply levels as compared to the previous year. However, prices are likely to remain high owing to constraints on the supply side. The pace of economic recovery in the developed countries, impact of the debt crisis in Europe, coupled with inflationary pressures in countries like India and China, could however moderate demand for crude oil in 2011-12.

The trend of the average crude oil prices in 2010-11 being higher than the average prices in 2009-10 has also been witnessed in prices of key petroleum products. Although there has been some reduction in the current financial year, product prices continue to rule at high levels. This will push up costs in countries that are largely dependent on imports for meeting their requirements of petroleum products. The higher international prices are likely to impact the growth in demand. Barring Germany which has seen strong growth in demand for products like Naphtha and Diesel, on account of a strong economic performance, growth remains flat in other major European countries. Asia continues to show strong demand growth with India likely to see increased demand for products like Liquefied Petroleum Gas (LPG), Diesel and Petrol.

INDIAN PETROLEUM SECTOR

Even as the economies around the world continue the process of recovering from the financial crisis, the Indian economy remained one of the few to grow at a reasonable rate. While the GDP grew at around 8% in 2009-10, the growth is estimated to be around 8.5% in 2010-11. This can be attributed to a large extent on the good performance of the agriculture sector on account of the good monsoon. The industrial sector has started showing signs of slowing down since the beginning of the second half of the year.

As per the provisional figures released by the Petroleum Planning & Analysis Cell in the Ministry of Petroleum & Natural Gas, consumption of petroleum products in the country in 2010-11 was of the order of 141.75 MMT as against 137.81 MMT in the previous year. This represents an increase of 2.86% over the previous year. The growth rate in the consumption of petroleum products has declined during the year, as compared to the previous year when consumption had grown by 3.15%.

The retail segment of the market, comprising of transportation fuels like Motor Spirit (MS) and High Speed Diesel (HSD), has grown over the previous year by 7.4%. While the consumption of MS has gone up by 10.8% over the previous year, demand for HSD went up by 6.6%. However, when seen in the context of the growth in 2009-10, the rate of growth has been lower in both MS and HSD. LPG and Aviation Turbine Fuel (ATF) have also delivered strong growth in 2010-11. LPG's growth at 9.1% is higher than the growth of 7.7% achieved in the previous year. In the case of ATF, the growth at 9.7% is considerably higher than the previous year, clearly indicating that the recovery of the Aviation sector from the slowdown seen in 2008-09 was sustained. However, the growth in Bitumen demand seen in 2009-10 could not be sustained and consumption fell by 7.7% during the year. Demand for Naphtha remained flat and decline was also evident in Liquefied Natural Gas (LNG) sales, mainly on account of increased availability of domestic gas during the year. The higher prices in the international markets, increase in domestic selling price of products like MS and HSD and lower production of domestic gas are likely to impact the demand for petroleum products in 2011-12.

During the year under review, the average cost of the Indian basket of crude oil stood at around USD 85 per barrel as compared to an average cost of USD 70 per barrel in the previous year. The average cost in 2010-11 is even higher than the average cost in 2008-09 when prices had reached record levels, clearly indicating that the relief on account of lower prices in 2009-10 was short-lived. The prices have continued to remain firm in the initial months of the current financial year also. The higher prices have in turn, increased the burden on the public sector downstream marketing companies, as there was no revision in the selling prices of key products like HSD, LPG (Domestic) and Superior Kerosene Oil (SKO) after June 2010, in the financial year 2010-11. There has been a sharp increase in the under-recoveries on the sale of these products, which in turn has adversely affected the financial position of the public sector oil marketing companies.

The country had imported around 163.13 MMT of crude oil during the year as against 159.26 MMT in the previous year. With international oil prices being firm throughout the year, the outgo on the imports of crude oil increased significantly, although the quantity of imports had only gone up marginally. The foreign exchange outgo on crude oil imports in 2010-11 stood at USD 99 billion as compared to USD 80 billion in 2009-10. The strong Indian rupee has to a certain extent reduced the burden of the higher cost of the imported crude oil. With international oil prices expected to remain firm during the current financial year, owing to the overall global situation and with India largely dependent on imports, the outgo on this account is expected to be higher during the current year.

India's total refining capacity is significantly higher than the domestic requirements. Consequently, India has been a major exporter of petroleum products. While public sector companies are exporters of products like Naphtha and Fuel Oil, the private refineries also export products like MS and HSD. The total volume of exports of finished products during 2010-11 touched a level of 56.35 MMT, which was about 10% higher than the level of 51 MMT in the previous year. The higher quantum of exports led to total export realisation increasing from USD 31 billion in 2009-10 to USD 40 billion in 2010-11. At the same time, the country continues to import petroleum products like LPG, MS and HSD. The quantum of imports in 2010-11 stood at 17 MMT as compared to 14.66 MMT in the previous year. The foreign exchange outgo on such imports also increased from USD 7 billion in 2009-10 to USD 12 billion in 2010-11.

Over the last few years, the international prices of crude oil have been volatile and have increased considerably. At the same time, the retail selling prices of sensitive products like HSD, LPG (Domestic) and SKO (Domestic) did not undergo changes in line with the increases in the international markets. With pricing at the refinery point being based on international prices, the lower market prices have led to under-recoveries being suffered by the public sector oil marketing companies. With effect from 26th June, 2010, pricing of MS was deregulated and companies could revise prices in line with changes in the international prices. However, as sales volume of MS is only a small portion of the total sales of sensitive products, oil marketing companies continue to grapple with the issue of under-recoveries. This has a major affect on their cash flows and has led to an increase in their borrowings. The rising international prices are putting additional strain on the marketing companies.

The Government of India had constituted an Empowered Group of Ministers (EGoM), headed by the Union Finance Minister, to decide on the recommendations of the expert group on 'A Viable and Sustainable System of Pricing of Petroleum Products' headed by Mr. Kirit Parikh. Subsequent to the meeting of the EGoM held on 25th June, 2010, pricing of MS was freed from controls. Although the EGoM had decided that decontrol would also be extended to HSD pricing in due course of time, the same is yet to take place. The EGoM also approved the increase of retail selling price of HSD by ₹ 2 per litre, LPG (Domestic) by ₹ 35 per cylinder and SKO (Domestic) by ₹ 3 per litre. Apart from this, there were no price increases in these products during the year 2010-11, although international prices have gone up considerably. However, as MS pricing was deregulated, their prices were revised at periodic intervals on 6 occasions after the initial increase on 26th June, 2010. There was a further increase in the selling price of MS by ₹ 5 per litre with effect from 15th May, 2011.

Effective 25th June, 2011, the Government of India has removed the customs duty on crude oil from the then prevailing 5%. It has also reduced the customs duty on MS and HSD from 7.5% to 2.5%. The excise duty on HSD was also reduced from ₹ 4.60 per litre to ₹ 2 per litre. The Government also increased the retail selling price of HSD by ₹ 3 per litre from that date exclusive of state levies like VAT etc. Similarly, the retail selling prices of SKO has been increased by ₹ 2 per litre and that of LPG (Domestic) cylinders by ₹ 50 per cylinder exclusive of state levies. These measures are expected to mitigate, to a certain extent, the burden of the downstream oil marketing companies.

The under-recoveries were compensated partially by the upstream oil companies by way of discount on the crude oil purchased by the refining companies. A part of the burden was also shared by the Government of India by way of cash compensation, unlike the earlier mechanism of issuing Government of India Bonds. However, as the entire burden is not compensated, the oil marketing companies continue to absorb a part of the under-recoveries caused by the non-revision of the selling prices of the three sensitive products. While the compensation in the form of cash from the Government helps in mitigating the problem of under-recoveries to a certain extent, the time lag in receipt of the cash leads to oil companies having to borrow large amounts to meet their working capital requirements. The resultant increase in the interest cost is borne by the oil marketing companies. This also has an adverse impact on their ability to undertake large investments, which are essential for enhancing the infrastructure required to meet the country's growing demand for petroleum products.

The domestic crude oil processing in 2010-11 stood at 196.5 MMT, representing a growth of around 5.3% over the previous year when 186.6 MMT of crude oil was processed by Indian refineries. With additional refining capacities coming on-stream, India will continue to remain long on refining capacity for some more time.

There are expectations that the Government will look at various options aimed at reducing the burden of subsidy on the sensitive products. It is also possible that action may be taken to implement the decision to free HSD from pricing controls. These decisions, when taken, will have major implications for the public sector oil marketing companies. On the one hand, the problem of under-recoveries can get redressed to some extent. At the same time, private players are likely to re-enter the market leading to increased competition. Also, demand for products like HSD will get impacted if the prices go up. There will also be the issue of higher rates of inflation given that HSD is an important component of the economy's freight costs. The global situation remains volatile and many countries are still not out of the woods as regards their debt problems. All these uncertainties make the coming days extremely challenging and will call for considerable skills to deal with the problems, while ensuring that the Company continues on its growth path.

OPPORTUNITIES AND THREATS

The Indian economy remains one of the few major economies to grow at a fairly good pace. There are, however, concerns relating to rising commodity prices and interest rates as policy makers continue to focus attention on controlling the inflationary pressures in the economy. At the same time, the country's energy requirements will keep increasing and companies like BPCL will have numerous opportunities to grow. However, with India's large dependence on crude oil imports, the volatility in international prices will have a major impact. The decontrol of MS pricing has been an important first step which will ensure that the selling prices will get aligned to movements in the international market. Decontrol of HSD pricing will be crucial considering the large share which HSD has in the overall sales basket of petroleum products. With competition from private players expected to increase once pricing controls are removed, the public sector marketing companies will need to ensure that they have effective strategies in place to leverage their current strengths and brand image to deal with the competitive pressures effectively.

The new grass roots refinery at Bina in Madhya Pradesh, which is being set up by Bharat Oman Refineries Limited (BORL), a joint venture company promoted by BPCL, was commissioned in January 2011. Hon'ble Prime Minister of India has dedicated the refinery to the nation on 20th May, 2011. BPCL now has access to the products needed to meet the demand in some of the country's fast growing markets. The associated marketing facilities are also being commissioned to ensure effective evacuation of products. The company has plans of tapping the capital markets with an Initial Public Offering of shares at an appropriate time.

With the Kochi refinery operating with expanded capacity and the Bina refinery having been commissioned, the BPCL group's annual refining capacity is in line with the current levels of the yearly marketing volume. Even as BPCL is now well positioned to meet the demand for petroleum products in all the key markets of the country, work has been initiated on further expanding the refining capacity to keep pace with the growing demand and maintain the level of product security. Various options are being examined for enhancing the capacity of the Kochi and Bina refineries.

The refining margins have shown an uptrend during the year. The improved refining margins will, to a certain extent, mitigate the losses on the marketing front. Further, the spread between heavy and light crude has widened once again, unlike the previous year, when there was almost no gap between them. The widening differential will enable BPCL to leverage the ability of its refineries to process heavier crude oil and achieve higher margins.

Even as demand for auto fuels like MS and HSD continue to rise, the product quality specifications are becoming more stringent. The refineries at Mumbai and Kochi are making available these fuels complying with the stringent product quality specifications. The refineries are also working towards equipping themselves to meet the changing requirements which will ensure that BPCL will be able to comply with the enhanced specifications.

The refining business is also looking at achieving a higher level of value addition by entering the petrochemicals segment. This will involve the use of the refinery's finished product as a feedstock to extract higher value product. The effort will be towards manufacturing products which are currently being imported and hence, command a high value in the market. The Kochi refinery is looking at various options in this regard in addition to enhancing the refinery's operating capacity.

The consumption of MS and HSD continues to grow and this is expected to be sustained with the expansion of the automobile population in the country. The Retail segment of the auto fuels market remains one of the most attractive. With MS pricing having been freed and HSD also likely to ultimately come out of the controlled environment, this segment offers immense potential. BPCL has traditionally been focused on retail and has developed its marketing and distribution infrastructure over the years. BPCL has also been in the forefront of making available offerings that are tailored to meet the evolving needs of the consumer. In addition, ambitious plans have been drawn up for putting up new outlets and upgrading existing outlets. There are bound to be challenges in terms of rising prices impacting demand and availability of land at reasonable prices for setting up new outlets. Although competition is also expected to go up considerably, BPCL remains confident of strengthening its position in the market and increasing its market share.

The LPG business continues to operate in an environment characterised by substantial amounts of under-recoveries in the sale of domestic LPG cylinders. Even after taking into account the compensation from the upstream companies and the Government, the marketing companies like BPCL have had to absorb a considerable portion of the under-recovery. At the same time, the demand for LPG continues to grow. BPCL remains focused on securing its share of the growing market, particularly in rural areas, where the Government has been taking steps to encourage the use of LPG as a fuel. BPCL remains focused on improving operating efficiencies and increasing sales in the non-commercial segment in an effort to mitigate the problems caused by the under-recoveries on domestic sales. Towards this end, efforts are being made to leverage the available technology platform in order to achieve efficiencies in the supply chain, which are so critical in this business.

The Industrial & Commercial business remains one of the most competitive in the petroleum sector. The year saw the overall industry volumes in this segment decline by around 4.4% over the previous year. Gas continues to be the preferred fuel for industrial users, thereby affecting the sale of products like Furnace Oil, Naphtha and Low Sulphur Heavy Stock (LSHS). The impact of a sustained rise in prices of petroleum products is expected to be felt first in this segment and any slowdown in the economy will lead to a fall in demand. The business therefore, continues to focus on the sale of high margin special products like Mineral Turpentine Oil (MTO), Special Boiling Point Spirit (SBP) and Hexane. BPCL is also seeking to consolidate its presence in the international bunkering market with facilities having been commissioned both in Mumbai and Kochi ports. Although the Industrial & Commercial business will continue to operate in a tough environment, BPCL remains confident of being able to retain and grow its share of the market.

The Gas business continued its efforts at consolidating BPCL's presence in this market. One of the key constraints is with regard to having access to distribution infrastructure. BPCL has joined hands with other leading players and the consortium has bid for several new pipeline projects. Once the LNG terminal at Kochi being set up by Petronet LNG Limited is commissioned, BPCL will have access to a higher quantity of LNG for supply to domestic customers. BPCL is also looking at various options for having a stake in some of the new terminals being envisaged in different parts of the country. BPCL's Gas business is, therefore, expected to grow its volumes and increase its presence in the coming days.

The Lubricants sector, which was the first segment to be decontrolled, remains very competitive. Also, any slowdown in the economy, particularly in the manufacturing segment, will adversely affect the business. The year 2010-11 saw BPCL deliver a strong performance particularly amongst the public sector companies. The availability of high quality base oil and tie-ups with leading automobile players will help BPCL to retain its strong presence in this segment.

The Indian Aviation sector continues to see some big airlines grapple with liquidity related issues which in turn, has an effect on the aviation business of oil companies. BPCL has, therefore, focused on safeguarding its interests, either by way of securing its dues or by adopting the cash and carry mode of sales wherever required. BPCL has also concentrated on securing a good share of the business with foreign airlines where payments for supplies are secure. The aviation business in India is slated to grow in the coming days. At the same time, the market is undergoing structural changes as the common access principle is increasingly being adopted, especially in the major airports. BPCL is looking at joint ventures for securing its share of business and enhancing capabilities.

Bharat PetroResources Limited, BPCL's wholly owned subsidiary company operating in the upstream exploration & production sector, continued to make significant progress. As on date, it has got participating interests in 27 blocks spread across different countries including India. A total of 7 discoveries have been announced in exploration blocks in Brazil, Indonesia and Mozambique where the company holds participating interests. The coming years will involve the challenge of deploying large sums of money in the development phase of these blocks before the returns start flowing. With the domestic demand of gas expected to keep rising, BPCL can look at these discoveries as a supply source, if sufficient amounts of gas are available.

RISKS, CONCERNS AND OUTLOOK

The overall business environment remains extremely challenging. BPCL is therefore, likely to encounter several risks in the course of its operations. The possible upward movement in international oil prices remains a major area of concern, given the level of dependency on imports for meeting the crude oil requirements of the refineries. The issue of under-recoveries on the sale of sensitive petroleum products is another major concern, as in the absence of adequate compensation for the same, the financial position of the company will be adversely affected.

While the possible deregulation in the pricing of HSD will address the issue of under-recoveries suffered by BPCL on its sale, it will also lead to private players entering the market in a big way, leading to enhanced levels of competition. Also, any sustained rise in selling prices of fuels like MS and HSD could limit the growth in demand for these products. These developments can have an adverse impact on BPCL's growth in the auto fuels segment and its market share.

While there is optimism on the sustained growth of the Indian economy, developments around the globe could lead to a slowing down in the pace of growth. This in turn, may cause a fall in demand for energy, thereby affecting the growth of the petroleum sector. If the current high interest rate scenario were to persist for a considerable period of time, the cost of borrowings could increase substantially and thereby, erode the company's profitability and affect its ability to raise resources needed to fund its capital expenditure plans.

While the risks and concerns appear to be quite significant, BPCL remains confident of being able to mitigate the same and effectively deal with the challenges. BPCL has been proactive in strengthening its position in the market and protecting itself from the various risks. The commissioning of the new refinery at Bina and expansion of the refining capacity at Kochi will enhance product security in some of the key markets in the country. The oil and gas finds in exploration blocks where BPCL's 100% subsidiary, BPRL has participating interest, has the potential of providing a hedge against volatile movements in the international prices to the extent of BPRL's stake. On the retail front, BPCL remains confident that the well established network, coupled with the company's innovative offerings, will ensure continuing loyalty of its customers. BPCL also continues to concentrate on achieving greater operational efficiencies and enhancing the focus on execution. The company is geared up to continue delivering excellence in all areas of operations in the days to come.

PERFORMANCE

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

REFINERIES

During the year under review, BPCL's two refineries at Mumbai and Kochi achieved a total crude throughput of 21.78 MMT as compared to the combined refining capacity of 21.5 MMT. As the Kochi Refinery was in the midst of a major revamp to enhance the refining capacity from 7.5 MMTPA to 9.5 MMTPA, the effective refining capacity of the two refineries for the year was 12 MMT for Mumbai and 8.65 MMT for Kochi. Mumbai Refinery's throughput of 13.02 MMT represented a capacity utilisation of 108.5% notwithstanding the shutdown of key units for undertaking turnaround activities. Processing of external reformate, partly from Kochi Refinery, not only enabled increasing the refinery throughput to a record level, but also helped in timely production of Euro IV grade auto fuels at Mumbai Refinery. Kochi Refinery recorded a throughput of 8.76 MMT during this year as compared to 7.89 MMT in 2009-10. This was the highest ever achieved by the refinery in a single financial year.

Both the refineries commenced production of Euro IV grades of MS and HSD. Mumbai Refinery recorded the highest ever production of LPG, ATF, HSD and Lube Oil Base Stock. Also, the production of 250N Group III Lube Oil Base Stock and Hexane with low Benzene content (<350 ppm) were significant achievements during the year. Kochi Refinery recorded its highest ever production of ATF, Bitumen, LPG and Propylene in a single year.

The favourable crude - product spreads during the year, as reflected in the increase in Singapore - Dubai cracking margin from USD 3.5 per barrel in 2009-10 to USD 5.2 per barrel in 2010-11, had a positive impact on the Gross Refining Margin (GRM) of the refineries. Mumbai Refinery earned a GRM of USD 4.23 per barrel as compared to USD 1.78 per barrel in 2009-10. Mumbai Refinery also achieved better margins by substituting Naphtha as feed and fuel by Regasified LNG (RLNG) in both Hydrogen Generation Units and as fuel in Gas Turbines for power generation, commissioning of Advanced Process Control (APC) in the RMP complex and use of MINAS effluent water in cooling towers as a replacement of BMC fresh water. Kochi Refinery's GRM for 2010-11 stood at USD 4.83 as compared to USD 4.87 in the previous year. In spite of teething problems consequent to commissioning of new facilities like NHT-CCR and VGO-HDS for meeting Euro III quality norms, Kochi Refinery was able to maintain the refining margin by achieving higher crude throughput and better distillate yield.

Mumbai Refinery made a number of significant process improvements in the day-to-day operations by successfully implementing quality philosophies and quality enhancement tools like Six Sigma and Quality Circles encompassing major functional areas. The approach has been reinforced by facilitating the teams to be exposed to the best industry practices. Mumbai Refinery's Six Sigma team and Quality Circle team achieved a unique feat of winning the "Gold Award" – the highest category award in the ICQCC 2010 (International Convention of Quality Control Circles) competition, which saw participation of 448 teams from 11 countries. Quality Circles have also been used extensively in Kochi Refinery. The refinery has 18 Quality Circles spanning functional areas like Manufacturing, Power & Utilities, Maintenance, Oil Movement & Storage, Finance and Human Resources. Two Circles (HR & Maintenance) won the Excellent/Meritorious category Awards in the National Convention of Quality Circle Forum of India held at Vishakhapatnam in December 2010. Three Circles (Power & Utilities, Manufacturing & Maintenance) presented case studies in the International Convention of Quality Circles held at Hyderabad in October 2010 and won Silver & Bronze awards.

Mumbai Refinery won the "Performance Excellence Award" of the Ramakrishna Bajaj National Quality Awards (RBNQA 2010) under the Large Manufacturing Category for the fourth consecutive time. This award, which is modelled on the world famous Malcolm Baldrige National Quality Award in USA, is one of the most prestigious recognitions in the area of quality. Kochi Refinery's Quality Control Laboratory continued its participation in the Shell Main Products Correlation Scheme of M/s. Shell Global Solutions, Netherlands and obtained a score of 100% six times for satisfactory performance in the scheme during the financial year 2010-11. Mumbai Refinery also excelled by securing a composite rating of 97% and securing 100% score as many as seven times during the year in the above proficiency testing scheme.

Aiming at a unified approach in the processes, interfaces, structures and documentation systems of individual management systems under ISO 9001, ISO 14001 and OHSAS 18001, Mumbai Refinery successfully got these management system standards combined into an Integrated Management System (IMS) and got certified under IMS during 2010-11. On the safety front, Mumbai Refinery achieved 9.7 million man-hours of operations without Lost Time Accident (LTA) during 2010-11. Kochi Refinery too had an accident free year, enabling it to complete a staggering 1918 days, which is equivalent to 21.8 million man-hours of operation without LTA. It is significant that this sterling performance was achieved in spite of hectic turnaround and construction activities carried out during the year at both the refineries.

In order to enhance the mechanical integrity and reliability of static equipments, both refineries embarked on Phase II of the Asset Integrity and Management System (AIMS) project which is in an advanced stage of implementation. This phase includes Risk Based Inspection (RBI), an initiative to prioritize plant inspection based on the associated risks (probability and consequences of failure) and schedule maintenance activities accordingly. Major rehabilitation of plant structures, pipe track development, refurbishment and painting activities were taken up in Mumbai Refinery to enhance the reliability of plants.

Conservation of energy is another key area where Mumbai Refinery has been adopting innovative process related initiatives and hardware changes. As a part of energy saving and loss control measures, the refinery employed the "Chemical Decontamination Process" leading to reduced turnaround maintenance downtime of units and recovery of valuable oil from the effluents generated. Installation of torrodal core transformers resulted in substantial energy savings in lighting circuits. The steps taken by Kochi Refinery on the energy control front include commissioning and installation of Variable Speed Drives, Automatic Combustion Control for charge heaters in the old Vacuum Unit and providing FRP blades for 22 air fin fans in the FCC Unit. Fuel savings, as a result of the energy conservation measures implemented in Kochi Refinery, correspond to a savings potential of over 4000 tonnes of Fuel Oil. Kochi Refinery carried out the first ever ex-situ regeneration of DHDS catalyst by a public sector refinery in the country. This measure will not only ensure better regeneration of the catalyst but also reduce the turnaround time of the unit.

Mumbai Refinery continued its focus on the preservation of the environment. The use of RLNG in Mumbai Refinery has contributed to the reduction of CO_2 and SO_2 emission from the refinery. In addition, a number of significant environmental initiatives were also undertaken as a part of the Environmental Management System under ISO 14001. The refinery also coordinated with eight oil companies, Mumbai Port Trust and Jawaharlal Nehru Port Trust for the execution of the Memorandum of Understanding for establishment of an Oil Spill Response Plan (Tier-I) facility in Mumbai harbour. Efforts on rainwater harvesting also resulted in utilization of around 14,000 Kilolitres (KL) of rainwater. Rainwater harvesting facilities in Kochi Refinery were augmented to have a collection pond capacity of 1,75,000 KL in place of the original 1,25,000 KL. Residual oily sludge, generated mostly from crude tank bottom cleaning, was treated at the refinery, employing mechanized oil recovery, thus recovering valuable oil before residual treatment. Kochi Refinery contributed by recovering 925 m^3 oil out of the 3271 m^3 oily sludge. Oil spill response facility at Cochin Port is being augmented with an investment of ₹ 60 lakhs.

Continuing with the philosophy of harnessing the human resource potential, various need based learning and development initiatives were organized at the Mumbai and Kochi Refineries. A total of about 12,200 man-days of training was organized by the refineries. These customized training programmes reaching all levels of employees covered a variety of subjects. Employees were also exposed to programmes outside the Company in order to help them learn from experts in the field and external organizations.

Mumbai Refinery initiated a number of major community programmes such as vocational guidance courses and medical services at Mahul and Karjat villages near Mumbai. Around 97 fisherfolk from Mahul were provided fishing nets to enable them to have a means of livelihood. Environment Awareness campaigns involving senior officials of Mumbai Refinery were undertaken covering 2185 students of Chembur schools. Kochi Refinery became the enabler in revitalizing functioning of Encon Clubs in schools and colleges with the number of Encon Clubs increasing from 50 to 60.

The BPCL group ultimately aspires to reach a refining capacity of 1 Million Barrels Per Day over the next five years. BPCL also has ambitions of venturing into the Petrochemicals sector. While this will call for a large quantum of investments, BPCL is focused on meeting the challenging targets, which in turn will help in satisfying the growing energy needs of the country.

RETAIL

The financial year 2010-11 was an eventful and challenging year for the Retail business. The Government of India announced the decontrol of MS pricing with effect from 25th June, 2010. There are expectations that pricing of HSD will also be freed from pricing controls in the coming days. These changes will be very significant in a market that has been largely dominated by the public sector oil marketing companies. Owing to the under-recoveries in the sale of HSD and earlier in the case of MS also, private oil companies had scaled down their presence in the retail market. However, they are expected to increase their presence once a decision on the decontrol of HSD pricing is taken.

During the year 2010-11, the retail business of public sector oil marketing companies saw sales volumes increase by 6.8% over the previous year. BPCL recorded a sales volume of 18.69 MMT in the retail business in 2010-11, which represented a growth of 8.6% over the previous year when the sales volume stood at 17.21 MMT. Both MS and HSD sales grew at a healthy rate. While MS sales grew by 9.46% to reach a level of 3.9 MMT in 2010-11, the HSD volumes increased by 9.88% and stood at 13.1 MMT. With its focus on enhancing customer enablement, BPCL has been able to register higher growth in HSD sales, as compared to the industry average. Although the total sales volumes of MS and HSD are increasing, the trend of declining sales of branded fuels continued during the year. While the sales of branded MS declined by 30.21%, that of branded HSD fell by 45.2%. This position is not likely to change till such time as the difference in the basis of taxation between branded and unbranded fuels continue leading to high price differentials. During the year, the public sector oil companies commissioned a total of 2589 new retail outlets. Of this, BPCL accounted for 598 (includes 39 taken over from NRL) new retail outlets. BPCL has plans of adding another 700 new outlets to the marketing network during the year 2011-12, with the stress remaining on site quality in urban areas and strategic expansion on the highways. In the Highway sector, the throughput per outlet for the One Stop Truck Stop (OSTS) outlets stood at 867 KL per month. OSTS outlets accounted for over 7% of the total HSD sales during the year. BPCL's overall throughput per outlet stood at 191 KL, which is 22% higher as compared to that of other oil companies.

BPCL has been a front-runner in the alternate fuels segment with sales of Compressed Natural Gas (CNG) recording a growth of 15% to touch a level of 203.6 TMT for the year. The Auto LPG sales volume for the year 2010-11 stood at 56.03 TMT. During the year, 16 CNG stations and 9 Auto LPG stations were added to the marketing network. Although CNG and Auto LPG sales impact the sales of MS and HSD, it has helped in retaining customers who had migrated from traditional fuels.

Despite a significant price rise, BPCL was able to retain Lubes sales volume through the Retail Channel. An initiative to provide Quick Oil Change service to 2 wheeler customers was taken up in all major markets. This was aimed at removal of the entire quantity of burnt oil from the engines using a suction pump and thereafter, filling BPCL's MAK branded oils at the retail outlets.

With the growth in sales volume, the Logistics function has assumed great significance. Proper planning has ensured that optimum levels of inventory were maintained at all locations in line with operational requirements. Given the pressures on the cash flows, the focus continues to remain on managing inventory levels to prevent blocking of funds in working capital. Once the operations of the Bina Refinery are stabilized, product availability in the key markets in northern parts of the country will improve significantly.

Ethanol blending facilities have also been provided at all supply locations to ensure that upliftments are in line with the quantities contracted in the notified states. With the product quality specifications for MS and HSD having been upgraded during the year to BS IV from BS III, requisite changes in the supply point operations were carried out in line with the time frame set for the product conversion.

The Vehicle Tracking System is now implemented on 6320 tank lorries out of the total fleet of 6511 tank lorries engaged in delivering MS and HSD to retail outlets. The volume of rail movements crossed the 10 MMT mark during 2010-11 and is the highest achieved in a single year. Cross-country pipelines also delivered significantly higher performance during the year with total product movement of 6.14 MMT in the Mumbai-Manmad-Manglya-Bijwasan pipeline and 1.88 MMT in the Kochi-Coimbatore-Karur pipeline. BPCL continued to achieve greater efficiencies in operations, which in turn contributed towards achieving a reduction in operating costs like overtime and operating losses.

In line with BPCL's commitment to deliver value to the customer and with a view to strengthen the service and operating standards of the network of "Pure for Sure" (PFS) retail outlets, a total of 4959 retail outlets have been re-certified under the PFS banner during the year. With the robust automation system in place, it will be BPCL's endeavour to enhance the service levels, operating and monitoring practices at the PFS retail outlets through higher level of certification standards.

As at the end of the year, BPCL's tally of Automated outlets stood at 2554, which is the highest in the industry. Automation for Sure (AFS) has also been implemented at 850 automated outlets. The strong back-end servers, monitoring mechanism and sustenance systems ensured that fuel delivery and sales transactions at the AFS outlets are always through automated units.

The Retail Outlet Maintenance programme has been taken to the next level with the upgradation of BROMA (Bharat Retail Outlet Maintenance Application) to BROMA+ all across the country during the year 2010-11. This initiative integrates the complaint management system of retail outlets with the SAP platform and in the process provides online and real-time MIS on status of the maintenance requests. This has further enhanced the level of comfort of dealers and vendors to manage their business in a more effective and professional way.

The Petro Bonus Program, launched in 1999 has been perceived as a pioneering effort by BPCL to build lifetime relationships with our customers. The first of its kind in India, Petro Bonus and SmartFleet programs are part of BPCL's efforts in creating, retaining and growing profitable relationships. Gaining long term customer loyalty remained a strong strategic focus for the business. The "Petro Card" base grew by 63,705 customers to reach 1.08 million while the SmartFleet base grew to 1.31 million with the enrolment of 170,112 vehicles during the year. The customer acquisition strategy, be it the acquiring of Platinum and Gold customers or the focus on getting new telecom customers, has helped boost volumes hugely. Sales to these customers accounted for a substantial value of the Retail business' turnover. SmartFleet and Petro Card sales for the year reached ₹ 10,289 crores and ₹ 2,798 crores respectively, totalling an all time high of ₹ 13,087 crores. BPCL continued its strategic payment facilitating alliance with HDFC Bank for increased customer convenience and to drive their customer base to BPCL outlets. As on date, BPCL has a 2.39 million strong membership base clocking about 1.2 lakh transactions every day at 4900 Bharat Petroleum outlets across the country.

The Allied Retail Business grew by 5.13% during the year 2010-11 to reach a turnover of ₹ 377.60 crores. The business is currently offering a basket of services ranging from C-stores and Quick Service Restaurants, to financial and travel related services. The main initiatives, namely C-Shopping and C-Food, have grown notwithstanding the difficult economic environment. BPCL has a network of 209 In & Out stores and 25 outlets with alternate Retail formats. Convenience Shopping volumes grew by 11% in both turnover and income terms with a sales turnover of ₹ 162 crores. There were 35 new commissioning of food offerings during the year on the Quick Service Restaurant front, which took the total network number to 99 by the year end with alliances with major players like Café Coffee Day, Sri Krishna Sweets, Subway etc. C-Food achieved a turnover of ₹ 81 crores in 2010-11.

ATMs continued to be a focus area as a part of the alliance management strategy. Alliances with multiple banks make up for 404 ATMs which are currently in operation in the BPCL outlets.

INDUSTRIAL AND COMMERCIAL

The business continued to operate in an extremely challenging and tough environment. The rising trend of crude oil and product prices, direct imports by end users and traders and aggressive selling by private refiners have had an impact on the sales volumes. During the year 2010-11, the Industrial & Commercial business recorded a total sales volume of 5.02 MMT reflecting a decline of around 10% over the sales volume of 5.6 MMT achieved in the previous year. Sales of Naphtha were down by 21%, LSHS by 43% and Furnace Oil by 20% as compared to the previous year. However, in the case of Bitumen, BPCL was the only company amongst the public sector oil companies to have recorded a growth in sales volume in 2010-11. With a view to strengthen BPCL's position in the Bitumen market, the company has signed a MOU with Border Roads Organisation for supply of fuels and Bitumen. BPCL also recorded the highest growth in the sale of special products like SBP and MTO. The business continued to grow its bunkering initiative both in Mumbai and Kochi.

With a view to improve the cash flows, the Industrial & Commercial business continued its efforts of ensuring faster collection of dues from customers by effective use of processes like Real Time Gross Settlement (RTGS) and National Electronic Fund Transfer (NEFT). These channels accounted for collections in excess of ₹ 14,000 crores during the year 2010-11, which represents nearly 67% of the total turnover of the business.

The business will remain one of the toughest segments in the industry. The recent reduction in the customs duty of some of the products in the portfolio will only increase the challenges before the business. BPCL continues to be focused on remaining competitive by entering new markets and adopting innovative strategies.

GAS

During the year 2010-11, BPCL handled 933 TMT of RLNG as compared to 820 TMT during the previous year. This represents an increase of 13.7% over the year 2009-10. The Gas business unit supplied 326 TMT of gas to Mumbai Refinery for meeting the internal requirements of the refinery. The balance quantity of 607 TMT of gas was supplied to various customers in the fertilizer, power and other sectors. During the year, BPCL along with Inox India, successfully commissioned a pilot project for supply of LNG through tank trucks to General Motors at Halol, Gujarat. BPCL is in the process of tying up more customers for supply of LNG through this new mode of supply.

BPCL has aspirations for having a bigger presence in the country's evolving gas market. With a view to enter the gas transportation segment, BPCL has joined hands with other oil companies to form a consortium led by Gujarat State Petronet Limited. The consortium has been declared the best bidder during the bidding conducted by the Petroleum and Natural Gas Regulatory Board (PNGRB) for laying, building and operation of three cross-country natural gas pipelines viz. the 1585 km Mallavaram- Vijaypur-Bhilwara Pipeline, 1670 km Mehsana-Bhatinda Pipeline and the 740 km Bhatinda-Jammu-Srinagar Pipeline. BPCL has also participated in the City Gas Distribution (CGD) bidding rounds for Jalandhar and Ludhiana in partnership with Oil India Limited and ONGC Limited. BPCL will also be evaluating the possibility of participating in the forthcoming bidding rounds of PNGRB for CGD in other cities.

BPCL has plans for enhancing its presence in the country's gas markets in the days to come. Besides participating in bidding rounds for putting up gas pipelines, the company is exploring various opportunities for having access to a larger quantum of gas that can be marketed, which can lead to an increase in BPCL's sales volumes.

LUBRICANTS

The Lubricants sector has evolved over the years, from a completely controlled market environment to a completely decontrolled scenario. Although many multinationals operate in the market in this category, public sector oil marketing companies continue to hold the major share of the market. This segment also remains one of the most competitive. Over time, due to technological developments, significant changes have taken place in consumption patterns. BPCL has a strong presence in the market, which is augmented by its access to its own source of Group II+ base oil from Mumbai Refinery. Also, BPCL's flagship brand "MAK" has kept pace with the changing requirements of the consumer. In line with the expected pace of growth of the Indian economy, the Lubricants business offers immense potential for growth.

The Lubricants business has posted healthy results during the financial year 2010-11. The overall sales volume for the year 2010-11 was of the order of 274.68 TMT as compared to 231.12 TMT in the previous year. This represents a volume growth of 19% over the previous year as compared to a negative growth of 1.8% of the public sector marketing companies. The estimated growth in volumes of the industry in 2010-11 was around 5%. BPCL's finished lubricants volume grew by 14% over the previous year.

On the retail front, BPCL was able to sustain the sales volumes, although there was an increase in overall revenues. With an increasing shift of the market from retail outlets to the Bazaar segment, the focus was on improving customer service. A series of consumer engagement activities were undertaken. The offering of value added service through the creation of authorized Hero Honda service stations under the brand "City Works" was expanded and as at 31st March 2011, there were 186 City Works operating at various locations across the country. The Bazaar segment remained very competitive with multinationals having a dominant position. BPCL continued its strategy of identifying high potential markets and being aggressive in those markets. The stress was on making the product available at the maximum number of points of sales and has ensured deeper penetration and improved visibility and availability. The MAK brand is available across the country at more that 27,000 retail counters, in addition to small mechanic shops and authorized service stations. In an effort to offer innovative and specific products to customers, BPCL has during the year, launched new products like MAK Zip, MAK Stallion, MAK Platinum, MAK LL3 and MAK TATA PCD.

On the industrial front, customized offerings and prompt customer service remained the core elements of the strategy. In a segment characterized by continuous technology upgradation, technical services and Research & Development play a vital role. A strong team of technical sales officers attends to the needs of the Industrial customers, both before and after sales. During the year, BPCL has expanded the customer base across different segments. The product portfolio on offer ranges from normal applications like engine oils to Hydraulic, Cutting, Marine and very specialized products for applications in Defence and Railways. During the year, products for specific applications like MAK LLPO, a white oil application and another range of industrial grades for steel mills requirements were launched. Export sales continue to show a healthy growth of 17%.

The Indian Lubricants market would continue to be an attractive market for all leading lubes makers. The growth in the automotive and industrial segments is driving the market. Technological improvements in the OEM space would encourage the lubes manufacturers to develop new improved alternate formulations, which would deliver better performance and enhance the life of the lubricants. While the intensity of competition is expected to continue, BPCL remains confident of being successful by meeting the evolving needs of the consumer.

LPG

The business continues to operate in a volatile environment, characterised by high prices and an inability to pass on the impact of the same to the domestic LPG consumers. Although this remains a major financial burden for the company, all efforts were made to ensure that the needs of genuine consumers were fully met. During the year, the LPG business crossed several important milestones. The Bharatgas customer base crossed the 30 million mark with BPCL ending the year with a domestic customer population of 31 million customers, with 2.8 million new customers enrolled during the year. Sales in the domestic segment touched a record volume of 3153 TMT. The distributor network was expanded further and had reached a level of 2452 by the end of the year, including 133 rural distributors.

BPCL's total LPG sales for 2010-11 stood at 3555 TMT which ensured that BPCL maintained its market share at 26%. LPG sales volume grew by 9.86% as compared to the sales volume of 3236 TMT achieved in 2009-10. In the commercial and bulk segment, where LPG is sold at market determined prices, BPCL registered a growth of 14.6% and 12.3% respectively, in sales volume during the year.

Bharat Metal Cutting Gas (BMCG) recorded a sales volume of 7389 MT, registering growth of 16.9% over 2009-10. BMCG was also sold in the Sultanate of Oman, Kingdom of Saudi Arabia and the United Arab Emirates. The product was recently launched in Sri Lanka.

During the year, sales under the 'Beyond LPG' initiative touched a level of ₹ 796.8 crores. This represents a growth of 14% over the previous year. The 'Beyond LPG' basket now consists of 90 product categories with 126 business partners.

During the year 2010-11, BPCL has strengthened its LPG marketing infrastructure by setting up additional tankage at 12 locations with an investment of ₹ 193 crores. LPG bottling plants were upgraded by installing electronic carousels with an investment of ₹ 80 crores.

BPCL's 49 bottling plants with an installed capacity of 2592 TMT per annum achieved a total LPG filling volume of 3228 TMT, registering capacity utilization of 125%. Plans have been drawn for further augmentation of existing facilities and setting up new facilities.

For the first time in the history of LPG marketing in the country, an exclusive rural LPG distributorship scheme known as 'Rajiv Gandhi Rural LPG Vitaran Yojana' (RGGLV) was introduced in 2009-10. 133 Distributors have been appointed during 2010-11 under the scheme in 13 states. With these RGGLV Distributors operating in the market and more of such Distributors getting appointed in the current year, rural penetration of LPG is expected to increase significantly and will have a salutary impact on the environment and health of housewives in rural India.

Several new customer care measures like refill booking options through SMS and IVRS system, introduced in previous years, are being maintained and their coverage expanded in the current year. A new initiative for the convenience of working couples in cities has been introduced, which provides them the option of getting the cylinder delivered at an appointed time, even during Sundays and holidays. The 'Preferred Time Delivery Scheme' has been launched in Mumbai, Kolkata, Delhi, Chennai, Bengaluru, Hyderabad and Pune, including the outskirts of these cities like Gurgaon, Noida, Faridabad, Sonepat, Thane, Navi Mumbai, Kalyan and Mira Bhayander. Under the scheme, customers can choose to receive the refill cylinder delivery at home on the day and time of their choice, for which a separate charge is levied on them.

AVIATION

The Indian Aviation sector continued its recovery from the turbulence experienced in the recent past. At the same time, some of the major domestic airlines continued to grapple with issues relating to liquidity, which in turn was impacting the oil marketing companies. During the year, BPCL recorded a sales volume of 1129 TMT as compared to 925 TMT achieved in 2009-10. BPCL thus achieved the highest growth of 22% amongst the public sector oil marketing companies. Consequently, BPCL's market share increased to 22.75% from 20.55% in the earlier year. On the new business front, BPCL was successful in enrolling 10 new airline customers during the year, besides rolling over contracts with most of the existing customers. BPCL also added 5 new airports to its network and currently has a presence in 31 airports in the country. The business has expanded the network of fuel facilitators by enrolling new parties which can help in improving BPCL's share in the international non-schedule segment.

The liquidity constraints faced by some Airlines is putting additional pressure on the working capital position. However, efforts are on to ensure that a mutually beneficial solution is worked out, which can safeguard the interests of all the stakeholders.

A joint venture company – Delhi Aviation Fuel Facilities Private Limited (DAFFPL) - commenced its commercial operations from 28th July, 2010 supplying ATF under the 'open access' mode to Airlines at the new Terminal T-3 of the Indira Gandhi International Airport, New Delhi. The new company has taken over BPCL's existing Aviation Fuelling facilities at the airport. Another joint venture company promoted by BPCL - Bharat Stars Services Private Limited - has been selected as one of the service providers for into-plane refuelling at the new Terminal. These developments involved some redeployment of manpower from the Delhi airport which has been completed.

HUMAN RESOURCES

BPCL's human resources remains its biggest strength as the company sets out to meet the challenges in the days ahead. The strength of BPCL's workforce stood at 13,837 as on 31st March, 2011. The growth in BPCL's core refining and marketing operations, coupled with the requirements of the new businesses and initiatives, will provide enormous opportunities for employees at all levels. At the same time, the demographic factors and market conditions will pose a number of challenges for the organisation. As the business grows in size and complexity, the requirements in terms of skills, expertise and experience will increase significantly. BPCL therefore, continues to focus on initiatives which will contribute towards enhancing the capabilities of the next generation of leaders and promote the development of a high performance culture.

In order to build a robust leadership pipeline encompassing leaders at all levels capable of delivering the company's ambitious plans, an 'Integrated Talent Management Framework' with linkages to key HR processes has been developed. A number of workshops were conducted and inputs gathered from a wide cross-section of employees on the values and culture the company stands for and the leadership competency/ talent review framework that will be needed to excel in the emerging business scenario. Work has also commenced to communicate the new values and culture and roll out the new assessment process using this framework.

During the financial year 2009-10, workshops on "Strategic Performance Excellence" were held as a part of the process of bringing in alignment between organizational and individual goals. The process was continued during the current year and all parts of the organisation were covered. This has enabled executives at all levels to have a better understanding of business strategy and has encouraged them to take accountability while appreciating the interdependencies involved.

The performance management system completed its first annual cycle successfully after migrating to SAP. The migration helped in building a performance culture through enhanced accountability, transparency and discipline in implementation.

With a view to enhance the reach of standardised training modules across the organization without disrupting the daily work schedule, BPCL has pioneered the concept of e-education within the organisation. Towards this end, partnerships were forged with leading universities like Harvard, Cornell and U21 as well as other reputed service providers, to make available world class e-enabled courses. BPCL has also partnered with reputed institutions to provide executive MBA courses for select high potential employees as a means of accelerating their development process. In addition, customised programmes on subjects like Marketing Strategy were designed and delivered through renowned professors of Marketing like Prof. David Weinstein of INSEAD and Prof. Abraham Koshy of Indian Institute of Management, Ahmedabad.

The efforts on taking the learning process beyond the classroom continued and the innovative Case Study Challenge 'Socratix' completed its second year. The feedback provided to the participants has helped in making them reflect on what they had done right and what had gone wrong, thereby helping them in bringing about overall improvements. During the year under review, an innovative concept involving the use of story-telling as a leadership technique was launched. "Mercurix – The Art of Story Telling" provided a platform for the participants to develop emotional intelligence competency and the initiative received an overwhelming response through wide participation across the organisation.

BPCL had, in the year 2000, launched the 'IDEAS' platform to encourage, promote and reward creativity at workplace. During the year, the "Ideas" platform completed 10 years, during which a large number of employees have made a meaningful contribution to the company's growth through innovative ideas relating to their areas of work. Over the years, the format was modified and new categories introduced to encourage both new ideas and replication of valuable ideas across the organisation. Many of the ideas have the potential of bringing substantial value to the organisation, besides enhancing the effectiveness of its functioning. It also provides an ideal platform for the younger generation of employees to bring out fresh concepts and express novel approaches to various aspects of operations.

The Employee Satisfaction Enhancement (ESE) Cell, which was created with a view to provide a framework for the prompt redressal of genuine grievances of the employees, significantly expanded its activities. Over the years, the Cell has aimed at reaching out to the maximum number of employees, with a view to know their problems and concerns and attempt to resolve the same proactively. The Cell has sought to help employees to understand their inner strengths and enhance their overall performance. Assistance was provided to employees and their families to help them in overcoming issues which were hampering them in their workplace and adversely affecting their productivity.

The ESE Cell has played an active role in facilitating the process of resolving grievances of employees at all levels. The Employee Assistance Programme – ESE Roshni continued its good work during the year by providing counselling services to employees and their family members. The benefits available under the programme have been extensively communicated to encourage employees to take advantage of the same. During the year, the programme has introduced legal and financial counselling, thereby providing an avenue for employees to seek professional help in these areas. The new initiative has been extremely well received. The ESE Cell has commenced the initiative - ESE Manas to publish articles on the website aimed at providing help and guidance to employees in dealing with situations in their day-to-day life which cause anxiety, stress, lack of self-confidence etc.

BPCL recognises the enormous challenges on the Human Resources front in the days ahead. As the economy grows at a rapid pace, opportunities for skilled and experienced resources are bound to increase. At the same time, the internal requirements are going to increase substantially, both in number as well as in terms of skill sets. The innovative measures being undertaken are designed to help the organisation to get ready for meeting these future requirements in the best possible manner. BPCL has come to be recognised as a caring and employee friendly company. BPCL remains confident that with the talented and committed workforce, the company will be able to navigate the tough environment and achieve sustained growth in the years ahead.

INTEGRATED INFORMATION SYSTEMS

BPCL continued with its efforts to leverage its strengths in the area of Information Systems in order to help the businesses in their operations. Apart from strengthening the initiatives started in the earlier years, a number of new developments were undertaken which have contributed towards greater efficiencies.

BPCL had put in place the B2B system for managing the product exchange transactions between itself and IOC. Given the volumes handled by the companies in each year, the system has delivered significant benefits. In particular, the back-end reconciliation efforts have reduced and the process of settlements has become smooth. Putting in place this process was facilitated by the fact that the two companies had the same ERP system. During the year, a pilot project was launched for implementing a B2B arrangement with HPCL for product exchange transactions at two locations. There was the added challenge of integrating two different ERP systems operating in the two companies. The system has also been extended to cover transactions with BPCL's subsidiary company, Numaligarh Refinery Limited.

With a view to ensure better forecasting accuracy of sales by the field, a new application was developed and implemented across all retail territories. The forecast done by the sales officers across all territories was made available to the Supply Chain Optimisation group for ensuring adequate product availability. A new Planned Delivery Programme (PDP) application was implemented at 71 locations to plan and distribute LPG packed cylinders at 50 LPG plants and storage godowns. This will enable the LPG Plants to easily plan and allocate vehicles for delivery of packed cylinders and create related documents. This has also brought in visibility/transparency in vehicle allocation and enables greater efficiencies based on performance and optimum cost.

A centralized server based application (BPLPGNext) was developed for Distributors to account packed cylinder distribution. In the new application, the Subscription Voucher / Termination Voucher is created centrally with consumer data maintained in the central server. Once the stock with the Distributor and consumers is uploaded in the system, the application has features to account all subsequent movements and ensure inventory is reflected correctly in SAP. A pilot programme was undertaken in Ahmedabad LPG Territory. The application, which will be rolled out in other territories, will help in tracking packed cylinder inventory with Distributors.

A secondary sales tracking solution is being introduced at all Primary Lube Distributors (PLD). The integration between SAP and this application has been established. This will help in tracking the final customer, which in turn can help in getting insights into customer needs. Implementation of a new 'Bill Tracking System' (BTS) was completed during the year. This application will provide transparency and visibility in the receipt and processing of vendor bills.

The Retail Outlet Maintenance programme has taken a big leap with the upgradation of BROMA (Bharat Retail Outlet Maintenance Application) to BROMA+ across the country during the year 2010-11. This application, built on the SAP Netweaver platform, provides enhanced functionalities and online, real-time MIS on status of the maintenance requests. This has further enhanced the level of comfort of dealers and vendors to manage their business in a more effective and professional way.

BPCL's SAP system was migrated to the New GL accounting system during the year. This was an important milestone in getting ready for moving into the International Financial Reporting System (IFRS) environment, as and when the same will be mandated and also meet with the business requirement of territory level comprehensive financial results. Consequent to the identification of accounting related changes required to be made for shifting to IFRS, work has started for transitioning the SAP system to IFRS from the new fiscal year beginning 1st April, 2012. The draft business blueprint document for the high impact areas was finalised. Considering the various legal and statutory issues and uncertainties involved, the migration will be a major challenge. The two factor authentication (2FA) using RSA token was implemented for ensuring more secured access to IT infrastructure for BPCL's 7000 IT users. The Network was upgraded at 117 locations by doubling the existing MPLS (Multi Protocol Label Switching) bandwidth capacity. Bandwidth between the Corporate Data Centre at Sewree in Mumbai and Integrated Data Centre, Greater NOIDA was increased from 8 Mbps to 45 Mbps to reduce the time gap for SAP R/3 data synchronization. BPCL also implemented an effective and technology driven webcasting system. This initiative, while using the existing network infrastructure, will help in reducing our carbon footprint as it enables the webcast of all the important events for all BPCL employees across India.

During the year, Greendocs was introduced to archive important documents and other content in digital form to enforce compliance and governance. This initiative also helped in reducing our carbon footprint. An Unified Communication (UC) system with Microsoft OCS (Office Communication Server) was implemented as a first step towards the next generation of communication, which enables communication right from the desk. The UC will provide video / web conferencing facility right on the user's desk by using the existing leased line communication network.

BPCL was bestowed with the "Best Run Award in Human Capital Management" - for empowering a large employee base and providing employees at all levels with access and responses to their HR queries. This was given by SAP as a part of their Award for Customer Excellence (ACE) programme. BPCL also won the SAP ACE Award for "Best Run Award in Compliance - leveraging technology to create a robust compliance system".

HEALTH, SAFETY, SECURITY & ENVIRONMENT

BPCL continues to lay considerable emphasis on Health, Safety, Security and Environment in the course of carrying out the Company's business activities.

As a first step in the area of Sustainable Development, BPCL carried out an exercise on mapping of Water (Project "MeH2O") and Waste (Project "MeWas") for the Sewree complex. This was a pilot project which would subsequently enable the organizational mapping of Water and Waste. A similar project was undertaken for measurement of carbon emissions (Project "MeCO2") for all the Lube plants. These exercises will help to prepare an action plan to minimize carbon emissions, water consumption and waste generation across all locations.

With a view to promote workplace health & hygiene at operating locations, in-house expertise was developed with a total of 89 officers being trained under the "Train the Trainer for Workplace Health & Hygiene" programme undertaken with the help of experts in this field. Security continued to be an important area of concern for the company's strategically located units. Workshops were organised on "Workplace Security & Surveillance" to sensitize role holders on the importance of security preparedness plan, crisis management plan, adoption of standard operating practices and adhering to preventive maintenance of facilities. Awareness was also promoted across locations on various aspects of workplace safety.

The revised HSSE Management System (2nd edition) was released during the year. BPCL released its 4th "Sustainable Development Report" for the year 2009-10. The underlying theme was "Building A Sustainable Future". The report was prepared as per Global Reporting Initiative-G3 guidelines and was in conformity with standard AA1000 AS 2008. For the fourth successive time, the report was rated A+ by the third party assurance provider.

BPCL, in recognition of these efforts, has received the prestigious award "Environmental Sustainability: Company of the Year" from the Petroleum Federation of India (PetroFed).

INTERNATIONAL TRADE AND RISK MANAGEMENT

During the first half of the financial year 2010-11, the international crude oil prices remained range bound between USD 70 to USD 80 per barrel. The extreme cold weather conditions in Europe and United States of America in November and December 2010, coupled with the unrest in North Africa and Middle East from January 2011, led to the benchmark Brent crude prices crossing the USD 100 mark and touching a high of USD 117.36 per barrel on 31st March, 2011. The year saw the average price of Brent crude oil increase by about 25%, from USD 69.62 per barrel in 2009-10 to USD 86.73 per barrel in 2010-11. Similarly, the average price of Dubai crude at USD 84.14 per barrel reflected an increase of 21% over the average price in 2009-10. However, unlike the previous year, when there was hardly any gap, the average Brent - Dubai difference averaged a positive USD 2.6 per barrel.

During the year 2010-11, BPCL imported 14.83 MMT of crude oil as compared to 14.40 MMT in the previous year. The cost of imported crude oil on Free on Board (FOB) basis stood at USD 9508 million (₹ 43,334 crores), which was a significant increase over the previous year, when it stood at USD 7560 million (₹ 35,419 crores). The average price of crude oil paid by BPCL stood at USD 85.10 per barrel as compared to USD 70.40 per barrel in the previous year. The ratio of "Term to Spot" purchase of imported crude oil increased during the year. The ratio stood at 73:27, which was higher when compared to 62:38 in 2009-10. For procurement of spot cargo, BPCL continued with its efforts to seek better terms and conditions with the suppliers in an effort to optimise the procurement costs. During the year, there was a need to make changes in the crude oil supply arrangement for the two refineries in Mumbai and Kochi, owing to the temporary closure of Mumbai Port for a period of one month due to an accident in the harbour. Procurement of Mumbai High crude was maximized at Mumbai Refinery whereas low sulphur crudes were diverted to Kochi Refinery. However, it was ensured that both the refineries were able to achieve their planned throughput.

On the products front, BPCL imported 581 TMT of HSD, 40 TMT of SKO, 693 TMT of MS and 485 TMT of LPG during the year to meet the shortfall in supply from domestic sources. In the case of SKO and LPG, the quantum of imports during the year was higher than the imports in 2009-10. In addition, 216 TMT of Reformate was imported for use as blend stock during the year 2010-11 as against 48 TMT imported in 2009-10. During the year, BPCL exported 2,607.34 TMT of refined products as compared to 2,698.91 TMT exported during the previous year. Exports during the year include 1,844.95 TMT of Naphtha, 699.09 TMT of Fuel Oil and 29.44 TMT of High Sulphur Gasoil. The foreign exchange earnings from these exports amounted to USD 1,943 million (₹ 8,909 crores) as against USD 1,525 million (₹ 7,186 crores) during the previous year. BPCL continues to maintain its recognition as a "Premier Trading House" awarded by Director General of Foreign Trade.

With a view to take care of the transportation of imported crude oil from foreign ports to the refineries, BPCL used a combination of Contract of Affreightment (COA), time charter and spot charter. BPCL's COA with Shipping Corporation of India (SCI) continued during the year with a total import of 1.92 MMT. Vessels taken on time charter carried 3.25 MMT crude oil. The remaining quantity was transported through vessels taken on spot charter. Utilisation of these three different modes ensured stability and security in supply of crude oil to the refineries. Apart from imported crude oil, 2.35 MMT of Mumbai High crude was transported during the year to Kochi Refinery by vessels taken under contract. In order to economise the cost of freight, co-loading of crude oil parcels with the cargo of other oil companies was undertaken during the year. BPCL also emerged as a pioneer in implementing the e-tender platform for spot chartering of crude oil and product tankers.

As a part of the efforts to manage risk, BPCL continued to focus attention on hedging refining margins. This was crucial given the high volatility in the prices of crude oil and petroleum products. BPCL has been successful in achieving better than the budgeted margin protection for the mandated volumes, which have progressively grown from 10% to reach the present level of 40%. During the year, hedging for gasoline margins was started. Apart from hedging refinery margins, freight and bunker exposures were also hedged effectively during the year.

BPCL has, over the years, established an excellent reputation in the international oil market. Its expertise and skills have been widely recognised. Sound risk management principles have been evolved and implemented. The Trading and Risk Management (TRM) Board articulates the risk appetite of the Corporation and the Company's Board keeps track of the decisions taken by the TRM Board. The Risk Management Committee (RMC) continued to provide direction and guidance besides carrying out regular review of hedging positions. Regular review of credit exposure of counterparties was undertaken and internal limits adjusted in line with changes in the credit ratings.

RESEARCH & DEVELOPMENT

The Research and Development activities of BPCL are consistently following the current trends of technological advancements across the globe. The capabilities at the Corporate R&D Centre in Greater Noida, Uttar Pradesh, Product & Application Development Centre, Sewree, Mumbai and the R&D Centre at Kochi Refinery are leveraged towards supporting business growth. In particular, the Lubricants business continued to draw upon the expertise from research activities, as it seeks to provide new and better formulations for the existing portfolio of products.

During the year, new products developed include gasoline engine oil meeting global Original Equipment specifications, high performance engine oils for 4 stroke 2 wheelers, multipurpose lubricants for agricultural/farm equipments, synthetic high temperature industrial lubricants, synthetic metal working fluids and defence specific grade lubricants. The alternate formulations developed have helped in improving operational flexibility, besides reducing input/ operating costs. During the year, a number of critical approvals of our products were obtained from major Original Equipment Manufacturers / customers / end users / international approving bodies.

The Corporate R & D Centre filed two Indian and two foreign patent applications to protect the intellectual property which resulted from innovative research. BPCL has been collaborating with leading research institutes of repute including Indian Institute of Science, Bangalore, Osmania University, Hyderabad, Tamil Nadu Agricultural University, Coimbatore, IIT, Roorkee , IIT, Madras, Institute of Plasma Research, Gandhinagar and CSMCRI, Bhavnagar. Substantial progress has been made in these activities.

During the year under review, Kochi Refinery R&D commissioned a new Carbon Sulphur analyser for precise determination of Carbon and Sulphur in solid samples. Some critical equipment for the FCC pilot plant has been replaced, the latest version of PLC and software were procured and the pilot plant was put back in operation. Evaluation of indigenously developed GSR additive has been successfully done.

EXPLORATION AND PRODUCTION OF CRUDE OIL AND GAS

Bharat PetroResources Limited (BPRL) was incorporated in 2006 as a wholly owned subsidiary of BPCL to focus on exploration and production activities. As on date, BPRL has participating interests (PI) in 27 exploration blocks, in India and abroad (of which 9 blocks are in India and 18 are abroad), with PI levels varying from 10% to 40%. The countries (besides India), where BPRL has blocks are Australia, East Timor, Indonesia, United Kingdom, Mozambique and Brazil. All these blocks are in various stages of exploration, and BPRL's acreage in all these blocks is about 81,000 sq km, of which approx. 90% is offshore acreage. All the above interests are held either directly by BPRL, or through its wholly owned subsidiaries.

BPRL, through its wholly owned subsidiary company, Bharat PetroResources JPDA Limited (BPR-JPDA LTD), has a PI of 20% in Block-JPDA 06-103-East Timor in the Joint Petroleum Development Area between Australia and East Timor.

BPRL has incorporated a wholly owned subsidiary company, BPRL International BV, which in turn, has incorporated BPRL Ventures BV, BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV as wholly owned subsidiary companies for undertaking exploration activities in various countries. BPRL Ventures Mozambique BV has PI in a block in Mozambique, and BPRL Ventures Indonesia BV holds PI in a block in Indonesia. IBV Brasil Petroleo Limitada, a joint venture company where the foreign subsidiaries of BPRL and Videocon Industries Limited each have a 50% share of the capital, has PI in 10 blocks in Brazil.

While the previous year was focussed on consolidation and streamlining of operations in Brazil, the year 2010-11 has brought forth a number of discoveries in Mozambique, Indonesia and Brazil. There have been natural gas discoveries in four of the six wells drilled in Mozambique. Scoping studies have confirmed that the quantity is capable of supporting an onshore LNG plant in Mozambique.

There has been discovery of oil and natural gas in one of the exploratory wells drilled during the year in Indonesia and two more wells are proposed to be drilled to appraise the discovery. Also, PI was acquired in 2 blocks in Australia holding Shale Gas potential. The working as Joint Operatorship with Hindustan Oil Exploration Corporation Limited in the Rajasthan block was another milestone for BPRL.

Presently, the Indian blocks are in various stages of exploration phase and during the current financial year, two deepwater wells have been drilled in Krishna Godavari and Mahanadi blocks. BPRL, in partnership with others, submitted the bids for blocks offered under the NELP IX bidding round by the Government of India. The consortiums, where BPRL is a constituent, have been shortlisted for three blocks (one offshore, one shallow water and one on-land).

BPRL has drawn up ambitious plans for the years ahead with a primary focus on development activities in blocks where discoveries have been announced. At the same time, BPRL will consider any promising opportunities that may come on the horizon. The capital requirements for the next phase will be substantial. However, BPRL remains confident of meeting the challenges ahead and working towards monetising the assets at the earliest possible time. BPRL has also concentrated on developing the human resources in the company.

AWARDS AND RECOGNITION

BPCL secured the 272nd position in the prestigious list of Fortune Global 500 companies in 2010-11, as compared to the 307th position in 2009-10. Apart from BPCL, only seven other Indian companies have made it to the list.

For the fifth year in succession, the BPCL brand has featured among the top ten companies, ranking seventh, according to the valuation of India's Top 50 Most Valuable Brands undertaken by M/s. Brand Finance. BPCL's brand valuation of 2.94 billion USD is an improvement over the valuation of 2.62 billion USD in the previous year.

BPCL has once again made a mark in the global energy industry by being ranked 94th globally, 19th in Asia and 5th in Refining and Marketing among Asian companies, as per the Platts Top 250 Global Energy Companies 2010 list.

BPCL was bestowed with the Oil & Gas Marketing Company of the Year Award, Human Resources Management Company of the Year Award and Environmental Sustainability Company of the Year Award for 2009-10 by Petroleum Federation of India (PetroFed).

Joining the ranks of India's Most Powerful Brands chosen by the discerning consumer, BPCL established itself as a Power Brand 2010-2011. The criteria included trust, sustainability, image, awareness, effectiveness, perception, aspiration, loyalty and positioning. BPCL has also been accorded the status of a Superbrand 2010, recognizing its vaunted position in the Indian corporate sector.

In recognition of its performance as a good corporate citizen, BPCL received the prestigious NDTV Profit, Business Leadership Award in the CSR category.

BPCL's corporate website www.bharatpetroleum.in bagged the first prize in the category 'Most user friendly website' (editors choice) in the India eGov 2.0 Awards 2010. BPCL was also awarded two prestigious Communication Awards at the Golden Jubilee function of the Annual Association of Business Communicators of India (ABCI) Awards. BPCL received the Silver Award for the In-house Publication, Petro Plus and the Bronze Award for the Online Web Campaign.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

BPCL has an adequate system of internal control, which ensures optimum utilisation and protection of resources, speedy and accurate reporting of financial transactions and compliance with laws and regulations. The Company has a clearly defined organisational structure, authority limits, guidelines and operating procedures for its business units and service entities. State-of-the-art ERP solutions and Business Information Warehouse further enhance seamless exchange of information and control.

An independent Audit function, consisting of professionally qualified experts from accounting, engineering and IT domains, review the business processes and controls through risk focused audits. The Audit Committee of the Board regularly reviews significant findings of the Audit Department covering operational, financial and other areas and provides guidance on internal controls.

ANNEXURE A

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

A. CONSERVATION OF ENERGY

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

The demand for hydrocarbon has been steadily rising due to high rate of economic growth and increasing population in Asian countries. With supply/demand gap reaching a critical point and supply worries compounded by the high cost of crude oil import, every country, be it developed or developing, strives hard to achieve energy security. Rapid increase in energy consumption and the threat of 'Environmental Degradation' looming large, the requirement to have a sound and effective Energy Conservation policy / drive in place need not be over emphasized.

BPCL Refineries have been committed to conserve energy at all levels, through sustained efforts. BPCL is not only highly energy conscious, but also continuously strives to conserve energy and thus, contributes immensely in saving natural resources and protecting the environment.

Whilst the objective of attaining excellence in the refining process was pursued with vigour and enthusiasm, the drive to conserve energy further got great support and priority from the Management. Mumbai Refinery achieved the lowest ever 'Specific Energy Consumption' during the year 2010-11.

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

As a part of Oil & Gas Conservation Fortnight 2011, M/s. Centre for High Technology had organised a detailed 'Steam Leak' survey for Mumbai Refinery along with external experts. In addition, various awareness programs on the Oil Conservation theme were conducted, both inside & outside the refineries.

Mumbai Refinery

The following are the various energy saving initiatives and loss control measures implemented in Mumbai Refinery during the year 2010-11 :

- Maximization of crude throughput in the modern, highly energy efficient Integrated Crude & Vacuum Unit.
- Antifouling chemical injection in all Crude & Vacuum Units.
- Regular cleaning of pre-heat exchangers of process units.
- A survey of 'Fuel oil line insulation effectiveness' was carried out to improve the fuel oil temperature for better viscosity at burners.
- Foam / chemical cleaning of air fin coolers in the new Crude Unit complex and C3C4 Unit to improve performance.
- 'Chemical Decontamination' technique was adopted for the first time in the refinery during turnaround. This helps in improved heat exchanger cleaning and better decontamination for carrying out plant jobs, apart from recovery of oil.
- During turnaround, services of the combustion technology expert from M/s Hamworthy Combustion Global Solutions was obtained, to get suggestions for adopting the best practices leading to improved efficiency of the furnaces.

- Replacement of air pre-heater in CDU 1 furnaces (3 in number) for improved heat recovery and reduced fuel consumption.
- Modification in LOBS plant to warm up feed pump – fuel saving by reducing furnace load.
- Processing of the hydrogen rich Catalytic Reformer Unit (CRU) off gas in the Hydro cracker Unit PSA system and new Hydrogen Unit to reduce overall Naphtha consumption for hydrogen generation.
- A comprehensive survey on the 'Instrument Air Supply System' was carried out to identify and rectify instrument air leaks.
- 'Dry ice blast' cleaning of the convection section of heaters to improve efficiency.
- Stopping of Naphtha fuel pumps in CPP – LNG replacing Naphtha fuel in Gas turbines
- Online chemical cleaning of HVU heater process tubes to improve heat absorption.
- Impellor trimming of VDU pumps for power saving.
- Commissioning of Variable Frequency Drive for FD fans for furnaces.
- 'Close loop' control - oxygen/ air control in furnaces for higher efficiency.
- Use of energy saving CFL lamps.
- Energy saving device/torroidal core transformers for energy saving in lighting circuits.
- Installation of Capacitor banks to maximize power factor.
- Reduction of slops by tighter operational control.
- Continuous monitoring & control of all parameters of Furnaces & Boilers.
- Continuous monitoring & control of flare.
- Ambitious 'Zero steam leak' project in CDU1 complex resulted in 70-80 MT/day of steam saving.
- Replacement of insulation for various Steam Headers.
- Replacement of leaky steam traps & regular attending to steam leaks.

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

- Mumbai Refinery has embarked on an ambitious 'Refinery Performance Improvement Program'. This program is being guided by Centre for High Technology (CHT) under the auspices of Ministry of Petroleum and Natural Gas (MoP&NG). This study will cover areas of margin improvement, energy & loss and plant availability and reliability.
- A joint study for energy conservation and adoption of efficient technologies in Mumbai Refinery is being planned with FICCI and a Japanese delegation.
- Processing of CDU 2 LR in energy efficient VDU which will result in energy saving as well as yield improvement.
- Extension of 'Chemical Decontamination' technology for other units during turnaround.
- Online chemical cleaning of radiation tubes of select furnaces.
- Antifoulant chemical injection treatment to prevent crude side fouling in exchangers.
- Phasewise replacement of steam headers insulation.
- Comprehensive steam audit study with M/s Forbes Marshall.
- Energy Utilities audit with M/s Aspentech.
- Replacement of vintage CDU 1/ CDU 2 complex with state of the art integrated CDU- VDU complex.

During the year, Mumbai Refinery was awarded the first prize for having achieved the best 'Specific Energy Consumption' for FY 2008-09 among refineries under the category of Composite Energy Index ≤ 5 by CHT, (MoP&NG).

Kochi Refinery

The following energy conservation and loss control measures were adopted during the year 2010-11, resulting in significant fuel savings:

- Commissioning of Variable Speed Drive for lean solvent pump ZP-06A.
- Automatic Combustion Control for charge heater in old Vacuum Unit.
- Reboiler steam optimization in Propylene Recovery Unit.
- Steam optimization in CDU-2 Sour Water Stripper Unit, during low sulphur run.
- Routing excess fuel gas from DHDS to Reformer.
- Installation of Variable Speed Drives in progress for 16 pumps in Kochi Refinery.
- Improvement in capacity utilization of back pressure steam Turbine Generator (TG).

Kochi Refinery is implementing various energy conservation and loss control projects as given below:

- Condensate recovery from LP steam air heaters in Crude Units.
- LP steam air heaters for DHDS charge heater.
- Providing FRP blades for 22 air fin fans in FCCU Unit.
- Routing of air from incinerator blower to Reduction furnace.

The following awards related to Energy & Environment function were received by Kochi Refinery during the year 2010-11.

Sl. No	Year	Award	Authority	Category
1	2010	State Pollution Control Award – 2010, Excellence Award	Kerala State Pollution Control Board	For outstanding achievement in pollution control

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

Fuel savings as a result of the energy conservation measures implemented in the refineries during the year 2010-11 correspond to a total savings potential of over 4000 tonnes of fuel oil equivalent.

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

B. TECHNOLOGY ABSORPTION

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

Mumbai Refinery

- A new 2350 MT/D CC Gasoline Splitter Unit, designed by M/s EIL, was installed to separate the high sulphur heavy component from the Catalytic Cracked Gasoline to make it suitable for producing Euro-IV MS.

Kochi Refinery

Naphtha Hydrotreater with a capacity of 0.85MMTPA was commissioned in October 2010 for reducing Sulphur and Nitrogen in the feed for CCR Unit.

- Continuous Catalyst Reformer with a capacity of 0.85MMTPA was commissioned in October 2010 for producing high-octane blend stocks to meet higher RON specifications for MS.
- VGO HDS Unit with a capacity of 1.7 MMTPA was commissioned in March 2011 for producing low sulphur feed stock for FCCU to meet EIII/EIV MS sulphur specifications.

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

C. FOREIGN EXCHANGE EARNINGS / OUTGO

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

Crude Oil Imports

During the period April 2010 to September 2010, crude oil prices remained fairly stable in a range of USD 70 to USD 80 per barrel. However, extreme cold weather in Europe and USA in November and December 2010 started pulling up the prices. Unrest in North Africa and Middle East since January 2011 gave a further boost to Brent crude prices to cross the mark of USD 100 and reach the maximum level of USD 117.36 per barrel on 31st March 2011.

The average price of Dated Brent Crude Oil increased by about 25% during the year from USD 69.62 per barrel in 2009-10 to USD 86.73 per barrel during 2010-11, while the average price of Dubai crude also increased by 21% from USD 69.57 per barrel in 2009-10 to USD 84.14 per barrel during 2010-11. Last year 2009-10 had witnessed heavy crude (Dubai) commanding premium over light crude (Brent). However, this trend was reversed during 2010-11 and the average Brent- Dubai difference during the year was USD 2.59 per barrel.

During the year 2010-11, BPCL imported 14.83 million MT of crude oil as compared to 14.40 MMT in 2009-10. In value terms, the cost of imported crude oil on FOB basis amounted to USD 9508 million (₹ 43,334 crores) as compared to USD 7560 million (₹ 35,419 crores) in 2009-10.

The average price of crude oil purchased by BPCL stood at USD 85.10 per barrel as compared to USD 70.40 per barrel in the previous year. The ratio of 'Term to Spot' purchase of imported crude oil was 73:27 higher as compared to 62:38 in 2009-10. For procurement of spot cargo, BPCL sought better terms and conditions with the suppliers, expanded the vendor base, added new grades of crude oil and opened up new avenues for procurement of crude oil.

Closure of Mumbai Port for a period of one month due to collision of two ships in the harbour, necessitated some changes in the crude supply arrangement for both Refineries at Mumbai and Kochi. Procurement of Mumbai High crude was maximized at Mumbai Refinery whereas low sulphur crude oil parcels were diverted to Kochi Refinery. Despite the port closure, both the Refineries were able to achieve their planned throughput.

Product Import and Export

On the products front, BPCL imported 581 TMT of HSD, 40 TMT of SKO, 693 TMT of MS, 485 TMT of LPG to meet the shortfall in supply from domestic sources and 216 TMT of Reformate as blendstock during the year 2010-11. Compared to this, the figures of last year 2009-10 were as follows: 1588 TMT of HSD, 33 TMT of SKO, 211 TMT of MS, 228 TMT of LPG and 48 TMT of Reformate. BPCL termed up with ADNOC for additional LPG requirements of 250 TMT for the first time.

On the exports front, BPCL exported 2,607.34 TMT of refined products as compared to 2,698.91 TMT exported during the previous year. Exports during the year include 1,844.95 TMT of Naphtha, 699.09 TMT of Fuel Oil and 29.44 TMT of High Sulphur Gasoil.

The foreign exchange earnings from these exports amounted to USD 1,943 million (₹ 8,909 crores) as against USD 1,525 million (₹ 7,186 crores) during the previous year. BPCL continues to maintain its recognition as a "Premier Trading House" awarded by Director General of Foreign Trade.

Chartering of Vessels

BPCL imported crude oil quantity of over 14.83 MMT during the year. For transportation of this quantity from load ports to BPCL Refineries, the vessels were chartered by different modes. Our Contract of Affreightment (COA) with Shipping Corporation of India (SCI) continued during the year with a total import of 1.92 MMT. Vessels taken on time charter carried 3.25 MMT crude oil. The remaining quantity was transported through vessels taken on spot charter. Utilisation of these three different modes ensured stability / security in supply of crude oil to our Refineries. Apart from imported crude oil, 2.35 MMT of Mumbai High crude was transported during the year to Kochi Refinery by vessels taken under COA with SCI.

Further, to ensure fixed cost of freight and take advantage of depressed freight market, BPCL maintained two Afframax size vessels (80,000 tonnage) on time charter basis and hedged the bunker consumption, quantities. In order to economise the cost of freight, co-loading of crude oil parcels with other oil companies cargo was undertaken during the year. BPCL also emerged as a pioneer in implementing the e-tender platform for spot chartering of crude oil and product tankers.

Risk Management

Considering the high volatility in the prices of crude oil and petroleum products, hedging of refinery margins continued to remain a main focus area. For the 6th successive year in a row, BPCL has been successful in achieving better than the budgeted margin protection for the mandated volumes, which have progressively grown from 10% to now 40%. This year, hedging for gasoline margins was started. Basis for hedging naphtha margins was shifted from Singapore to Japan basis, depending upon the liquidity of the market. Apart from hedging refinery margins, freight and bunker exposures were also hedged effectively during the year.

BPCL continues to be a front runner in the Industry with its expertise in Risk Management. BPCL is now a widely respected name by a number of players in the international oil market. The Trading and Risk Management (TRM) Board articulated the risk appetite of the Corporation. The decisions taken by the TRM Board were informed to the Board of Directors. The Audit Committee also carried out an annual review of the hedging activities. The Risk Management Committee (RMC) continued to provide direction and guidance, besides carrying out regular review of hedging positions. Regular review of credit exposure of counterparties was undertaken. Credit ratings of the counterparties were analysed and internal credit limits adjusted to incorporate any change in their credit ratings. New counterparties were enrolled, with a view to diversify the credit risk and obtain competitive quotes.

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

₹ Crores

	2010-11	2009-10
Earnings in Foreign Exchange - includes receipt of ₹ 1,324.00 crores (Previous year ₹ 1,636.56 crores) in Indian currency out of the repatriable funds of foreign airline customers and ₹ 57.75 crores (previous year ₹ 12.18 crores) of INR exports to Nepal and Bhutan.	**12,380.37**	9,504.36
Foreign Exchange Outgo - on account of purchase of Raw Materials, Capital Goods, Chemicals, Catalysts, Spare Parts, International Trading Activities.	**52,221.91**	43,048.29

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

1. MUMBAI REFINERY

A. Power & Fuel Consumption	**2010 - 11**	2009 - 10
1. Electricity		
a) Purchased		
Units (Million KWH)	**18.33**	33.43
Total Amount (₹ Crores)	**13.53**	20.12
Rate/Unit (₹/KWH)	**7.38**	6.02
b) Own Generation		
Through Steam Turbine/ Generator		
Units (Million KWH)	**564.47**	511.37
Units (KWH) per Ton of Fuel	**3,431.30**	3,229.49
Cost/Unit (₹/KWH)	**3.86**	4.50
2. Coal	**-**	-
3. Furnace Oil/Liquid Fuel		
LSHS Qty - MT	**229,823**	255,596
Total amount (₹ Crores)	**591.89**	536.43
Avg. Rate (₹/Unit)	**25,754.03**	20,987.37
IBP-60 Qty - MT	**3,619**	24,322
Total amount (₹ Crores)	**12.59**	77.60
Avg. Rate (₹/Unit)	**34,799.75**	31,905.09
4. Others / Internal Generation		
Bombay High Associated Gas (BHAG)		
Qty - (MT)	**-**	13026
Total amount (₹ Crores)	**-**	14.66
Avg. Rate (₹/Unit)	**11,731.71**	11,256.74
Regassified Liquid Natural Gas (RLNG)		
Qty - (MT)	**86,938**	19,527
Total amount (₹ Crores)	**166.20**	32.61
Avg. Rate (₹/Unit)	**19,116.45**	16,699.68
Internal Fuel :		
Refinery Gas Qty - (MT)	**95,403**	104,918
Total amount (₹ Crores)	**245.70**	220.19
Avg. Rate (₹/Unit)	**25,754.03**	20,987.37
PSA Off Gas Qty - (MT)	**128,658**	102,662
Total amount (₹ Crores)	**58.45**	38.01
Avg. Rate (₹/Unit)	**4,543.29**	3,702.40
FCC Units Coke Qty - MT	**74,830**	79,043
Total amount (₹ Crores)	**192.72**	165.89
Avg. Rate (₹/Unit)	**25,754.03**	20,987.37

Notes:

1. Higher captive power generation during the year (GT shut was synchronized with planned process unit shutdown).
2. Cost per unit of Power Purchased has increased due to revised (higher) tariff of power from M/s TATA Power.
3. Cost per unit of power generated in CPP has decreased due to decrease in fuel cost (LNG consumption) & depreciation.

B. Energy consumption per unit of production

	Unit	Stds. if any *	**2010 - 11**	2009 - 10
Production of Petroleum products	MT		**12,405,678**	11,809,624
Electricity	KWH / MT		**46.98**	46.13
LSHS / IBP-60	Kg/MT		**18.82**	23.70
Gas (Excluding CPP)	Kg/MT		**25.07**	20.33
FCC Units Coke	Kg/MT		**6.03**	6.69

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

2. KOCHI REFINERY

	2010-11	2009-10
A. Power and Fuel Consumption :		
1. Electricity		
a) Purchased :		
Units (Million KWH)	**48.55**	70.81
Total amount (₹ Crores)	**25.97**	28.41
Rate/Unit (₹/KWH)	**5.35**	4.01
b) Own Generation		
i) Through Gas Turbine generation in CPP (Million KWH)	**254.08**	130.18
Units (KWH) per kg of fuel oil/gas	**2.92**	2.87
Cost/Unit (₹/KWH)	**9.31**	5.42
ii) Through Steam Turbine Generation (Million KWH)	**59.51**	68.34
Cost/Unit (₹/KWH)	**6.16**	7.12
2. FCC coke for steam generation :		
Quantity (tonnes)	**71,167**	72,020
Total Cost (₹ Crores)	**174.55**	160.67
Average rate (₹/MT)	**24,527**	22,309
3. LSHS :		
Quantity (tonnes)	**301,596**	248,153
Total Cost (₹ Crores)	**739.73**	553.61
Average rate (₹/MT)	**24,527**	22,309
4. DHDS Naphtha :		
Quantity (tonnes)	**43,496**	41,481
Total Cost (₹ Crores)	**138.31**	106.04
Average rate (₹/MT)	**31,799**	25,563
5. Others (Refinery Fuel Gas) : (Excluding fuel used for Power Generation)		
Quantity (tonnes)	**104,173**	79,924
Total Cost (₹ Crores)	**255.51**	178.31
Average rate (₹/MT)	**24,527**	22,309

Notes :

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

B. Energy consumption per unit of production

	Unit Stds. if any*	**2010-11**	2009-10
Production of Petroleum products	MT	**8,763,400**	7,388,894
Electricity	KWH/MT	**43.30**	35.29
FCC Coke	Kg/MT	**8.74**	9.75
LSHS	Kg/MT	**37.04**	33.58
DHDS Naphtha and Refinery fuel gas	Kg/MT	**18.14**	16.43

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

FORM B

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

RESEARCH & DEVELOPMENT (R&D)

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

   i) Catalytic Processes

   ii) Development of Catalysts and Catalyst additives

   iii) Development of fuel additives/blending schemes

   iv) Detailed Crude Evaluations and Crude/blend compatibility studies

   v) Development of new process technology for distillate improvements

   vi) Development of nanomaterials for on-board gas storage and stationary applications

   vii) Modeling and Simulation of refinery processes

   viii) Corrosion and fouling studies

   ix) Advanced Tech support to Refinery & Marketing Operations

   x) Alternate fuels – Bio-ethanol, bio-diesel, hydrogen

   - Development of process for synthetic bio-lubricants for niche applications.
   - Identification of best yield elite varieties of jatropha and agronomy practices
   - End-to-end bio-diesel process technology development
   - Development of a hybrid process for production of hydrogen

   xi) Development of Coal to Liquid (CTL) technology

   xii) Utilization of tank sludge, pet residue and pet coke by various different options including plasma gasification technology.

   xiii) Alternate energy devices – New generation solar PV cells and biomass gasifier based power generator

   xiv) Development of Modified Bitumen products e.g., Improved Natural Rubber Modified Bitumen (NRMB), Fuel Resistant Bitumen (FRB), Crumb Rubber Modified Bitumen (CRMB), Polymer Modified Bitumen Emulsion (PMBE) etc.

   xv) Gasoline Engine Oil meeting global OE specifications

   xvi) High performance engine oils for 4 Stroke two wheelers

   xvii) Multipurpose lubricant for agricultural / farm equipment

   xviii) Synthetic high temperature industrial lubricant

   xix) Synthetic metal working fluid

   xx) Defence specific grade lubricants

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

   i) Optimum catalysts and additives were selected / recommended for KR and MR FCC plants resulting in improved yields/ product quality.

   ii) Two FCC additives developed and demonstrated in commercial and pilot scale levels. Optimum catalysts and additives were selected / recommended for KR and MR FCC plants based on in-house testing resulting in improved yields/ product quality. Suggested residue processing in MR FCC which can add additional revenues.

   iii) In-house developed BMCG product being commercially produced and marketed in India & overseas has resulted in substantial benefit to the Corporation. The product has found new application in the field of brazing.

   iv) Detailed crude evaluations aided in enhancing value realization and enlarging the crude basket. Crude blend compatibility studies helped in processing opportunity crudes.

   v) Polymer grade hexane manufacturing process based on sulpholane solvent demonstrated at lab scale and successful trial runs taken at plant scale.

   vi) Nanomaterials for gas storage application-provides safe option for natural gas as well as bio-gas storage application and hence, provides opportunity for developing a new market segment.

vii) Synthetic, Bio-degradable lube oil – provides an opportunity for developing a new market segment.

viii) Mathematical model for Mumbai Refinery Hydrogen Unit has been developed for continuous performance monitoring and optimization. Performance improvement options suggested would improve hydrogen production which can result in additional revenues.

ix) Crude selection model has been developed which is Excel based swift tool for determining the crude potential and their rankings in a short time. This can be used at the forefront of comprehensive simulation software. Thus, crude oil processing can be monitored on a regular basis for benefits.

x) Selection of suitable crude oils for minimum hydrogen consumption in hydroprocessing has been done; it would add value to the refinery profitability.

xi) A pilot scale power generation unit based on biomass gasifier with waste woody biomass including that from Jatropha for producing 10 KW power has been demonstrated.

xii) Alternate fuels:

a) Jatropha plantation of 100 shortlisted elite varieties (12,000 plants) have been established at the R&D Centre Greater Noida and Retail Depot, Kanpur in 15 hectare area under sponsorship of the Dept. of Biotechnology, Government of India. Studies are in progress for identification of the best yield varieties.

b) An end-to-end bio-diesel value chain has been developed and a demonstration unit with a pilot plant for biodiesel production and other units for complete utilisation of the bio-diesel value chain is in progress.

c) A project on development of 'hybrid-sorption enhanced steam reforming for production of hydrogen from natural gas' has been undertaken under sponsorship of the Scientific Advisory Committee. Initial screening research activities have been completed.

xiii) Established and developed advanced facilities for Coal to Liquid fuel technology development. R&D has taken the lead in developing technology for Coal to Liquid fuels among all the indigenous research organizations within India. PCT patent application has been filed for an improved process scheme for conversion of coal to liquid fuels.

xiv) NRMB with improved properties was recommended to Kochi Refinery for supplying on-spec product to the customer.

xv) Alternate energy devices- New generation solar PV cells were investigated and CIGS photo-voltaic was found to be cost-effective, a high performing alternate to crystalline silicon photo-voltaic panels.

xvi) Gasoline Engine Oil meeting global OE specifications would help us to offer engine oil for the latest generation passenger cars.

xvii) The high performance Engine Oil for 4 stroke two wheelers would meet the lubrication requirements of the latest models of 4 stroke two wheelers and would enable the Corporation to increase its market share in this segment.

xviii) Multipurpose Lubricant would help us in offering one single oil for lubrication of engine, brake, hydraulic and transmission of the latest agricultural/farm tractor equipment.

xix) Synthetic High Temperature Industrial Lubricant would help in meeting the lubrication requirements of steel plants.

xx) Synthetic Metal Working Fluid will enhance the product life and help in reducing maintenance cost.

xxi) Defence specific grades – would provide an indigenous alternative to Defence

3. Future Plans

i) Development of process scheme for the production of bio-fuels such as ethanol & bio-butanol and bio-lubricants.

ii) Intensifying and enlargement of activities in the area of synthetic and bio-lubricants.

iii) Development of energy efficient process for hydrogen production.

iv) Continuation of activities on Nanomaterials, Alternate Fuels & Energy Devices such as bio-diesel, algal bio-fuels, hydrogen and Solar PV cells.

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

vi) Development of catalyst/additive for refining processes.

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

viii) Enlargement of crude basket and identification of opportunity crudes and crude blends.

ix) Controlling Corrosion and fouling in Refinery units.

x) Value added products/ solvents from the refinery streams.

xi) Development of cetane & lubricity improvers for meeting diesel fuel specifications.

xii) Tech support to refinery processes.

xiii) Hydrodynamic cavitation studies to improve the middle distillates from crude oils and their properties

xiv) Modelling and simulation of Refinery processes.

xv) Technology development for Coal to Chemicals.

xvi) Pavement evaluation and feasibility study for commercialization of new modified bitumen products.

xvii) Development of an eco-friendly process for hydrogen generation through chemical looping route with sequestering CO2.

xviii) Development of improved diesel hydrotreating catalyst, gasoline sulphur reduction additive, multi functional CO and NOx reduction and activity enhancer additive for nitrogenous feed for FCC

xix) Development of Catalyst and process for vegetable oil conversion to Green diesel.

xx) Process Optimisation for methanol steam reforming in HGU MT shift reactor.

xxi) Development of suitable materials, integration of absorption with reforming and conceptual process design.

Developing the following grades / products :

xxii) Synthetic Engine Oil for passenger cars

xxiii) OE specific Diesel Engine oil

xxiv) OE Specific Gear Oil for Passenger cars

xxvii) Metal forming oil for Zirconium alloy used in Nuclear Power Plants

xxviii) Development of Defence specific high performance oil

xxiv) Alternate formulations for existing grades

4. Expenditure on R&D during 2010-11

(₹ crores)

	Value
Capital Expenditure	11.28
Revenue / Recurring Expenditure	22.22
Total	33.50
Total R&D Expenditure as a % of total turnover	Negligible

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

A) MUMBAI REFINERY

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

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

A new 2350 MT/D CC Gasoline Splitter Unit, designed by M/s EIL, was commissioned to separate the high sulphur heavy component from the Catalytic Cracked Gasoline to make it suitable for producing Euro- IV MS.

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

With the increase in the diesel desulphurization capacity, the HSD product mix was upgraded from BS-II/Euro-III to Euro-III/IV as per the requirements of the auto fuel policy of the Government of India. This has enabled production of Euro-IV MS from the refinery.

3. In case of imported technology (imported during last five years reckoned from the beginning of the financial year), following information may be furnished:

(a) Technology imported:

Technology	Year of import
■ DHDS Reactor catalyst change to new generation HDS catalyst TK 576 BRIM supplied by M/s Haldor Topsoe, Denmark in December 2007.	2007
■ Naphtha HDS catalyst was the latest Catalyst from M/s Haldor Topsoe	2007
■ DHDS unit revamp from 1.4 to 2.0 MMTPA on technology and catalyst TK 576 BRIM supplied by M/s Haldor Topsoe, Denmark in January 2010.	2010

(b) Has Technology been fully absorbed?

Yes.

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

Not applicable.

B) KOCHI REFINERY

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

The Refinery has implemented the following projects to obtain the benefits of the latest technological developments and advances during 2010-11:

A. Units under CEMP-II

a. Naphtha Hydrotreater

Naphtha Hydrotreater with a capacity of 0.85MMTPA was commissioned in October 2010 for reducing Sulphur and Nitrogen in the feed for CCR unit. The technology was provided by M/s UOP, USA and engineering and construction was by M/s EIL, New Delhi.

b. Gasoline Splitter Unit

A new Gasoline Splitter Unit was added to FCCU for providing Heart Cut Gasoline to CCR. The technology was provided by M/s UOP, USA and engineering and construction was by M/s EIL, New Delhi.

c. Continuous Catalytic Reformer

Continuous Catalyst Reformer with a capacity of 0.85MMTPA was commissioned in October 2010 for producing high-octane blend stocks to meet higher RON specifications for MS. The technology was provided by M/s UOP, USA and engineering and construction was by M/s EIL, New Delhi.

d. VGO Hydro Desulphurization Unit

VGO HDS unit with a capacity of 1.7MMTPA was commissioned in March 2011 for producing low sulphur feedstock for FCCU (to meet EIII/EIV MS sulphur specifications). The technology was provided by M/s UOP, USA and engineering and construction was by M/s EIL, New Delhi.

e. Sour Water Stripper Unit

Sour Water Stripper Unit with a capacity of 17.2 m3/hr was commissioned for treating sour water generated from the VGO-HDS and CCR Units.

f. Amine Regeneration Unit

Amine Regeneration Unit with a capacity of 130TPH was commissioned for treating rich Amine from the DHDS and VGO-HDS Units.

g. **Sulphur Recovery Unit**

A new SRU train with a capacity to produce 80 TPD of elemental sulphur was commissioned for converting Hydrogen Sulphide generated from VGO-HDS and NHT units to sulphur.

h. **Gas Turbine Generator**

A new Frame 6 GTG with site base load of 34.5MW was installed for meeting the power requirements of the newly commissioned units and CDU-II after revamp.

i. **Cryogenic Nitrogen Plant**

A new Nitrogen Generation Unit with a capacity to produce 730nm3/hr gas and 390nm3/hr equivalent liquid nitrogen was commissioned for catering to the requirement of new units under CEMP-II.

j. **DM Water Plant**

DM water plant with a capacity of 235m3/hr was installed for catering to the requirement of new units under CEMP-II.

B. **Ex-Situ Regeneration of Hydro Processing Catalyst**

Kochi Refinery carried out the ex-situ regeneration of DHDS catalyst, the first ever by an Indian PSU refinery. The service provider was M/s ABCL, Saudi Arabia.

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

a. **Units under CEMP-II**

All the above units were commissioned as part of Capacity Expansion cum Modernization Project Phase-II (CEMP PHASE-II) for meeting Euro-III specification for MS and HSD. The project also enables in part production of Euro-IV MS and HSD. The selected process configuration is further upgradable to meet fully Euro-IV equivalent product quality with minimum cost.

b. **Ex-Situ Regeneration of Hydro Processing Catalyst**

'Ex-situ regeneration of hydro-processing catalyst' was adopted by the first time in the Indian Refining Industry by sending the spent DHDS catalyst to a catalyst regeneration facility in Saudi Arabia. The other option of in-situ regeneration has a number of disadvantages such as non-availability of the DHDS unit for about a week resulting in throughput loss, possible damage to equipment and generation of large quantity of acidic effluent needing prolonged treatment before disposal. This is the first time an Indian Refinery is regenerating and reusing hydro-processing catalyst after ex-situ regeneration.

3. **In case of imported technology (imported during last five years reckoned from the beginning of the financial year), following information may be furnished:**

(a) **Technology Imported:**

Technology	**Year of import**
▪ DHDS Reactor catalyst change to new generation HDS catalyst supplied by M/s Axens, France in Dec 2006 to produce Low Sulfur Diesel for meeting the Euro III diesel demand.	2006
▪ SPM system capable of receiving VLCC s by M/s Blue Water Energy Services, Netherlands	2007
▪ BITUROX Unit technology supplied by M/s. Porner, Austria, capable of producing four different grades (VG-10/VG-20/VG-30 and VG-40) of Bitumen was commissioned during June 2008. Along with the Biturox Unit an incinerator, a scrubber and a wet air oxidation system was installed to convert sulphides to sulphates. This is the world's first eco friendly Biturox Unit.	2008
▪ NSU II – Naphtha Splitter Unit as part of CDU II by M/s UOP, USA.	2009
▪ Desalter – CDU-II Unit Desalter revamp by M/s. Natco, UK	2009
▪ GSU licensed by M/s UOP, USA.	2010
▪ NHT/CCR Unit licensed by M/s UOP, USA.	2010
▪ VGO HDS Unit licensed by M/s UOP, USA.	2011
▪ Sulphur Recovery Unit licensed by M/s. EIL-JACOB INC, Canada.	2011

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

Yes.

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

Not applicable.

ANNEXURE B

Report on Corporate Governance

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

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

2) **Board of Directors**

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

As on 31st March 2011, the BPCL Board comprised 4 Whole-time (Executive) Directors including Chairman & Managing Director (excluding one vacancy for the post of Director (Refineries), which has been filled on 1.8.2011), 2 Part-time (Ex-Officio) Directors and 4 Part-time (Independent) Directors. For nomination of additional 3 Part-time (Independent) Directors as required under revised Clause 49 of the Listing Agreement, the Company has taken up the matter with the Government of India.

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

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

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

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

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

Board Meetings

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

3rd Apr 2010	27th May 2010	30th Jun 2010	30th Jul 2010	24th Sep 2010
10th Nov 2010	31st Jan 2011	9th Feb 2011	29th Mar 2011	

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

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

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

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 Companies	Memberships held in Committees as specified under Clause 49 of the Listing Agreement
Whole-time Directors		**No. of Meetings Attended**	**%**			
Shri A. Sinha Chairman & Managing Director (up to 18.8.2010)	B.Tech. (Elect.) M.B.A.	4	100*	N.A	Chairman • Numaligarh Refinery Ltd. • Bharat Oman Refineries Ltd. • Bharat Renewable Energy Ltd. • Matrix Bharat Marine Services Pte Ltd. Director • Petronet LNG Ltd. • Bharat PetroResources Ltd.	Audit Committee Member • Petronet LNG Ltd. Audit Committee Chairman • Bharat PetroResources Ltd.
Shri R. K.Singh Chairman & Managing Director (w.e.f. 9.12.2010) and also holding addl. charge of Director (Refineries)	B.Tech. (Mech)	8	90	Attended	Chairman • Numaligarh Refinery Ltd. • Bharat Oman Refineries Ltd. • Matrix Bharat Marine Services Pte Ltd. Director • Bharat PetroResources Ltd. • Petronet LNG Ltd.	Audit Committee Chairman • Bharat PetroResources Ltd.
Shri S. Radhakrishnan Director (Marketing) (up to 28.2.2011)	B.Tech. (Mech). M.B.A.	8	100*	Attended	Chairman • Indraprastha Gas Ltd. • Numaligarh Refinery Ltd. • Sabarmati Gas Ltd. • Bharat Stars Services Pvt Ltd. • Matrix Bharat Marine Services Pte Ltd. Director • Bharat PetroResources Ltd. • Petronet LNG Ltd. • Oil Industry Board Draught Relief Trust (Trustee)	Audit Committee Member • Bharat PetroResources Ltd.
Shri S. K.Joshi Director (Finance)	A.C.A. M.B.A.	9	100	Attended	Director • Numaligarh Refinery Ltd. • Bharat PetroResources Ltd. • Bharat PetroResources JPDA Ltd. • Bharat Oman Refineries Ltd. Chairman • Bharat Renewable Energy Ltd. • Bharat Stars Services Pvt. Ltd. • Bharat Stars Services (Delhi) Pvt. Ltd.	Audit Committee Chairman • Bharat PetroResources JPDA Ltd. Audit Committee Member • Bharat PetroResources Ltd. • Numaligarh Refinery Ltd. Investors Grievance Committee Member • Bharat Petroleum Corpn. Ltd. • Bharat Oman Refineries Ltd.

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 Companies	Memberships held in Committees as specified under Clause 49 of the Listing Agreement
Whole-time Directors		**No. of Meetings Attended**	**%**			
Dr. S. Mohan Director (Human Resources)	B.E. (Hons) Mech. M.B.A., Ph.D.	9	100	Attended	Chairman • Petronet India Ltd. • Petronet CCK Ltd. Director • Bharat Oman Refineries Ltd. • Bharat PetroResources Ltd.	Audit Committee Member • Bharat PetroResources Ltd.
Shri K. K. Gupta Director (Marketing) w.e.f 31.3.2011	B.Sc., (Engg) Mech.	N.A.	N.A.	N.A.	Director • Indraprastha Gas Ltd. • Numaligarh Refinery Ltd. • Sabarmati Gas Ltd. • Bharat Stars Services Pvt. Ltd. • Matrix Bharat Marine Services Pte Ltd.	Audit Committee Member • Indraprastha Gas Ltd.
Non-Executive Directors **a) Part-time (Ex-officio)**						
Shri P.K.Sinha Special Secretary & Financial Advisor, Ministry of Petroleum & Natural Gas	I.A.S. Postgraduate in Economics M. Phil. , M.P.A.	6	70	Did not Attend	Director • Indian Oil Corporation Ltd. • Hindustan Petroleum Corporation Ltd.	
Shri T. Balakrishnan Additional Chief Secretary, Industries & Commerce, Govt.of Kerala (up to 29.6.2010)	I.A.S. Postgraduate in Political Science & International Relations	-	-	N.A.	Chairman • Transformers and Electricals Kerala Ltd. • Kerala Minerals & Metals Ltd. • Steel Industrial Forgings Ltd. • Malabar Cements Ltd. • Kerala State Electronics Dev. Corpn. Ltd. Director • Apollo Tyres Ltd. • Hindustan Newsprint Ltd. • Kinesco Power & Utility Pvt. Ltd. • Premier Tyres Ltd. • Kerala State Industrial Dev. Corpn. Ltd. • Infrastructure Kerala Ltd. • Indian Rare Earths Ltd. • Al Barakha Financial Services Ltd.	

Names of the Directors Non-Executive Directors a) Part-time (Ex-officio)	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 Companies	Memberships held in Committees as specified under Clause 49 of the Listing Agreement
		No. of Meetings Attended	%			
Shri Alkesh Kumar Sharma Secretary (IP) Govt.of Kerala (w.e.f. 30.6.2010)	I.A.S.	3	45*	Attended	Managing Director • Kerala State Industrial Dev. Corpn. Ltd. Chairman • Autokast Ltd. Director • Nitta Gelatin India Ltd. • Geojit BNP Paribas Financial Services Ltd. • Kerala Venture Capital Fund Pvt. Ltd. • Kerala Venture Capital Trustee Pvt. Ltd. • Bekal Resorts Dev.Corpn. Ltd. • Brahmos Aerospace, Thiruvananthapuram Ltd. • Infrastructure Kerala Ltd. • Geojit Technologies Pvt. Ltd. • Indian Rare Earths Ltd. • Kerala Minerals and Metals Ltd. • Geojit Credits Pvt. Ltd. • Steel Complex Ltd.	Audit Committee Member • Nitta Gelatin India Ltd. • Geojit BNP Paribas Financial Services Ltd. • Geojit Credits Pvt. Ltd.
Non Executive Directors (b) Part-time (Independent)						
Prof. N. Venkiteswaran	B.A.Economics, C.A.	9	100	Attended	Director • Dalton Capital Advisors India Pvt. Ltd. • Asit C Mehta Investment Intermediates Ltd. • Virgo Engineers Ltd.	Audit Committee Chairman • Bharat Petroleum Corpn. Ltd.
Ms. Rama Bijapurkar (up to 30.6.2010)	B.Sc. (Hons), M.B.A.	2	70*	N.A	Chairperson • CRISIL Risk & Infrastructure Solutions Ltd. Director • Godrej Consumer Products Ltd. • CRISIL Ltd. • AXIS Bank Ltd. • Mahindra Holidays & Resorts India Ltd. • Mahindra & Mahindra Financial Services Ltd. • ICICI Prudential Life Insurance Co. Ltd. • Ambit Holdings Pvt. Ltd.	Audit Committee Member • Mahindra Holidays & Resorts India Ltd. • Mahindra & Mahindra Financial Services Ltd.
Prof. S. K. Barua	M. Tech. Doctorate in Management	8	90	Attended	Director • Coal India Ltd. • Securities Trading Corporation of India Ltd. • Torrent Power Ltd. • IOT Infrastructure & Energy Services Ltd.	Audit Committee Member • Coal India Ltd. • Securities Trading Corporation of India Ltd. • Torrent Power Ltd. • Bharat Petroleum Corpn. Ltd.
Shri I. P. S. Anand	B.A.(Hons) (Econ) M.A. (Econ)	8	90	Attended	-	Audit Committee Member • Bharat Petroleum Corpn. Ltd.
Shri Haresh M. Jagtiani	B.A., LLM	8	90	Attended	Director • Legalpundits International Services Ltd.	Audit Committee Member • Bharat Petroleum Corpn. Ltd.

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

3) Board Committees

A) Audit Committee

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

As on 31st March 2011, the Audit Committee comprises four Part-time (Independent) Directors. The quorum for the meetings of the Committee is two members. Prof. N. Venkiteswaran is the Chairman of the Committee and Prof. S.K.Barua, Shri I. P. S. Anand and Shri Haresh M. Jagtiani are the present Members of the Committee. The members possess the requisite knowledge of Finance & Accounting for effective functioning of the Audit Committee. The Company Secretary acts as the Secretary to the Audit Committee.

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

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

The role and responsibilities of the Audit Committee include the following:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by them.
4. Reviewing, with the Management, the financial statements before submission to the Board for approval, with particular reference to:
   a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
   b. Changes, if any, in accounting policies and practices and reasons for the same
   c. Major accounting entries involving estimates based on the exercise of judgment by Management
   d. Significant adjustments made in the financial statements arising out of audit findings
   e. Compliance with listing and other legal requirements relating to financial statements
   f. Disclosure of any related party transactions
   g. Qualifications in the draft audit report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the Management, performance of the Statutory and Internal Auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of the Internal Audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussing with the Internal Auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussing with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. Looking into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non-payment of declared dividends) and Creditors.
12. Defining the significant related party transactions.
13. Carrying out any other function as mentioned in the DPE Guidelines and 'Terms of reference' of the Audit Committee.

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

27th May, 2010	30th Jul, 2010	7th Sep, 2010	10th Nov, 2010
28th Dec, 2010	31st Jan, 2011	9th Feb, 2011	18th Mar, 2011

Attendance at the Audit Committee Meetings :

Names of the members	No of meetings attended	%	Attendance at the Last Annual General Meeting
Prof.N. Venkiteswaran, Chairman	8	100	Attended
Prof. S.K.Barua, Member	7	90	Attended
Shri I. P. S. Anand, Member	8	100	Attended
Shri Haresh M. Jagtiani, Member	8	100	Attended

The Committee, at its meetings held on 30th Jul 2010, 10th Nov 2010 and 9th Feb 2011, reviewed the Quarterly / Half Yearly / Year to date Financial Statements as on 30th June 2010, 30th September 2010 and 31st December 2010 respectively. Further, Annual Financial Statements as on 31st March 2011 were reviewed by the Committee at its meeting held on 29th May 2011, before the same were submitted to the Board for approval.

BPCL has presently three unlisted Indian subsidiary companies i.e. Numaligarh Refinery Ltd. (NRL), Bharat PetroResources Ltd. (BPRL) and Bharat PetroResources JPDA Ltd. (Wholly owned subsidiary of BPRL) and four Foreign Subsidiaries i.e. BPRL International BV (subsidiary of BPRL), BPRL Ventures BV, BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV (subsidiaries of BPRL International BV).

These Subsidiary Companies do not fall under the category of 'material non listed Indian subsidiary' as indicated in Clause 49 III of the Listing Agreement and DPE Guidelines on Corporate Guidelines. Financial statements of Subsidiary Companies including investments made, if any, are reviewed by the Audit Committee / Board. The performance of Subsidiary Companies and the minutes of their Board meetings are discussed at the Board meetings of the Company. Any significant transactions or arrangement entered into by the Subsidiary Companies are also reported to the Board of Directors of the Company.

B. Projects Evaluation Committee

The Board has constituted a Projects Evaluation Committee (PEC) on 29.3.2011 comprising of two Part-time Non-Executive (Independent) Directors, one Part-time Non-Executive Government Director and Director (Finance), for evaluating and recommending for Board approval, projects costing over ₹ 150 Crores.

PEC will evaluate, guide implementation, monitor, review and assess deliverables, provide recommendations and advice to the Board for projects costing over ₹ 150 Crores including investments in Subsidiaries / Joint Ventures.

The members of the Committee are Prof. S. K. Barua, Chairman, Shri Haresh M. Jagtiani, Shri Alkesh Kumar Sharma and Shri S. K. Joshi, Director (Finance).

C. Remuneration Committee

BPCL has a Remuneration Committee to formulate and review policies related to remuneration / perquisites / incentives within the parameters of Guidelines issued by the Government of India. The Remuneration Committee comprises three Independent Directors, Prof. S. K. Barua, Chairman and Prof.N. Venkiteswaran, Shri I. P. S. Anand and one Part-time (Official) Director, Shri P. K. Sinha as Members with Director (HR) and Director (Finance) being Invitees. During the financial year 2010-11, one meeting was held on 31.1.2011 and attended by all the members.

D. Investors' Grievance Committee

The Committee, comprising Prof N.Venkiteswaran as Chairman and Shri S. K. Joshi, Director (Finance) as member, monitors the Shareholders' / Investors' complaints and redressal of their grievances. The Committee, at its meeting held on 31st Jan 2011, reviewed the services rendered to the Shareholders / Investors including response to complaints / communications and expressed its satisfaction on the performance of the Investor Relations Department of the Company.

Shri S.V. Kulkarni, Company Secretary acts as the Compliance Officer for matters related to investor relations.

During the year, 14 complaints were received from investors through SEBI, NSE, etc. which were attended to and resolved on priority basis.

All valid share transfer requests received during the year were duly processed and approved within the stipulated period of 30 days. There was no share transfer request in physical form pending as on 31st March 2011.

4. Remuneration to Directors

BPCL being a Government Company, appointment and remuneration of Whole-time Directors are determined by the Government through the Ministry of Petroleum & Natural Gas. The Part-time (Ex-officio) Directors do not receive any remuneration from the Company. The Part-time (Independent) Directors received sitting fees of ₹ 20,000 for each Board/Audit Committee meeting attended by them and ₹ 10,000 for each of the other Committee meetings during the year 2010-11.

Details of remuneration paid / payable to the Whole-time Directors during the financial year 2010-11 are as follows:

Names of Directors	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 Ashok Sinha C&MD (up to 18.8.2010)	₹ 6,255,755	Fixed Compensation ₹ 605,104 PRP ₹ 1,852,803	₹ 3,797,848
Shri R.K.Singh C&MD (w.e.f 9.12.2010) [prior to that Director (Refineries)]	₹ 3,683,299	Fixed Compensation ₹ 1,567,740 PRP ₹ 1,319,880	₹ 795,679
Shri S. Radhakrishnan Director (Marketing) (up to 28.2.2011)	₹ 6,238,764	Fixed Compensation ₹ 1,406,373 PRP ₹ 1,294,920	₹ 3,537,471
Shri S.K.Joshi Director (Finance)	₹ 3,621,749	Fixed Compensation ₹ 1,567,740 PRP ₹ 1,319,880	₹ 734,129
Dr. S. Mohan Director (Human Resources)	₹ 3,779,526	Fixed Compensation ₹ 1,454,973 PRP ₹ 1,233,188	₹ 1,091,365
Shri K. K. Gupta Director (Marketing) (w.e.f 31.3.2011)*	₹ 9,163*	Fixed compensation ₹ 4,257	₹ 4,906

* computed for one day on 31.3.2011

PRP : Performance Related Pay

Service Contracts : Five years from the date of taking over charge of the post or till the date of superannuation or until further orders, whichever is earlier

Notice period : Three months

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

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

Name of Director	Amount (₹)
Smt. Rama Bijapurkar	40,000
Prof. N.Venkiteswaran	420,000
Prof. S.K.Barua	370,000
Shri I. P. S. Anand	330,000
Shri Haresh M. Jagtiani	320,000

5. **Annual General Meetings during the last three years:**

The details of these meetings are given below.

	Date and Time of the Meeting	Venue
55th Annual General Meeting	22nd September 2008 at 10.30 a.m.	Y.B. Chavan Auditorium Yeshwantrao Chavan Pratishthan, General Jagannath Bhosale Marg, Mumbai 400 021
56th Annual General Meeting	8th September 2009 at 10.30 a.m.	Rama Watumull Auditorium, Kishinchand Chellaram (K.C.) College, 124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020
57th Annual General Meeting	24th September 2010 at 10.30 a.m.	Rama Watumull Auditorium, Kishinchand Chellaram (K.C.) College, 124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020

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

No special resolution requiring a postal ballot was proposed last year. No special resolution requiring a postal ballot is being proposed for the ensuing AGM.

6. **Brief Resumes of Directors seeking appointment / re-appointment**

a) **Prof S. K. Barua**

Prof. S.K.Barua is an M.Tech in Industrial Engineering and Operations Research and holds a Doctorate in Management. He joined the faculty of Indian Institute of Management, Ahmedabad in 1980. His specific areas of interest include Capital Market, International Finance, Operations Research, Decision Support Systems, Management Information & Control System and Corporate Financial Management. He is a visiting professor to academic institutions in the USA, Netherlands, Singapore & Cyprus. He has authored a number of books and case studies in Management. He is a consultant to many public and private organisations in the manufacturing, banking and financial services sectors. He has handled various assignments as advisor to the Reserve Bank of India, FICCI, National Stock Exchanges of India Ltd. and Bombay Stock Exchange Ltd. In addition to BPCL, he holds the Directorship in Companies i.e. Coal India Ltd, Torrent Power Ltd, Securities Trading Corporation of India Ltd and IOT Infrastructure & Energy Services Ltd.

Prof. S.K.Barua was appointed as Additional Director w.e.f. 20th May 2008, by the Board of Directors. The Shareholders have appointed him at the Annual General Meeting held on 22.9.2008. He is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

b) **Dr. S. Mohan**

Dr. S. Mohan graduated in Mechanical Engineering from the Birla Institute of Technology & Science, Pilani, in 1973 and completed his MBA from the Indian Institute of Management, Bangalore in 1977. He has a Ph.D. in Managerial Competencies. He worked with Tata Engineering & Locomotive Co. (TELCO) and Bharat Heavy Electricals Ltd. (BHEL) before joining BPCL in 1983. During his career of 27 years in Bharat Petroleum, he has held key positions in Engineering and Projects, Personnel, Supply & Distribution, Sales, LPG Business and Human Resources Development, till his appointment to the Board. In addition to BPCL, he is Chairman on the

Boards of Petronet India Ltd. and Petronet CCK Ltd. and Director on the Boards of Bharat Oman Refineries Ltd. and Bharat PetroResources Ltd. He is a member of the Executive Committee of Indian Merchants' Chamber and is also a member of the Executive Committee of Bombay Management Association, where he was the President during 2008-09. He has co-authored a book 'The Indian CEO – A Portrait of Excellence' which was released by the Hon'ble Prime Minister, Dr. Manmohan Singh.

Dr. S. Mohan was appointed as Additional Director w.e.f. 25th June 2008, by the Board of Directors. The Shareholders have appointed him at the Annual General Meeting held on 22.9.2008. He is liable to retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

c) **Shri K. K. Gupta**

A Mechanical engineer, Shri Gupta has had many training stints abroad including the Cambridge Advanced Management Program in UK, the Strategic Leadership program from Colorado, USA and program for senior executives in the Oil & Gas in Texas, USA.

He joined BPCL in 1979 and has had the distinction of heading three major Business Units viz. Lubes, LPG and Retail. As In-charge of Logistics, Shri Gupta played an important role in planning and consolidating logistics infrastructure for the company besides sourcing and placement of products and tying up product exchange agreements for the company.

Shri Gupta played a major role in Bharat Gas being accorded Superbrand status. Besides overseeing supplies of LPG to the 27 million households through a robust BPCL network of Distributors, he nurtured the "Beyond LPG" initiative. He also promoted aggressively BMCG (Bharat Metal Cutting Gas), which was a pioneering effort and a suitable replacement for acetylene in cutting and brazing. The product has also found demand in the international market. He was instrumental in nurturing the MAK lubricant brand and making it the fastest growing brand in the category. The brand made its first forays into the international market, establishing its presence in Sri Lanka, Bangladesh and Nepal. As head of the Retail business, Shri Gupta spearheaded the program for Retail Outlet automation and introduced the 'Automation For Sure' concept at all high selling outlets. The Vehicle Tracking System (VTS) to monitor movement of all tankers transporting fuel was implemented with excellent results. Customer Service at Retail Outlets was considerably enhanced through a structured enrollment plan involving close interface between Dealers, their staff and company officials. In addition to BPCL, he is a Director on the Boards of Indraprastha Gas Ltd., Numaligarh Refinery Ltd., Sabarmati Gas Ltd. etc.

Shri K. K. Gupta was appointed as Additional Director w.e.f. 31.3.2011, by the Board of Directors. Being an Additional Director, he holds office up to 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.

d) **Shri B. K. Datta**

Shri B.K. Datta, basically a Refiner with a background in Chemical Engineering, joined BPCL in August 1979 and has had the distinction of holding key positions in various functions. As Head of the Mumbai Refinery, he was responsible for the entire Refinery Operations, Technology and Projects, which included the commissioning of major Refinery Modernization expansion. 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. While heading Integrated Information Systems, he played a pivotal role in establishing the Integrated Data Centre with facilities for disaster recovery and designing the SAP upgrade to the Enterprise Version. In addition to a short stint in International Trade & Supplies, he has also worked as Section Head of MTBE/Butamer of MTBE, Malaysia, Petronas, including its commissioning. Till recently, he was heading the Supply Chain Optimization function since its inception, with a strategic intent to build dynamic competitiveness in the Business Chain with a thrust on 'Enterprise First.'

Shri B. K. Datta was appointed as Additional Director w.e.f. 1.8.2011, by the Board of Directors. Being an Additional Director, he holds office up to 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.

e) **Shri S. Varadarajan**

Shri S. Varadarajan is a member of the Institute of Chartered Accountants of India and Institute of Cost and Works Accountants of India. He has been responsible for the overall Treasury Management, Risk Management, Corporate Accounts, Taxation and Budgeting. 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. He has participated in several international conferences and road shows and constantly interacts with the investor and analysts community. In 2009, he led a team of 20 professionals, which put in place a value mindset across the organisation and created competitive cost structures. In addition to finance, he has handled marketing as head of sales for the retail business in southern region and also led the corporate strategy team. He holds the position of Director in Petronet CCK Ltd. (PCCKL) and is also a member of the audit committee in PCCKL.

Government of India has advised the appointment of Shri S. Varadarajan to the post of Director (Finance) of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Member proposing his name as Director of the Company.

7. Disclosures and Compliance

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

The designated member of the Audit Committee reviewed the related party transactions and the same were placed before the Audit Committee.

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

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

There are no items of expenditure in the books of accounts, which are not for the purpose of Business. Further no expenses were incurred which were personal in nature and incurred for the Board of Directors and Top Management. Administrative & Office expenses and Financial expenses constitute 0.45% and 0.68% of the total expenses respectively for the financial year 2010-11.

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

a) Independent Directors appointed by the Government of India have initial tenure not exceeding 3 years. No Independent Director has served in aggregate a period of nine years, on the Board of a Company.
b) The Company has adopted requirements with regard to sending of quarterly / half yearly financial results to the Shareholders of the Company.
c) The Statutory Financial Statements of the Company are unqualified.

The Chairman & Managing Director and the Director (Finance) have certified to the Board in accordance with Clause 49 V of the Listing Agreement and DPE Guidelines on Corporate Governance pertaining to CEO / CFO Certification for the financial year 2010-11.

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

BPCL nominates Directors for relevant training programmes / seminars conducted by reputed Institutions / SCOPE. Further, strategy workshops are held to deliberate strategic issues, policy decisions etc. BPCL has also implemented the Whistle Blower policy.

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

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

9. **Means of Communication of Financial Performance**

In order to give wider publicity and to reach the Shareholders and other investing public across the nation, the half-yearly and quarterly results were published in various editions of leading newspapers having wide circulation such as The Economic Times, The Times of India, etc. Reports on Limited Review of the Financial Results for the quarters ended 30th June 2010, 30th September 2010, 31st December 2010 were obtained from the Auditors of the Company and filed with the Stock Exchanges. The Financial Statements for the first quarter ended June 2010, half year ended September 2010 and third quarter ended December 2010, were sent to all Shareholders at their registered addresses.

Periodic financial performance of the Company is also displayed on the website of the Company at www.bharatpetroleum.in and on Corporate Filing and Dissemination System www.corpfiling.co.in website as per the provisions of the Listing Agreement.

10. **Management Discussion & Analysis Report**

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

11. **Investors' Service Centre**

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

Data Software Research Co. Pvt. Ltd. (DSRC)	
C/o. Bharat Petroleum Corporation Ltd.	Tel. No. 022 – 22713170
Bharat Bhavan No.1, Ground Floor,	Fax.No. 022 – 22713688
Ballard Estate, Mumbai 400 001	Email : z_dsrc@bharatpetroleum.in

This centre has been effectively catering to the needs of the Shareholders / Investors located in western region. It coordinates with DSRC based at Chennai and facilitates our efficient investor complaint redressal mechanism. For any assistance/information on share related matters such as transfer / transmission of shares, issue of duplicate share certificates, dividend etc., or for redressal of any grievance in this regard, Shareholders / Investors located in western region may get in touch with ISC at the above address. Further, BPCL has designated an exclusive e-mail ID : ssc@bharatpetroleum.in for the purpose of communication from Shareholders including investor complaints.

12. **General Shareholders' Information**

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

Annual General Meeting Date, Time and Venue : Friday, the 16th September 2011, at 10.30 a.m. at Rama Watumull Auditorium at Kishinchand Chellaram (K.C.) College, 124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020

Financial Calendar: BPCL follows the financial year from April to March. The Unaudited Results/Audited Results for the four quarters were taken on record by the Board and published on the following dates :

Quarter Ended	Date of Board Meeting	Date of Publication
Apr-Jun 2010	30th Jul 2010	31st Jul 2010
Jul -Sep 2010	10th Nov 2010	11th Nov 2010
Oct-Dec 2010	9th Feb 2011	10th Feb 2011
Audited Results for the year 2010-11	30th May 2011	31st May 2011

Dividend and Payment Date: The Board has recommended dividend @ ₹ 14 per share of ₹ 10 each for consideration of the Shareholders at the ensuing Annual General Meeting. If approved by the Shareholders, the same will be paid on or before 26.9.2011.

Date of Book Closure: Wednesday, 7th September 2011 to Friday, 16th September 2011, both days inclusive, for the purpose of determining the names of Shareholders / Beneficial Owners who would be entitled for dividend.

Listing on Stock Exchanges & Security Code: The Company's shares are listed on the following Stock Exchanges:

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

The Listing Fees have been paid for the year 2011-12 to both the above Exchanges.

ISIN Number for National Securities Depository Ltd. (NSDL) & Central Depository Services India Ltd (CDSL) for equity shares		INE029A01011
Market Price Data : High, low during each month in the last financial year		Please see Annexure I
Performance in comparison to broad based indices i.e.BSE100		Please see Annexure II
Registrar and Transfer Agents (RTA Operations will be carried out at the new address given).	New Address (w.e.f. 18.8.2011) : Shri Benjamin Rajaratnam General Manager (Capital Issues Division), M/s Data Software Research Co. Pvt. Ltd. #9 Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai 600 006 Tel.: +91-44-2821 2154 / 2821 2207 Fax.:+91-44-2821 2133 Email : dsrcmd@vsnl.com / dsrcmd@mds.vsnl.net.in	Present Address: Shri Benjamin Rajaratnam General Manager (Capital Issues Division), M/s Data Software Research Co. Pvt. Ltd. #22, 4th Cross Street Trustpuram, Kodambakkam, Chennai 600 024 Tel.: +91-44-2483 3738 / 2483 4487 Fax.:+91-44-2483 4636 Email : dsrcmd@vsnl.com / dsrcmd@mds.vsnl.net.in

Share Transfer System

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

Distribution of Shareholding as on 31st March 2011

	Shareholder	**No. of. Shares Held**	**% of Holding**
1.	Government of India	198,600,060	54.93
2.	Government of Kerala	3,111,111	0.86
3.	BPCL Trust for Investments in Shares	33,728,737	9.33
4.	Unit Trust of India	3,284,290	0.91
5.	Life Insurance Corporation of India	32,157,195	8.89
6.	Other Financial Institutions/Banks/Mutual Funds	36,985,525	10.23
7.	Foreign Institutional Investors	24,949,503	6.90
8.	Private Corporate Bodies	18,088,805	5.00
9.	Non Resident Indians/Overseas Corporate Bodies	316,819	0.09
10.	Employees	1,169,982	0.32
11.	Indian Public	9,150,097	2.54
	TOTAL	**361,542,124**	**100.00**

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

Dematerialization of Shares and liquidity

Out of the shares held by the Shareholders other than the Government of India, Government of Kerala, BPCL Trust for Investment in Shares; 99.04% are held in dematerialised form as on 31st March, 2011.
The Company has not issued any GDRs /ADRs/ Warrants etc.

Plant Locations

Mumbai Refinery	:	Bharat Petroleum Corporation Limited Mahul, Mumbai - 400 074
Kochi Refinery	:	Bharat Petroleum Corporation Limited Ambalamugal, Kochi - 682 302
Lubricant	:	Bharat Petroleum Corporation Limited Wadilube Installation, Mallet Road, Mumbai - 400 009
		Bharat Petroleum Corporation Limited 24, Parganas, Budge – Budge 743 319
		Bharat Petroleum Corporation Limited 35, Vaidyanatha Mudali street, Tondiarpet, Chennai - 600 081

Address for Correspondence	The Secretarial Department Bharat Petroleum Corporation Ltd Bharat Bhavan No.I, 4&6 Currimbhoy Road, Ballard Estate, Mumbai 400 001 Tel No. 022 – 2271 3170 / 2271 3435 Fax No. 022 – 2271 3688 Email : ssc@bharatpetroleum.in	General Manager (Capital Issues Division), Data Software Research Co. Pvt. Ltd. #9 Pycroft Garden Road, Off Haddows Road, Nungambakkam, Chennai 600 006 Tel No. 044 – 2821 2154 / 2821 2207 Fax No. 044 – 2821 2133 Email : dsrcmd@vsnl.com / dsrcmd@mds.vsnl.net.in

Annexure I

BPCL MARKET PRICE DATA

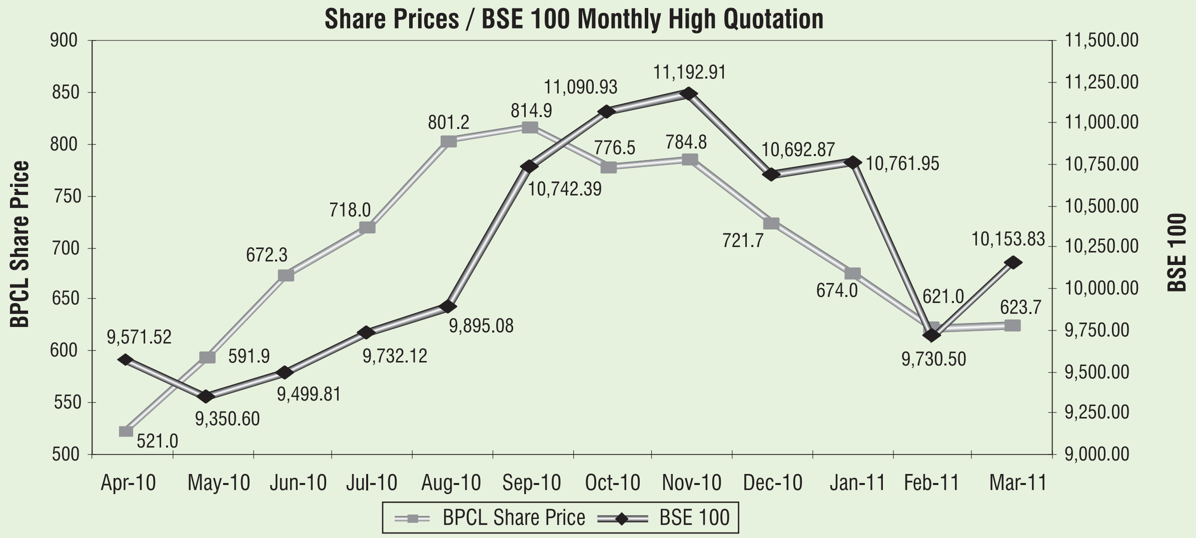
Month(s) (April 2010 - March 2011)	Bombay Stock Exchange Ltd			National Stock Exchange of India Ltd		
	High (₹ per share)	Low (₹ per share)	Monthly Volume (No. of Shares)	High (₹ per share)	Low (₹ per share)	Monthly Volume (No. of Shares)
April	521.00	**488.50**	1775928	521.90	**488.40**	10455725
May	591.90	511.20	2611766	589.50	509.00	15627296
June	672.30	515.25	13089019	672.50	515.55	46381296
July	718.00	621.00	11608249	718.90	621.40	43585480
August	801.20	637.15	8588320	**840.00**	637.45	40111977
September	**814.90**	741.75	4877654	818.00	740.00	24595722
October	776.45	689.00	3852798	776.20	688.65	23103155
November	784.75	652.90	2277098	785.00	649.15	14146570
December	721.65	650.10	2781355	721.90	650.65	15081619
January	674.00	565.25	2126731	669.90	565.15	13896896
February	621.00	530.00	1721662	644.40	529.35	13242531
March	623.65	539.10	1848335	623.70	538.10	12704733

MARKET CAPITALISATION / SHARES TRADED DURING 1ST APRIL 2010 TO 31ST MARCH 2011

	BSE	NSE
No. of Shares traded	57,158,915	272,933,000
No. of Shares	361,542,124	361,542,124
Highest Share Price (₹)	(on 21.9.2010) 814.90	(on 30.8.2010) 840.00
Lowest Share Price (₹)	(on 29.4.2010) 488.50	(on 29.4.2010) 488.40
Closing Share price as on 31st March 2011 (₹)	611.30	611.85
Market Capitalisation as on 31st March 2011 (₹ Crores)	22101	22120

Annexure II

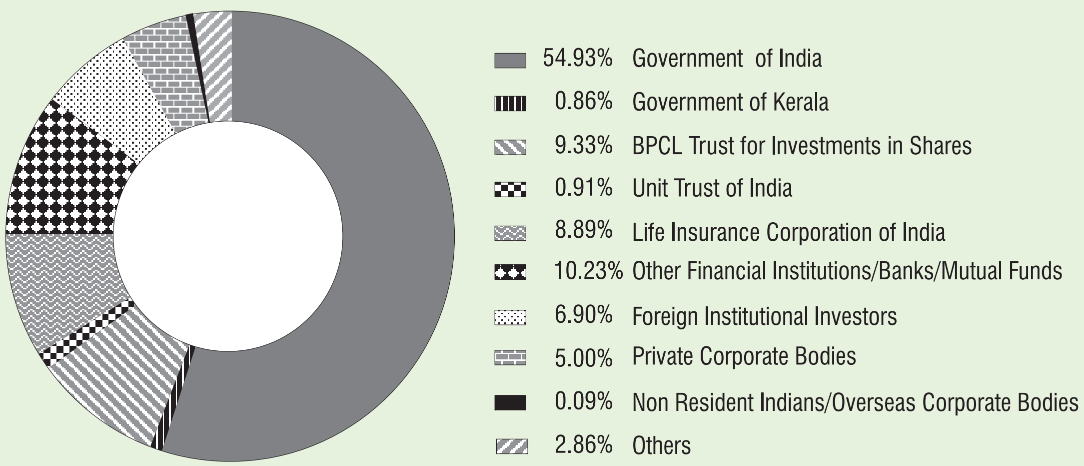
PERFORMANCE IN COMPARISON TO BROAD BASED INDICES I.E. BSE 100



Annexure III

DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2011			
No. of Equity Shares held	**No. of Shareholders**	**No. of Shares**	**% of Total**
UPTO 5000	89489	9988750	2.76
5001 To 10000	121	863943	0.25
10001 To 50000	186	4428948	1.23
50001 To 100000	54	4018164	1.11
100001 To 500000	85	19153277	5.30
500001 To 1000000	23	16040374	4.44
1000001 To 2000000	15	21161758	5.85
2000001 To 3000000	8	19713118	5.45
3000001 and above	6	266173792	73.61
TOTAL	89987	361542124	100.00

SHAREHOLDING PATTERN OF BPCL AS ON 31st MARCH 2011 (Percentage)



VOLUNTARY GUIDELINES 2009 OF MINISTRY OF CORPORATE AFFAIRS

BPCL being a Central Public Sector Enterprise (CPSE), some of the good practices enunciated in the Guidelines are in place while others are under consideration for implementation to help in achieving highest standards of Corporate Governance.

Board of Directors

Being a CPSE, Government of India appoints / nominates the Chairman and Managing Director, Functional Directors and other Part-time Directors as per its guidelines on the composition of the Board of CPSEs. BPCL issues a formal letter informing induction into the Board along with the Annual Report, Insider Code, Code of Conduct, Disclosure Forms etc. Independent Directors do interact with the Management as and when required. BPCL being a CPSE, remuneration is decided by the Government of India and it has a clearly laid down remuneration policy and performance related packages. Part-time Non-Official Directors are paid only sitting fees as per the provisions of the Companies Act, 1956.

Responsibilities of the Board

Suitable familiarization process, methods for skills enrichment and quality decision making are in place for Directors. The Company has laid down an Enterprise Risk Management Policy and Procedures. Systems are in place to ensure compliance with laws.

Audit Committee of Board

The constitution, enabling powers and role and responsibilities of the Audit Committee are as enumerated and being followed.

Auditors / Secretarial Audit / Whistle Blower

Being a CPSE, Auditors are appointed by the Comptroller and Auditor General of India and they are rotated periodically by C&AG. The Audit Committee discusses with the Statutory Auditors about the scope of audit. Clarity exists for proper and accountable audit. BPCL has a well established independent Internal Audit Department headed by a senior management personnel. BPCL has appointed M/s Dholakia & Associates, Company Secretaries, Mumbai for conducting a Secretarial Audit for the year 2010-11, which has been completed by them. BPCL has already implemented a Whistle Blower Policy.

Green Initiative in the Corporate Governance

The Ministry of Corporate Affairs (MCA), Government of India, has taken a "Green Initiative in the Corporate Governance" through its Circular No. 17/2011 dated 21.4.2011 read with Circular No. 18/2011 dated 29.4.2011 by allowing paperless compliances through electronic mode for service of documents.

In line with the Government initiative as above, BPCL would send the notices / documents including Annual Reports in electronic form to the email address provided by the Shareholders and made available to us by the Depositories. However, on receipt of requests for physical copies, the same would be provided. For shares held in electronic form, Shareholders can register their email address with their Depository Participant (DP). For shares held in physical form, Shareholders are requested to register their email address at investors.bpcl@dsrc.co.in

Full text of the documents will also be made available on our website www.bharatpetroleum.in, besides issuing advertisements in prominent newspapers stating the availability of documents on the website. As before, physical copies of the notices / documents including Annual Reports will be available for inspection during office hours at the Registered Office of the Company

Shareholders who provided their email addresses and still desire to receive physical copies of the above documents, may kindly write to us at investors.bpcl@dsrc.co.in referring your their No. or DP ID/Client ID to enable the Company to send the same by post, for which they are entitled.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Bharat Petroleum Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Bharat Petroleum Corporation Limited for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

For and on behalf of
B.K. KHARE & CO.
FR NO. 105102W
Sd/-
Padmini Khare Kaicker
Partner
Membership no. 44784
Dated : 1st August, 2011

For and on behalf of
K. VARGHESE & CO.
FR No. 004525S
Sd/-
K. Varghese
Partner
Membership No. 20674

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Bharat Petroleum Corporation Limited

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

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

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

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

For and on behalf of
B.K. KHARE & CO.
FR No. 105102W
Sd/-
Padmini Khare Kaicker
Partner
Membership no. 44784
Dated : 1st August, 2011

For and on behalf of
K. VARGHESE & CO.
FR No. 004525S
Sd/-
K. Varghese
Partner
Membership No. 20674

SECRETARIAL AUDIT REPORT

To,

Bharat Petroleum Corporation Ltd.

Mumbai.

We have examined the registers, records and documents of M/s. Bharat Petroleum Corporation Ltd. ("The Company") for the financial year ended on 31st March, 2011 according to the provisions of:

A. The Companies Act,1956 and the Rules made under that Act.

B. The Depositories Act, 1996 and the Regulations and Bye-laws framed under the Act.

C. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Take Over) Regulations, 1997.

D. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

E. The Equity Listing Agreements with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

I. In our opinion, based on test check carried out by us, verification of records produced to us and according to the information furnished to us by the Company, the Company has complied with the provisions of the Companies Act, 1956 ("the Act") and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to:

1. Maintenance of various Statutory Registers and documents and making necessary entries therein.
2. Filing of the requisite forms and returns with the Registrar of Companies, Maharashtra, Mumbai and Central Government within the time prescribed under the Act and rules made thereunder.
3. Service of documents by the Company on its Members, Auditors, Debenture holders and Debenture Trustees.
4. Closure of Register of Members and Share Transfer Books of the Company from 13th September, 2010 to 24th September, 2010 (both days inclusive).
5. Convening and holding of the meetings of Directors and Committees of the Directors including passing of the resolutions by circulation.
6. Convening and holding of 57th Annual General Meeting on 24th September, 2010.
7. Minutes of the proceedings of General Meeting and meetings of the Board and its committees were properly recorded in loose leaf form, which are being bound in book form at regular intervals.
8. Appointment and remuneration of Auditors and Cost Auditors.
9. Transfers and transmission of shares and issue and delivery of original and duplicate certificates of shares: dematerialization / re-materialization of shares.
10. Composition and terms of reference of Audit Committee.
11. Declaration and payment of dividend.
12. Transfer of amounts due under the Act to the Investor Education and Protection Fund.
13. Payment of interest on debentures and redemption of debentures.
14. Investment of Company's funds including inter corporate loans and investments and investment and loans to others.
15. Giving guarantees in connection with loans taken by Subsidiaries and Associate Companies.
16. Borrowings and registration, modification and satisfaction of charges.
17. Deposit of both the employees' and employers' contribution relating to Provident Fund with the Trusts created for the purpose.
18. Form of balance sheet as prescribed under Part I of Schedule VI to the Act and requirements as to the Profit and Loss Account as per part II of the said Schedule.

19. Contracts, Common Seal, Registered Office, and publication of name of the Company.
20. Generally, all other applicable provisions of the Act and the Rules made thereunder that Act.

II. We further state that :

21. The Directors have disclosed their interest and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities as and when required and their disclosures have been noted and recorded by the Board.
22. The Directors have complied with the disclosure requirements in respect of their eligibility of appointments, their being independent and compliance with the Code of Conduct for Directors and Senior Management Personnel.
23. The Company has obtained all necessary approvals under the various provisions of the Act and
24. There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreements and Rules, Regulation and Guidelines framed under these Acts against/ on the Company, its Directors and Officers.

III. We further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye-laws framed thereunder by the Depositories with regard to dematerialization/re-materialization of securities and reconciliation of records of dematerialization securities with all securities issued by the Company.

IV. We further report that:

a. The Company has complied with all the requirements under the Listing Agreement executed with the Bombay Stock Exchange Limited and National Stock Exchange Limited except that of Clause 49(1)(A) pertaining to the Composition of Board of Directors regarding 50% Independent Directors on the Board of the Company.
b. The Company has complied with the provisions of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation,1997 including the provisions with regard to disclosures and maintenance of records required under the regulation.
c. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulation,1992 including provisions with regards to disclosures and maintenance of records required under the regulation.

For DHOLAKIA & ASSOCIATES
(Company Secretaries)

Sd/-
(CS B. V. Dholakia)
Proprietor
C.P. No. 507

Place : Mumbai
Date : 4th August, 2011.

ANNEXURE C

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

Employed throughout the financial year and in receipt of remuneration of more than ₹ 60 lakhs per annum

Sr. No.	Name	Qualification	Age	Designation / Nature of Duties	Date of commencement of employment	Experience (No. of years)	Total Remuneration ₹	Particulars of Last Employmet
1	Krishnamurti S	B.Sc	58	Executive Director (Corporate Affairs)	15.12.1982	38	9199752.88	IBP, Madras

Employed for part of the financial year and in receipt of remuneration of more than ₹ 5 lakhs per month

Sr. No.	Name	Qualification	Age	Designation / Nature of Duties	Date of commencement of employment	Experience (No. of years)	Total Remuneration ₹	Particulars of Last Employmet
1	Abraham A	B.A, Diploma In Mgt	60	AM (Indl),Bangalore	09.06.1980	33	2963490.47	I.B.P. Co. Ltd.
2	Agrawal V K	B.E	60	Sr. Vice President - BORL	20.02.1984	37	3884849.38	FCI
3	Ajit Singh	7th Std	60	Security Guard (P)	16.09.1983	31	1390188.78	Old Village Industries Ltd.
4	Aman Pal	7th Std	55	Operator I (Field)	03.09.1985	25	1363854.62	
5	Babykutty G	SSC	60	Engineer (Optimisation)	01.06.1982	38	2162849.64	Ployformalin Pvt Ltd.
6	Barman Bal Govind	HSC	57	Operator (P)(Field)	08.01.1979	31	1151964.55	
7	Basu Dev Kapil	B.Sc	60	Dy.Manager (Ops)	29.10.1984	37	2801375.34	NFL
8	Bhim Singh	8th Std	60	Attendant (Services)	15.06.1984	27	755446.71	Kiron
9	Bhushan Raj	M.A	53	Manager Mktg.Coordn. (Indl), Delhi	11.09.1984	33	2786709.71	National Business Co.
10	Bobade R G	B.A, L.L.M, Dip (Mgt)	60	Manager (Ops), Sewree Installation	17.07.1979	40	1949194.37	Enforcement Directorate
11	Chavan Dashrath Vasant	B.Com	54	Assistant	04.11.1986	28	1457277.77	Laxmi Vishnu Mills Ltd.
12	Dagoria R C	M.A, M.Com	60	Manager Mktg Services (Retail)	16.05.1983	28	2753599.68	
13	Datta Ratan Lal	SSC	60	Security Guard (P)	29.01.1987	24	1171654.15	
14	Dushyant Kumar Gupta	ITI, Diploma	53	Engineering Asst	12.05.1986	30	1442975.04	Engineering Consultants India
15	Easeph K V	B.Com	60	Dy. Manager - Operations (LPG)	11.08.1980	39	3869304.28	ISRO
16	Gade Hemant Shivram	11th Std	60	H.F.C(P)	18.09.1978	36	1223825.26	Cumbala Co-Op. Hsg. Soc. Ltd.
17	Gajaghat Laxman Tikaji	SSC	60	M.H.E Operator (P)	26.09.1977	40	1163886.35	Tri- Sure India Ltd.
18	Ganesh Rao A	B.Sc	59	Mgr. (Transport) WR	10.01.1983	35	2492677.21	Coal Chemicals Complex
19	Ganguly Jayanta	B.Com	60	Sr Manager Mktg Services (Lubes)	23.06.1986	29	1684062.44	Bajaj Electrical Ltd.
20	Gauri Shankar Verma	7th Std	54	Operator (P) (Field)	01.10.1985	25	1542342.34	
21	Govalkar Dattaram S.	SSC	60	Attendant	10.04.1978	32	819106.36	
22	Gupta S C	B.Tech	60	DGM (Strategic Planning -LPG)	27.05.1980	35	5383218.12	Super Paper Mills Ltd
23	Halbe C R	B.E	53	Manager (CCR Project)	07.09.1987	24	2571881.54	
24	Hariharan V	B.E	46	Sr Manager Internal Audit HQ	01.08.1988	23	3753941.71	Tractors & Farms Equip.Ltd.
25	Harikumar V V	B.Tech	44	Manager(Process Engg)	01.07.1992	18	1273462.97	
26	Inani P K	B.Sc, M.B.A	53	Sr Manager - Ops, RHQ	08.08.1984	29	3108511.73	Relaxon
27	Ishwar Singh Yadav	SSC	50	Operator (P) (Aviation)	01.12.1984	25	542347.83	
28	Jagatheeswaran Nair T	11th Std	60	Attendant (EDP/Services)	15.11.1984	25	759701.73	
29	Jain S M	B.E	60	DGM (E&C), Refinery	08.07.1988	38	2220464.88	National Organic Chemical Ind.
30	Jaison Avarachan	B.Sc(Engg)	60	Senior Manager (COF)	23.11.1987	23	2129481.98	
31	Jayakumar K	B.E	52	Chief Manager (CPO)	05.08.1983	27	4811269.46	
32	Kenekar H K	B.Sc, L.L.B	51	Dy.Manager (Tech)	21.09.1982	28	1711255.91	
23	Koli J K	7th Std	60	C/H Craftsman	05.11.1981	29	1778808.16	
34	Krishnamoorthy T V	B.Com	58	Asst. Manager - Operations (Retail)	01.03.1978	38	2075727.41	BARC
35	Kshirsagar Maruti Tatoba	Below 7th Std	60	H.V.D.	13.07.1987	43	1102340.52	Indian Army
36	Kusum Khurana	B.A	60	Assistant	16.01.1989	42	1006644.37	Sikh National College
37	Lal Vijay B	B.Sc(Engg), P.G Dip.	60	DGM (Exploration & Production)	15.05.1986	40	4041740.61	Delton Cables Ltd
38	Laxman T	B.Sc, M.B.A, Dip. Engg	60	DGM (P&CS)	18.05.1981	29	3040158.58	
39	Manoj P L	B.Tech, M.B.A	38	Deputy Manager (Process Engg.)	15.04.1999	14	1420442.22	High Energy Materials Res. Lab.
40	Maruti Kisan Bhosale	Below 7th Std	60	Gen.Workman (FT)	01.02.1997	13	1310057.68	
41	Meyyappan Soodamani	B.Com, ACA	53	Chief Manager (Taxation), CO	03.08.1987	28	2467560.17	Y.R. Shetty & Co.
42	Mhatre Ramesh G	8th Std	60	L.V.D(P)	14.06.1982	37	1207468.65	Popular Book Depot
43	Mohamed V B	SSC	60	Engineer (E&C-Mechanical)	16.07.1984	26	1098052.52	
44	Mohan M J (Capt)	B.Sc,	60	Vice President (Coord. & Liaison)	28.04.1986	38	2980761.74	Canara Bank
45	Nagarajan P A	FCS, FCA, BGL	51	Chief Manager(Legal)	22.01.1988	25	3091065.62	Seven Seas Nylon Ltd.
46	Naidu P K	Diploma In Engg	60	Manager Bitumen (PD)	10.10.1986	43	2277168.73	Century Enka P Ltd.
47	Nanduri K K	B.E	44	Manager Maint (Rotary)	03.01.1994	17	2780670.87	
48	Narayan Chandra Das	B.A	60	Dy. Manager Mktg Services (Lubes)	16.05.1983	36	3075300.82	Indian Tourism Dev Corpn. Ltd.
49	Nasib Chand	SSC	60	Operator (Field)	06.10.1987	27	860783.70	Indian Army
50	Negi K B S	B.Sc, B.Tech, P.G Dip.	60	DGM (Engg.)	25.04.1983	37	3654790.24	Bharat Heavy Elec. Ltd.
51	Ninan Mathew	B.Tech	38	Dy. Manager - Sales (Retail)	17.06.1996	14	1157725.76	

Sr. No.	Name	Qualification	Age	Designation / Nature of Duties	Date of commencement of employment	Experience (No. of years)	Total Remuneration ₹	Particulars of Last Employmet
52	Oza J M	B.Sc, M.B.A	55	DGM - Business Development (LPG)	01.09.1982	30	4138107.28	Xlo India Ltd
53	Palanisamy Thangaraj	9th Std	42	H.V.D	17.08.1990	25	1143726.15	Sri Jothi Transport
54	Panjwani V	B.Tech	47	Sr Manager (IT)	16.12.1987	23	2455678.02	
55	Pednekar V A	SSLC	60	Sr Fire Officer	06.11.1978	36	1855776.47	Naval Fire Service
56	Pradhan Bhubaneswar	7th Std	60	Security Guard (P)	03.11.1987	22	813839.36	
57	Prakash Braham	B.A, L.L.B, P.G Dip.	60	Dy. Manager (Ops)	11.05.1981	32	2625539.23	Prosecution & Litigation Dept
58	Prakash R Vachasiddha	B.Com	60	Senior Assistant	05.03.1979	32	2092302.74	
59	Prasad M George	B.A, P.G Diploma	60	DGM (HR) Entities	01.10.1979	31	3420644.15	
60	Prem Lata Malhotra	B.A	60	Senior Assistant	03.08.1978	40	1127999.40	Indian Society Agri. Engineers
61	R. Parthasarathy	B.Sc	41	Station Incharge Calicut AFS	08.05.1996	23	1614286.59	Planning Commission
62	Radhakrishnan S	B.Tech, P.G Diploma	60	Director (Mktg.)	15.07.1977	38	6238764.20	L & T
63	Raipure M T	B.A	60	Manager Retail Co-Ordination, Retail	05.05.1981	36	2380829.77	Customs & Central Excise
64	Rajagopalan K	SSC	60	Senior Projects Engineer	29.04.1982	38	2604738.80	Food Specialities
65	Rajalaxmi V. Iyer	B.A, M.A, Diploma	60	Steno.Assistant I	14.08.1980	36	1368144.70	Shingote Processed Food P. Ltd.
66	Rajinderkumar Sharma	HSC	60	Assistant I	25.02.1987	41	1143819.62	National Water Devpt. Agency
67	Rajput S D	B.A, Diploma	60	Regional Facilitator (Retail), Pune	02.07.1979	36	3021479.38	M D Nigam Ltd
68	Ram Avtar Singh	HSC	60	H.V.D (P)	16.06.1980	30	1387746.62	
69	Rama Prasad B V	B.E, Diploma In Engg	60	Sr Manager Utilities Inspection	21.01.1987	39	2437170.22	Bharat Heavy Plates & Vessels Ltd
70	Ramanujam R	B.A, Diploma	60	Dy. Manager - Operations (LPG)	01.09.1983	42	2076688.43	Indian Navy
71	Ramu N S	B.E, M.B.A	60	G M (Retail) In-Charge	12.05.1986	38	3626672.92	Mc Dowell & Co
72	Ranganath R	B.Sc, ACA, Diploma	52	G M Finance (Retail) HQ	26.08.1985	27	3794736.85	Price Water House
73	Ranjan Srikanta	SSC	60	Attendant (EDP Services)	03.05.1983	27	1090720.38	
74	Rao V N	B.E	60	DGM Logistics LPG CO	06.06.1980	41	3536307.15	National Dairy Devpt. Board
75	Ravindran C P	B.A,	60	Senior Manager(Projects)	17.10.1977	32	2339722.22	
76	S R Dhamdhere	8th Std	60	C/H Craftsman	17.10.1977	33	1429450.71	
77	Saiyed Shakir Husain	B.A	60	Dy. Manager, Shift. Ops.	02.05.1978	42	2799296.74	CRPF
78	Sane V M	B.E, M.B.A	60	Chief Manager - Deputation to BORL	20.05.1986	38	2957693.33	Polymer Papers Ltd
79	Sanjay Kumar Mehta	B.Sc, B.E, M.B.A, Dip.	47	Senior Manager(Fire&Safety)	20.07.1988	22	1886207.05	
80	Sasikumar T V	B.Sc	60	Chief Security Officer	14.02.2002	36	2419254.70	Kerala State Police Dept.
81	Sawhney Harjit Singh	B.A, Diploma In Mgt	60	Deputy Manager - Operations (Retail)	01.05.1978	40	1934022.58	Dept. of Agriculture
82	Seth A K	M.Sc	60	Chief Manager, (Coordination)	15.10.1982	39	4476343.93	Karnatka Consumer Products
83	Shah Rajendra Girdharlal	B.Com	60	Superintendent	04.09.1978	36	1155671.61	ILAC Ltd.
84	Shaik Uduman S S	11th Std	60	Technician(P) (Retail)	22.11.1978	31	1159625.67	
85	Sharma Dinesh Kumar	B.A, M.B.A, P.G Dip.	51	T M (Lubes), Reseller Mumbai	26.06.1987	25	1735498.18	Amrit Banaspati Co Ltd
86	Sheth Shivangi R	B. Com, Diploma in Mgt	60	Sr.Manager Finance, (HSS&E)	24.11.1975	37	4001560.55	ICICI Ltd.
87	Shril S Koli	8th Std	60	GO (Field)	06.12.1979	31	1494413.86	
88	Singh Suresh Chandra	B.E	60	Sr. Manager [Dealer Training], East	20.05.1987	35	3780945.11	Bokaro Steel Plant
89	Sinha Ashok	B.Tech, P.G Diploma	59	C & MD	01.08.1977	38	6255755.21	INTNL Comp. Pvt. Ltd
90	Sonawane R P	B.A	60	Dy.Manager - Operations (Retail)	01.08.1977	38	2222998.94	Mantralaya
91	Soudagar Atul V	B.A	60	Assistant	02.10.1979	30	1145084.38	
92	Sreekumar P	Diploma In Engg	60	Manager(Manufacturing)	08.08.1980	37	3585305.00	Premier Tyres
93	Sukumaran Nair K N	11th Std	60	H.V.D	15.07.1985	41	1461361.77	Indian Air Force
94	Suraj Prakash	8th Std	59	L.V.D(P)	14.12.1981	35	1135145.51	Dr. Pram Narain
95	Surat Singh Vashist	B.A, M.A	60	Superintendant	14.06.1983	43	1696720.84	Indian Air Force
96	Suresh Arjun Salvi	9th Std	55	Gen.Workman (FT)	01.02.1997	14	1172037.02	
97	Suresh Babu G P	Diploma	60	Deputy Manager (OM&S)	01.01.1979	37	2186781.49	Techno Bonanza Pvt Ltd
98	Teltumbde A B	B.E, Ph.D, Dip. in Engg.	60	Managing Director - Petronet India Ltd	11.04.1983	39	3827864.34	Khandelwal Ferro Alloys
99	Thombare N M	B.Sc	60	Chief Manager (IIS Services)	04.06.1981	37	4147674.13	Indian Post & Tel. Dept.
100	Tiwari B K	B.E, M.Tech, M.A	60	DGM (Occupational Health Safety)	27.06.1986	37	2703022.30	Telco
101	Tripathi Y P	B.Com	56	Chief Manager -Sabarmati Gas Ltd	08.06.1981	35	4287655.44	Ahmd. Mfg & Calico
102	Tudu Sanatan	M.A	60	Manager (Operations)	16.05.1983	28	2979642.80	
103	Ustela Chenna Keshavalu	8th Std	60	Operator (P)(Field)	01.08.1985	42	957001.65	Indian Army
104	Valson O S	M.A, L.L.B	60	Asst. Manager - Operations (LPG)	01.02.1978	42	1837468.77	Accountant General Office
105	Yadav K B	HSC	60	C/H Craftsman	02.10.1978	32	1277936.75	

Notes:

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

ANNEXURE D

ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCHEDULED CASTES (SC), SCHEDULED TRIBES (ST) AND OTHER BACKWARD CLASSES (OBC) AS ON 1st JANUARY 2011 AND NUMBER OF APPOINTMENTS MADE DURING THE CALENDAR YEAR 2010

Name: BHARAT PETROLEUM CORPORATION LTD.

	Representation of SCs/STs/OBCs				Number of appointments made during the calendar year 2010										
Groups	(As on 1.1.2011)				By Direct Recruitment				By Promotion			By Other Methods			
	Total number of Employees	SCs	STs	OBCs	Total	SCs	STs	OBC	Total	SCs	STs	Total	SCs	STs	OBCs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group-A	4986	786	277	488	302	25	9	69	90	7	3	3*	–	–	–
Group-B	3369	487	185	228	–	–	–	–	113	18	3	–	–	–	–
Group-C	3187	510	198	350	41	4	–	22	222	24	3	–	–	–	–
Group-D(Excluding Safai Karamcharis)	2320	475	150	258	20	1	1	12	–	–	–	–	–	–	–
Group-D (Safai Karamcharis)	53	29	2	4	–	–	–	–	–	–	–	–	–	–	–
Total	13915	2287	812	1328	363	30	10	103	425	49	9	3	–	–	–

* 3 Sportspersons recruited in Management Group 'A'

ANNUAL STATEMENT SHOWING THE REPRESENTATION OF SCHEDULED CASTES (SC), SCHEDULED TRIBES (ST) AND OTHER BACKWARD CLASSES (OBC) IN VARIOUS GROUP 'A' SERVICES AS ON 1ST JANUARY, 2011 AND NUMBER OF APPOINTMENTS MADE IN THE SERVICE IN VARIOUS GRADES DURING THE CALENDAR YEAR 2010

NAME : BHARAT PETROLEUM CORPORATION LTD.

JG	Pay Scales (in rupees)	Representation of SCs/STs/OBCs (as on 01.01.2011)				Number of Appointments made during the calendar year 2010										
						By Direct Recruitment				By Promotion			By Other Methods			
		Total Number of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs	OBCs
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
A	24900-50500	997	142	48	170	301	25	9	69	90	7	3	3*	-	-	-
B	29100-54500	1346	225	93	211	-	-	-	-	-	-	-	-	-	-	-
C	32900-58000	1032	189	74	89	1	-	-	-	-	-	-	-	-	-	-
D	36600-62000	706	141	46	17	-	-	-	-	-	-	-	-	-	-	-
E	43200-66000	489	64	13	1	-	-	-	-	-	-	-	-	-	-	-
F	51300-73000	238	19	2	-	-	-	-	-	-	-	-	-	-	-	-
G	51300-73000	106	4	-	-	-	-	-	-	-	-	-	-	-	-	-
H	51300-73000	47	1	1	-	-	-	-	-	-	-	-	-	-	-	-
I	62000-80000	21	1	-	-	-	-	-	-	-	-	-	-	-	-	-
J	75000-100000	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
K	80000-125000	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	4986	786	277	488	302	25	9	69	90	7	3	3*	-	-	-

* 3 Sportspersons recruited in Management Group 'A'

ANNUAL STATEMENT SHOWING REPRESENTATION OF THE PERSONS WITH DISABILITIES IN SERVICE AS ON 1st JANUARY 2011 AND DIRECT RECRUITMENT / PROMOTION DURING THE CALENDAR YEAR 2010

NAME : BHARAT PETROLEUM CORPORATION LTD

Group	Number of Employees (as on 01.01.2011)				Direct Recruitment - 2010							Promotion - 2010						
					No.of vacancies reserved			No. of appointments made				No.of vacancies reserved			No. of appointments made			
	TOTAL	VH	HH	OH	VH	HH	OH	TOTAL	VH	HH	OH	VH	HH	OH	TOTAL	VH	HH	OH
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
"A"	4986	4	6	35	3	2	4	300*	-	5	7	-	-	-	90	-	-	-
"B"	3369	7	5	68	-	-	-	-	-	-	-	-	-	-	113	-	-	3
"C"	3187	16	7	34	-	-	1	41	1	-	-	-	-	-	222	1	2	-
"D/DS"	2373	5	8	23	1	-	-	20	-	-	1	-	-	-	-	-	-	-
TOTAL	13915	32	26	160	4	2	5	361	1	5	8	-	-	-	425	1	2	3

*against identified posts

(i) VH stands for Visually Handicapped (persons suffering from blindness or low vision)

(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment)

(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy)

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

There is no promotion within Group "D".

ANNEXURE E

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

The preparation of financial statements of **Bharat Petroleum Corporation Limited** for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is 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 30 May 2011.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of **Bharat Petroleum Corporation Limited** for the year ended 31 March 2011. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619 (4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

Comments on Profitability

Profit and Loss Account

Income

Miscellaneous Income- ₹ 1754.97 crore

The above does not include ₹ 87.45 crore being amount received from M/s Delhi Aviation Fuel Facility Private Limited (DAFFPL), New Delhi against transfer of fixed assets to them during 2010-11. The assets relating to above transfer had been physically taken over on 14.7.2010 by the buyer (DAFFPL) and were being used by them for economic benefits. The Company had treated the amount received for transfer of assets as advance which was not correct. Moreover, the Company provided depreciation on the assets amounting to ₹ 5.42 crore for the full year.

This has resulted in overstatement of gross block of fixed assets by ₹ 21.22 crore (Net block ₹ 6.28 crore) and understatement of other income by ₹ 87.45 crore. This has also resulted in overstatement of depreciation by ₹ 5.23 crore and understatement of profit by ₹ 92.68 crore.

For and on the behalf of the
Comptroller & Auditor General of India

Sd/-
ARCHANA P. SHIRSAT
Principal Director of Commercial Audit
& *ex-officio* Member, Audit Board-II, Mumbai

Place: Mumbai
Date : 3rd August, 2011

EXPLANATION OF THE BOARD OF DIRECTORS TO THE COMMENTS OF C & AG AS ABOVE

The physical possession of assets has been handed over to M/s Delhi Aviation Fuel Facility Private Limited, to commence the operation of the new Terminal at Delhi Airport. Pending finalization of the sale process, the documentation for the transfer of such assets through the execution / registration of the sale deed has not been completed. As such, the legal title to the assets has not been transferred; also the tax liability on the sale has not been crystalised. The amount received has therefore been reflected as "advance" in the books of account as on 31.3.2011.

For the assets earmarked for sale, there was disclosure of this fact by way of a footnote to the Fixed assets Schedule. Further, depreciation has been charged as per the consistent practice adopted for the "assets held for disposal", keeping 5% of the gross block as residual value.

In view of the above, following conservative approach, it was felt prudent to account the sale transaction only after the execution and registration of the documents as required; the same will be completed in 2011-12.

For and on behalf of the Board of Directors

Sd/-
R. K. SINGH
Chairman & Managing Director

Place: New Delhi
Date : 12th August, 2011

PERFORMANCE PROFILE

		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
1.	**Crude Oil Processed (000 Tonnes)**											
	Imported	**14769**	14126	13143	13904	13465	11584	5093	4543	3230	3587	2743
	Indigenous	**7015**	6281	6802	7042	6317	5653	4045	4214	5481	5183	5919
	TOTAL	**21784**	20407	19945	20946	19782	17237	9138	8757	8711	8770	8662
2.	**Production Quantity (000 KL)**	**26346**	24449	22820	23960	22154	19795	10314	10210	10291	10355	10348
	Light Distillates %	**34.51**	32.80	30.46	30.73	28.20	31.97	31.35	33.27	34.32	33.51	34.74
	Middle Distillates %	**53.48**	52.88	53.67	54.13	53.55	50.43	49.89	49.13	50.73	50.45	49.43
	Heavy Ends %	**12.01**	14.32	15.87	15.14	18.25	17.60	18.76	17.60	14.95	16.04	15.83
3.	**Fuel and Loss as % of Crude Processed**	**5.7**	5.9	6.6	6.6	6.6	6.7	5.9	5.7	5.6	5.6	5.4
4.	**Aromatics Production (MT)**											
	Benzene	**75156**	57742	79653	88313	103585	61335	44243	43178	69798	56360	75293
	Toluene	**20282**	23265	28375	26336	39544	43051	10042	12759	20013	16610	16344
5.	**Market Sales (MMT)**	**29.27**	27.89	27.16	25.79	23.45	21.63	21.03	20.37	19.86	19.15	19.35
6.	**Lubricants Production (MT)**	**220387**	209301	151788	161957	116337	100461	106287	101245	112730	99875	96624
7.	**Market Participation %**	**22.5**	22.5	22.7	22.7	22.6	22.4	21.9	22.1	22.0	21.5	21.4
8.	**Marketing Network**											
	Installations	**12**	12	12	12	12	12	12	12	17	19	19
	Depots	**114**	129	120	126	121	121	123	129	153	171	164
	Aviation Service Stations	**31**	30	23	22	21	20	19	19	19	19	19
	Total Tankages (Million KL)	**3.39**	3.40	3.33	3.32	3.27	3.01	3.05	3.08	3.13	3.23	2.94
	Retail Outlets	**9289**	8692	8402	8251	7537	7332	6426	5530	4854	4711	4562
	LPG Bottling Plants	**49**	49	49	48	48	45	44	42	40	40	38
	LPG Distributors	**2452**	2187	2117	2137	2129	2123	2061	1922	1828	1729	1421
	LPG Customers (No. Million)	**31**	28.3	26.6	25.25	23.51	22.24	21.32	19.43	16.99	15.28	13.80
9.	**Manpower (Nos.)**	**13837**	13900	14016	14006	13970	13876	12029	12434	12494	12586	12670
10.	**Sales and Earnings (₹ Crores)**											
	i) Sales and Other Income *	**154925**	127884	130118	113936	102428	82935	63343	52983	47584	42560	47153
	ii) Gross Profit before Depreciation, Interest & Tax	**5169**	4619	4246	4368	4204	1423	2092	3302	2720	2114	2033
	iii) Depreciation	**1655**	1242	1076	1098	904	768	596	561	481	481	665
	iv) Interest	**1101**	1011	2166	673	533	247	140	105	246	307	256
	v) Profit before Tax	**2413**	2366	1004	2597	2768	407	1356	2636	1994	1327	1113
	vi) Tax	**776**	824	261	1010	955	117	427	928	728	491	293
	vii) Excess / (Short) provision for Taxation in earlier years written back/provided for	**(90)**	(4)	(7)	(7)	(7)	1	37	(13)	(15)	14	13
	viii) Profit after Tax #	**1547**	1538	736	1581	1806	292	966	1695	1250	850	833

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

\# After adjusting prior period tax.

1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87	1985-86	1984-85	1980-81	1976
2546	1731	1222	1486	1110	1891	2610	2685	2062	1397	1008	623	1204	105	67	175	1268	3596
6323	7205	6720	6108	6240	5491	4596	4550	4900	5514	6024	5535	5352	5467	6311	5279	3603	159
8869	8936	7942	7594	7350	7382	7206	7235	6962	6911	7032	6158	6556	5572	6378	5454	4871	3755
10643	10861	9648	8986	8816	8788	8644	8653	8372	8329	8525	7367	7858	6667	7574	6619	5769	4312
32.69	34.85	34.47	32.54	33.27	32.29	31.20	31.49	32.29	30.87	31.09	29.29	27.83	27.78	28.08	25.75	22.22	19.97
53.45	53.90	54.29	55.23	54.74	54.62	53.59	53.88	54.95	55.70	57.07	60.12	59.38	60.39	59.35	54.36	55.66	55.93
13.86	11.25	11.24	12.23	11.99	13.09	15.21	14.63	12.76	13.43	11.84	10.59	12.79	11.83	12.57	19.89	22.12	24.10
4.9	4.5	4.8	4.8	5.6	5.4	4.7	4.2	4.2	4.5	4.5	5.6	5.6	5.8	6.2	4.5	4.9	5.7
76351	70496	57169	81533	60575	57511	22037	56612	69564	68426	56499	59624	45928	18603	20112	-	-	-
19569	16990	18664	20689	13182	13437	7047	11070	9048	10877	8843	7494	8414	4948	4455	-	-	-
18.68	17.50	16.37	15.76	14.78	13.23	12.10	11.41	10.71	10.38	10.18	9.31	8.56	7.93	7.57	7.05	5.29	3.63
100396	102684	86951	69164	67876	66681	74154	82911	95091	87459	94672	92725	84691	74763	72414	69425	60813	40939
20.7	20.6	20.5	20.4	20.3	20.2	20.0	19.5	18.8	18.9	18.9	18.7	18.5	18.3	18.7	18.3	17.2	15.3
19	16	16	16	16	16	16	14	12	10	10	10	9	9	8	8	7	5
146	131	128	131	122	118	117	98	94	83	78	69	69	65	62	60	57	61
19	16	15	16	16	16	14	14	13	13	13	12	11	9	8	8	3	2
2.88	2.72	2.3	1.81	1.62	1.57	1.52	1.37	1.17	1.01	0.91	0.87	0.74	0.75	0.67	0.66	0.66	0.61
4489	4423	4407	4373	4312	4214	4090	4040	4005	3965	3894	3822	3741	3663	3567	3486	3311	3183
32	27	21	19	18	16	16	15	15	15	15	14	8	4	2	2	-	-
1345	1200	1179	1146	1062	948	866	816	793	767	740	704	651	616	518	409	154	90
11.40	9.11	8.03	6.93	6.02	5.37	4.78	4.35	4.05	3.77	3.61	3.31	3.03	2.70	2.32	1.96	0.59	0.49
12638	12264	12094	11704	11499	11207	11299	11167	11158	11029	10616	10578	10203	9397	8321	7894	5808	4847
35891	25830	20919	18156	15023	13386	11520	10235	8883	7395	6082	5476	5080	4488	3165	2664	1512	673
1738	1557	1214	977	910	762	546	474	403	349	301	242	190	184	177	93	39	10
615	404	382	226	218	260	137	143	103	96	103	79	64	82	78	53	13	2
185	175	112	82	39	44	47	38	44	37	31	33	34	34	31	19	4	2
937	978	720	670	653	458	362	292	256	216	167	130	93	69	69	21	23	6
233	277	187	237	267	169	147	122	107	88	44	26	15	8	8	7	13	4
(2)	5	(11)	(25)	-	3	2	-	-	-	-	-	-	-	-	-	-	-
702	706	521	408	386	292	218	170	149	128	123	104	78	60	61	14	10	2

		2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
11.	**What the Company Owned (₹ Crores)**											
i)	Gross Fixed Assets (including Capital Work-in-Progress)	**30346**	27930	24560	22268	20310	18545	14017	12566	10935	9722	8824
ii)	Net Fixed Assets (including Capital Work-in-Progress)	**17012**	16187	14003	12735	11833	11086	8349	7454	6366	5602	5166
iii)	Net Current Assets (including Investments and Advance for Investments)	**17025**	19954	20536	15445	10652	7783	2890	1908	2414	2943	3071
	Total Assets Net (ii + iii)	**34037**	36141	34539	28180	22485	18869	11239	9362	8780	8545	8237
12.	**What the Company Owed (₹ Crores)**											
i)	Share Capital	**362**	362	362	362	362	362	300	300	300	300	300
ii)	Reserves and Surplus	**13696**	12725	11766	11315	9912	8778	6088	5550	4447	3697	3779
iii)	Net Worth (i +ii)	**14058**	13087	12128	11677	10273	9139	6388	5850	4747	3997	4079
iv)	Borrowings	**18972**	22195	21172	15022	10829	8374	3882	2690	3286	3849	4158
v)	Deferred Tax Liability (net)	**1007**	859	1239	1481	1383	1356	969	822	747	699	-
	Total Funds Employed (iii + iv + v)	**34037**	36141	34539	28180	22485	18869	11239	9362	8780	8545	8237
13.	**Internal Generation (₹ Crores)**	**2759**	1897	1282	2636	2218	1061	1282	1740	1276	1100	1231
14.	**Value Added (₹ Crores)**	**11389**	10085	10447	8024	7955	4781	4877	5774	5203	4372	4145
15.	**Earnings in Foreign Exchange (₹ Crores)**	**12380**	9504	6567	7440	5585	4287	1945	1320	1191	655	870
16.	**Ratios**											
i)	Gross Profit before Depreciation, Interest & Tax as % age of Sales and Other Income	**3.1**	3.5	2.9	3.5	3.9	1.7	3.3	6.1	5.6	5.3	4.4
ii)	Profit after Tax as % age of average Net Worth	**11.4**	12.2	6.2	14.4	18.6	3.2	15.8	32.0	28.6	21.0	22.0
iii)	Profit after Tax as % age of Share Capital	**427.8**	425.3	203.6	437.2	499.4	80.7	321.9	564.9	416.7	283.3	277.5
iv)	Average Net Worth as % age of Share Capital	**3754.0**	3487.1	3292.4	3036.0	2685.0	2527.8	2039.7	1766.2	1457.5	1346.1	1262.4
v)	Gross Profit before Depreciation, Interest & Tax as % age of Capital Employed	**15.7**	13.7	13.1	15.9	19.4	8.0	21.2	41.5	34.8	26.1	26.7
vi)	Profit before Tax as % age of Capital Employed	**7.3**	7.0	3.1	9.5	12.8	2.3	13.7	33.1	25.5	16.4	14.6
vii)	Profit After Tax as % age of Capital Employed (ROCE)	**4.7**	4.6	2.3	5.8	8.3	1.6	9.8	21.3	16.0	10.5	10.9
viii)	Debt Equity Ratio	**1.35**	1.70	1.75	1.29	1.05	0.92	0.61	0.46	0.69	0.96	1.02
17.	**Earnings per Share (₹) #**	**42.78**	42.53	20.36	43.72	49.94	8.07	32.19	56.49	41.67	28.33	27.76*
18.	**Book Value per Share (₹)**	**388.83**	361.97	335.48	323.01	284.19	252.79	212.95	194.99	158.25	133.25	135.98@

\# After adjusting prior period tax

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

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

@ On Post-Bonus Capital

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

1999-00	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87	1985-86	1984-85	1980-81	1976
7630	6223	5046	3949	3250	2791	2369	2057	1753	1523	1325	1122	955	752	601	495	96	46
4592	3789	3005	2276	1794	1546	1374	1193	1024	894	787	683	599	428	360	329	47	23
1496	900	983	1170	462	258	184	84	124	114	80	31	14	90	109	58	87	26
6088	4689	3988	3446	2256	1804	1558	1277	1148	1008	867	714	613	518	469	387	134	49
150	150	150	150	150	150	50	50	50	50	50	28	28	28	28	17	15	15
3345	2872	2374	1935	1582	1246	1102	901	748	614	496	406	307	206	150	104	50	19
3495	3022	2524	2085	1732	1396	1152	951	798	664	546	433	335	234	178	120	64	34
2593	1667	1464	1361	524	408	406	326	350	344	321	281	278	284	291	267	70	15
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6088	4689	3988	3446	2256	1804	1558	1277	1148	1008	867	714	613	518	469	387	134	49
1089	899	823	578	554	503	338	297	237	214	215	186	136	143	135	65	21	3
3693	3002	2445	2077	1956	1562	926	889	786	682	481	499	387	341	292	224	101	28
573	299	357	417	361	272	236	204	160	197	136	120	110	116	103	88	1	2
5.2	7.1	10.1	9.1	9.6	9.3	8.4	7.8	7.0	6.6	6.1	5.5	4.7	5.2	7.5	4.3	3.2	1.8
21.5	25.5	22.6	21.4	24.7	22.9	20.7	19.5	20.3	21.1	25.0	28.4	26.7	29.3	41.2	12.1	17.4	6.7
467.8	470.7	347.6	271.7	257.2	194.8	435.1	340.1	296.9	255.6	245.1	391.7	273.0	216.7	220.2	83.3	71.8	11.5
2172.2	1848.5	1536.2	1272.2	1042.4	849.2	2103.1	1748.5	1461.5	1210.2	979.8	1379.7	1021.5	738.9	534.3	689.8	412.4	170.9
31.1	38.5	34.0	33.0	45.9	50.6	43.1	47.8	44.1	46.5	45.5	44.3	48.4	51.1	49.0	37.5	33.5	21.8
16.8	24.2	20.1	22.6	33.0	30.4	28.6	29.5	28.0	28.7	25.2	23.8	23.7	19.0	19.0	8.4	19.7	12.6
12.5	17.4	14.6	13.8	19.5	19.4	17.2	17.2	16.3	17.0	18.5	19.9	19.4	16.7	16.9	5.6	8.9	3.5
0.7	0.6	0.6	0.7	0.3	0.3	0.4	0.3	0.4	0.5	0.6	0.6	0.8	1.2	1.6	2.2	1.1	0.4
46.78	47.07	34.76	27.17	25.72	19.48**	43.51	34.02	29.69	25.56	24.51	37.45	28.01	21.71	22.01	6.07	4.68	0.72
232.98	201.45	168.25	139.00	115.45	93.04@	230.42	190.21	159.49	132.80	109.24	155.69	120.23	84.04	63.74	52.23	27.97	14.56

SOURCES AND APPLICATION OF FUNDS

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
SOURCES OF FUNDS													
OWN													
Profit after Tax*	**1,547**	1,538	736	1,581	1,806	292	966	1,695	1,250	850	833	702	706
Capital Grants received / (Reversed) (Net of amortisation)	**2**	-	-	-	(1)	3	-	-	-	-	-	-	-
Adjustment on account of Transitional Provisions	**-**	-	-	(36)	-	-	-	-	-	-	-	-	-
Depreciation	**1,655**	1,247	1,084	1,099	1,056	771	596	562	478	483	646	616	401
Investment	**2,124**	4,577	-	-	-	-	300	129	233	-	-	23	514
Shareholders' Investment	**-**	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax Provision	**148**	(380)	(242)	111	27	102	147	76	48	97	-	-	-
BORROWINGS													
Loans (net)	**-**	1,024	6,149	4,193	2,456	3,715	1,192	-	-	-	1,565	925	203
LPG Deposits	**570**	411	237	232	154	150	170	238	183	198	385	345	168
Decrease in Working Capital	**235**	-	2,432	-	1,382	-	-	138	114	862	-	-	-
Adjustment on account of Deletion/ Re-classification, etc.	**50**	16	38	38	4	7	17	3	6	6	14	3	2
	6,331	8,433	10,434	7,218	6,884	5,040	3,388	2,841	2,312	2,496	3,443	2,614	1,994
APPLICATION OF FUNDS													
Capital Expenditure	**2,532**	3,447	2,389	2,039	1,808	2,009	1,509	1,653	1,249	924	1,235	1,422	1,186
Dividend	**506**	506	253	145	579	90	375	525	450	330	225	188	188
Tax on distributed profits	**71**	73	32	9	92	13	52	67	50	-	23	41	21
Repayment of Loans (net)	**3,222**	-	-	-	-	-	-	596	563	310	-	-	-
Investment	**-**	-	7,760	2,023	4,405	2,788	-	-	-	932	864	-	-
Increase in Working Capital	**-**	4,407	-	3,002	-	140	1,452	-	-	-	1,096	963	599
	6,331	8,433	10,434	7,218	6,884	5,040	3,388	2,841	2,312	2,496	3,443	2,614	1,994

*After adjusting prior period tax

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

1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90	1988-89	1987-88	1986-87	1985-86	1984-85	1980-81	1976 (₹ Crores)
521	408	386	292	218	170	149	128	123	104	78	60	61	14	10	2
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
384	225	218	260	136	143	103	96	103	87	63	86	77	53	13	2
-	-	76	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
104	836	117	2	80	-	6	22	40	3	-	-	24	75	62	12
247	120	97	79	52	26	37	18	28	21	22	28	33	26	1	1
774	-	-	-	-	54	-	-	-	-	55	-	-	-	-	-
3	2	5	4	1	4	1	-	3	2	1	-	3	-	-	(8)
2,033	1,591	899	637	487	397	296	264	297	217	219	174	198	168	86	26
1,115	709	472	435	319	316	234	203	210	173	207	154	110	154	23	2
75	49	49	49	16	17	15	10	10	6	6	4	4	2	2	2
8	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	25	-	-	-	-	6	7	-	-	-	-
835	79	-	92	72	39	7	27	2	1	-	-	-	1	-	-
-	749	378	61	80	-	40	24	75	37	-	9	84	11	61	22
2,033	1,591	899	637	487	397	296	264	297	217	219	174	198	168	86	26

SALES VOLUME ('000 MT)

	2010-11		2009-10		2008-09		2007-08		2006-07	
	Sales	**Market Share (%)**	Sales	Market Share (%)	Sales	Market Share (%)	Sales	Market Share (%)	Sales	Market Share (%)
Light Distillates :										
Naphtha	**704**	**19.1**	897	28.9	1,129	20.6	1,022	20.8	1,136	22.2
LPG (Bulk & Packed)	**3,555**	**26.0**	3,236	25.9	3,033	26.2	2,933	26.4	2,734	26.3
Motor Spirit	**3,914**	**28.1**	3,575	28.4	3,229	28.9	2,914	29.5	2,635	29.9
Special Boiling Point Spirit/ Hexane	**45**	**41.9**	39	34.9	34	29.5	32	26.6	35	27.2
Benzene	**72**	**55.5**	60	84.3	73	88.3	87	87.4	101	98.5
Toluene	**21**	**100.0**	24	97.9	27	97.4	27	91.0	40	89.4
Polypropylene Feedstock	**73**		71		62		62		46	
Regasified - LNG	**607**		710		866		905		679	
Others	**261**		234		204		207		167	
Sub Total	**9,252**		8,846		8,657		8,189		7,573	
Middle Distillates :										
Aviation Turbine Fuel	**1,129**	**22.8**	925	20.3	917	21.0	959	21.1	880	21.9
Superior Kerosene Oil	**1,582**	**17.2**	1,646	17.2	1,599	16.8	1,637	17.0	1,643	17.1
High Speed Diesel	**14,552**	**24.8**	13,298	24.2	12,630	24.6	11,482	24.7	9,922	24.4
Light Diesel Oil	**66**	**14.4**	59	12.8	78	14.2	107	16.1	113	15.7
Mineral Turpentine Oil	**132**	**67.5**	107	56.5	84	53.2	102	55.1	113	59.9
Sub Total	**17,461**		16,035		15,308		14,287		12,671	
Others :										
Furnace Oil	**1,314**	**17.1**	1,635	20.5	1,644	21.1	1,745	21.6	1,923	23.6
Low Sulphur Heavy Stock	**254**	**12.8**	447	18.0	591	18.6	600	18.5	585	17.5
Bitumen	**651**	**16.0**	627	14.4	680	15.0	653	14.6	490	12.8
Lubricants	**275**	**22.7**	231	18.7	203	20.1	232	20.5	133	14.6
Others	**67**	**15.2**	64	14.9	76	16.6	80		77	
Sub Total	**2,561**		3,004		3,194		3,310		3,208	
Grand Total	**29,274**	**22.49**	27,885	22.50	27,159	22.62	25,786	22.66	23,452	22.63

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

PRODUCTION ('000 MT)

	2010-11	2009-10	2008-09	2007-08	2006-07
Light Distillates :					
Naphtha	**2567**	2262	1821	2057	1810
LPG	**982**	873	818	890	822
Motor Spirit	**2365**	2069	2081	2054	1856
Special Boiling Point Spirit/Hexane	**46**	39	33	33	37
Benzene	**75**	57	80	88	104
Toluene	**20**	23	28	26	40
Polypropylene Feedstock/ Propylene	**74**	72	62	63	46
Others	**1**	1	1	3	3
Sub Total	**6130**	5396	4924	5214	4718
Middle Distillates:					
Aviation Turbine Fuel	**1170**	1062	981	984	706
Superior Kerosene Oil	**1215**	1235	996	1403	1745
High Speed Diesel	**8614**	7816	7805	7960	6939
Light Diesel Oil	**60**	58	84	109	151
Mineral Turpentine Oil	**131**	110	84	98	115
Lube Oil Base Stock	**205**	185	155	154	105
Sub Total	**11395**	10466	10104	10708	9762
Heavy Ends :					
Furnace Oil	**2051**	2263	2254	2360	2871
Low Sulphur Heavy Stock	**256**	431	593	574	569
Sulphur	**70**	65	78	81	71
Bitumen	**645**	578	661	622	481
Others	**-**	-	15	11	
Sub Total	**3022**	3337	3600	3648	3993
Grand Total	**20547**	19199	18629	19570	18472

Lubricants Production (MT)

	2010-11	2009-10	2008-09	2007-08	2006-07
	220387	209301	151788	161957	116337

Quantity of LPG Filled in Cylinders (MT)

	2010-11	2009-10	2008-09	2007-08	2006-07
	3236274	2946073	2760136	2657199	2468571

HOW VALUE IS GENERATED

	2010-11	2009-10
		₹ **Crores**
Value of Production (Refinery)	**71,660**	55,153
Less : Direct Materials Consumed	**(63,304)**	(50,825)
Added Value	**8,356**	4,328
Marketing Operations	**3,180**	5,453
Value added by Manufacturing & Trading Operations	**11,536**	9,781
Add : Other Income and prior period items	**1,745**	2,185
Total Value Generated	**13,281**	11,966

HOW VALUE IS DISTRIBUTED

		2010-11		2009-10
				₹ **Crores**
1. OPERATIONS				
Operating & Service Costs		**5,162**		5,509
2. EMPLOYEES' BENEFITS				
Salaries, Wages & Bonus	**1,507**		1,606	
Other Benefits	**1,296**	**2,803**	535	2,141
3. PROVIDERS OF CAPITAL				
Interest on Borrowings	**1,101**		1,011	
Dividend	**577**	**1,678**	579	1,590
4. INCOME TAX		**866**		828
5. RE-INVESTMENT IN BUSINESS				
Depreciation	**1,655**		1,242	
Deferred Tax	**148**		(303)	
Retained Profit	**969**	**2,772**	959	1,898
Total Value Distributed		**13,281**		11,966

AUDITORS' REPORT TO THE MEMBERS OF BHARAT PETROLEUM CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **BHARAT PETROLEUM CORPORATION LIMITED** as at 31st March 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

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

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

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

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

   f) Without qualifying our opinion, we invite attention to :

      i) Note 4 of Schedule X – Part B, Notes to Accounts, regarding impairment of assets wherein, being technical matters subject to uncertainty we have relied on the estimates and assumptions made by the Company in arriving at recoverable value of assets, based on desired margins.

      ii) Notes 6 and 7 of Schedule X – Part B, Notes to Accounts, regarding the provision for post retirement benefit schemes and related impact on provision for current tax, where the Company's position is supported by legal advice and based on reasonable certainty of obtaining necessary approvals from tax authorities.

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

      i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

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

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

For and on behalf of
B.K.KHARE AND CO.
Chartered Accountants
FR No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 44784
Delhi
Dated: 30th May 2011

For and on behalf of
K.VARGHESE AND CO.
Chartered Accountants
FR No:004525S

Sd/-
K.Varghese
Partner
Membership No: 20674
Delhi
Dated: 30th May 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph (3) of our report of even date on the accounts of **BHARAT PETROLEUM CORPORATION LIMITED** for the year ended 31st March 2011.)

(i) In respect of fixed assets

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

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

c) In our opinion, the disposals of fixed assets during the year are not of a significant value and do not affect the going concern assumption.

(ii) In respect of inventories:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xv) The Company has given guarantees for loans taken by others from banks or financial institutions, aggregating to Rs.1608.76 crores where the terms and conditions, according to the information and explanations given to us, and in our opinion, are not prima facie prejudicial to the interests of the Company.

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

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

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

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

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

(xxi) As represented to us by the management and based on our examination in the course of our audit, except for the instance at (a) below, no material fraud on or by the Company has been noticed or reported during the year.

a) The Company's bank had debited Rs. 29.03 Lacs related to forged cheques and subsequently reversed the amount based on the Company's clarifications. There was no financial loss due to this instance.

For and on behalf of
B.K.KHARE AND CO.
Chartered Accountants
FR No: 105102W

Sd/-
Padmini Khare Kaicker
Partner
Membership No: 44784
Delhi
Dated: 30th May 2011

For and on behalf of
K.VARGHESE AND CO.
Chartered Accountants
FR No:004525S

Sd/-
K.Varghese
Partner
Membership No: 20674
Delhi
Dated: : 30th May 2011

Annexure 1

(Amount in ₹ Crores)

Nature of Statute / Nature of Dues	Period Block	Forum where Dispute is pending							Grand Total
		Supreme Court	High Court	Appellate Tribunal*	Appellate Authority**	Adjudicating Authority***	Joint Secretary, MOF	Board of Revenue	
Customs Act, 1962 (Customs Duty Including Penalty & Interest, wherever applicable)	1995-2000			57.32		3.25			60.57
	2000-2005			17.35	0.50	0.32			18.16
	2005-2010				0.01				0.01
Customs Duty Total		**-**	**-**	**74.66**	**0.51**	**3.57**	**-**	**-**	**78.74**
Central Excise Act, 1944 (Excise Duty Including Penalty & Interest, wherever applicable)	1985 to 1990				0.14				0.14
	1990 to 1995				0.43				0.43
	1995 to 2000			27.93	0.56				28.50
	2000 to 2005	507.99		282.17	87.25	84.20	0.21		961.81
	2005 to 2011	53.08		328.63	43.96	10.68			436.34
Excise Duty Total		**561.06**	**-**	**638.73**	**132.34**	**94.88**	**0.21**	**-**	**1,427.22**
Sales Tax/ VAT Legislations (Sales Tax Including Penalty & Interest, wherever applicable)	1980 to 1985		0.04						0.04
	1985 to 1990	0.75	4.10	0.01	21.97	6.17		0.02	33.02
	1990 to 1995		33.37	2.45	12.95				48.77
	1995 to 2000		27.96	200.73	889.65	10.26		13.88	1,142.47
	2000 to 2005	0.23	354.85	7.94	1,847.37	344.13			2,554.53
	2005 to 2011		26.21	55.69	58.44	28.46			168.80
Sales Tax Total		**0.98**	**446.52**	**266.83**	**2,830.37**	**389.02**	**-**	**13.89**	**3,947.62**
Income Tax Act, 1961 (Income Tax including Penalty & Interest, wherever applicable)	1990 to 1995		6.73	0.22					6.95
	1995 to 2000		0.26	0.48	1.35				2.09
	2000 to 2005			5.51	-				5.51
	2005 to 2011				0.03				0.03
Income Tax Total		**-**	**6.99**	**6.21**	**1.38**	**-**	**-**	**-**	**14.58**
Finance Act, 1994 (Service Tax)	2000 to 2005				0.36	0.17			0.54
	2005 to 2011			1.62	0.94				2.57
Service Tax Total		**-**	**-**	**1.62**	**1.31**	**0.17**	**-**	**-**	**3.11**
Grand Total		**562.04**	**453.51**	**988.06**	**2,965.90**	**487.64**	**0.21**	**13.89**	**5,471.26**

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

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

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

BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULE	₹ Crores	31/03/2010 ₹ Crores
I. SOURCES OF FUNDS			
1. Shareholders' funds :			
Share Capital	A	**361.54**	361.54
Reserves and Surplus	B	**13,696.08**	12,725.17
		14,057.62	13,086.71
2. Loan funds :	C		
Secured Loans		**4,033.10**	10,443.87
Unsecured Loans		**14,938.77**	11,751.33
		18,971.87	22,195.20
3. Deferred tax liability (net)		**1,007.54**	859.30
TOTAL		**34,037.03**	36,141.21
II. APPLICATION OF FUNDS			
1. Fixed Assets :	D		
Gross block		**29,334.23**	25,412.52
Less : Depreciation and amortisation		**(13,334.90)**	(11,743.17)
Net block		**15,999.33**	13,669.35
Capital work-in-progress	E	**1,012.23**	2,517.75
		17,011.56	16,187.10
2. Investments	F	**11,377.96**	12,201.32
3. Advance for Investments	FA	**-**	1,300.01
4. Current assets, loans and advances :			
Inventories	G	**15,375.08**	12,028.86
Sundry debtors	H	**2,664.42**	2,662.68
Cash and bank balances	I	**379.97**	342.36
Other current assets	J	**5,551.07**	3,785.69
Loans and advances	K	**3,635.29**	4,764.34
		27,605.83	23,583.93
Less : Current liabilities and provisions :			
Liabilities	L	**18,788.29**	14,550.56
Provisions	M	**3,170.03**	2,580.59
		21,958.32	17,131.15
Net current assets		**5,647.51**	6,452.78
TOTAL		**34,037.03**	36,141.21
Statement of Significant Accounting Policies and Notes forming part of Accounts	X		

For and on behalf of the Board of Directors

Sd/-
R. K. SINGH
Chairman and Managing Director

Sd/-
SUDHIR K. JOSHI
Director (Finance)

Sd/-
S. V. KULKARNI
Company Secretary

As per our attached report of even date

For and on behalf of
B. K. KHARE & CO.
Chartered Accountants
FR No: 105102W
Sd/-
PADMINI KHARE KAICKER
Partner
Membership No. 44784

For and on behalf of
K. VARGHESE & CO.
Chartered Accountants
FR No: 004525S
Sd/-
K. VARGHESE
Partner
Membership No. 20674

Place : New Delhi
Dated : 30th May, 2011

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

	SCHEDULE	₹ Crores	2009-10 ₹ Crores
INCOME			
Sale of products, crude oil and related income	N	**163,218.21**	131,499.72
Less: Excise Duty Paid		**(11,673.15)**	(9,223.77)
		151,545.06	122,275.95
Miscellaneous income	O	**1,754.97**	2,240.24
Increase/(Decrease) in Inventory	P	**2,056.05**	3,989.85
TOTAL		**155,356.08**	128,506.04
EXPENDITURE			
Purchase of products and crude oil for resale		**78,105.10**	64,409.21
Raw materials consumed	Q	**62,730.40**	50,592.45
Packages consumed		**139.28**	133.17
Excise Duty on Inventory differential		**62.67**	217.40
Taxes & other levies		**644.21**	511.24
Transportation		**2,854.80**	2,585.47
Consumption of stores, spares and materials	R	**53.25**	79.52
Power and Fuel	S	**475.89**	237.12
Employees' remuneration and other benefits	T	**2,802.85**	2,141.12
Interest	U	**1,100.78**	1,010.95
Other operating and administration expenses	V	**2,308.71**	2,924.59
Depreciation and amortisation		**1,655.40**	1,242.32
TOTAL		**152,933.34**	126,084.56
Profit		**2,422.74**	2,421.48
Prior period income/(expenses) net	W	**(10.09)**	(55.43)
Profit before tax		**2,412.65**	2,366.05
Provision for Taxation			
- Current Tax		**628.00**	1,127.00
- Deferred Tax Liability / (Asset) - Net		**148.24**	(303.25)
- Short provision for Taxation in earlier years provided for		**89.73**	4.68
Profit after tax		**1,546.68**	1,537.62
Transfer from / (to) Debenture Redemption Reserve		**-**	(700.00)
Balance brought forward		**181.06**	76.37
Disposable Profit		**1,727.74**	913.99
Appropriations:			
Proposed dividend		**506.16**	506.16
Corporate Dividend Tax on proposed dividend		**71.08**	72.77
		577.24	578.93
Transfer to General Reserve		**650.50**	154.00
Balance Carried to Balance Sheet		**500.00**	181.06
Earnings per Share - ₹			
- Basic		**42.78**	42.53
- Diluted		**42.78**	42.53
Statement of Significant Accounting Policies and Notes forming part of Accounts	X		

For and on behalf of the Board of Directors

Sd/-
R. K. SINGH
Chairman and Managing Director

Sd/-
SUDHIR K. JOSHI
Director (Finance)

Sd/-
S. V. KULKARNI
Company Secretary

As per our attached report of even date

For and on behalf of
B. K. KHARE & CO.
Chartered Accountants
FR No: 105102W
Sd/-
PADMINI KHARE KAICKER
Partner
Membership No. 44784

For and on behalf of
K. VARGHESE & CO.
Chartered Accountants
FR No: 004525S
Sd/-
K. VARGHESE
Partner
Membership No. 20674

Place : New Delhi
Dated : 30th May, 2011

SCHEDULE 'A' — SHARE CAPITAL

	₹ Crores	31/03/2010 ₹ Crores
Authorised		
450,000,000 equity shares of ₹10 each	**450.00**	450.00
	450.00	**450.00**
Issued, subscribed and paid-up		
361,542,124 (previous year 361,542,124) equity shares of ₹ 10 each fully paid-up *	**361.54**	361.54
Share Application Money Suspense Account	**#**	#
# Value ₹ 21,000		
Total	**361.54**	361.54

* Includes :

i) 22,950,000 equity shares of ₹ 10 each on which ₹ 7.20 per share was paid in cash and were converted into fully paid by capitalisation of Capital Reserve.

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

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

SCHEDULE 'B' - RESERVES AND SURPLUS

	₹ Crores	31/03/2010 ₹ Crores
Capital Reserve		
As per last Balance Sheet	**14.85**	14.94
Add: Grant received during the year	**1.62**	-
(Less) : Amortisation of Capital Grant	**(0.15)**	(0.09)
	16.32	14.85
Debenture Redemption Reserve		
As per Last Balance Sheet	**1,000.00**	300.00
Add:Transfer from Profit & Loss Account	**-**	700.00
	1,000.00	1,000.00
General Reserve		
As per last Balance Sheet	**11,529.26**	11,375.26
Add : Transfer from Profit & Loss Account	**650.50**	154.00
	12,179.76	11,529.26
Surplus as per Profit & Loss Account	**500.00**	181.06
Total	**13,696.08**	12,725.17

SCHEDULE 'C'— LOAN FUNDS

	₹ Crores	31/03/2010 ₹ Crores
Secured Loans		
Debentures		
10.35% Secured Non-Convertible debenture 2010	**-**	1,000.00
7.73% Secured Non-Convertible debenture 2012	**1,000.00**	1,000.00
6.23% Secured Non-Convertible debenture 2011	**1,000.00**	-
(refer note 2 of Schedule'X'-B)		
Banks		
Working Capital Loans/Cash Credit	**2,021.55**	6,714.15
(Secured in favour of the participating banks ranking pari passu inter-alia by hypothecation of raw materials, finished goods, stock- in- process, book debts, stores, components and spares and all movables both present and future)		
Interest accrued and due	**11.55**	29.72
Term Loan	**-**	1,200.00
Collateralised Borrowing and Lending Obligation (CBLO) through Clearing Corporation of India Limited	**-**	500.00
	4,033.10	10,443.87
Unsecured Loans		
Fixed deposits	**-**	0.24
Short Term (From Banks)		
Rupee Loans	**1,090.00**	3,300.00
Foreign Currency Loans	**10,698.14**	6,274.24
Syndicated Loans from various banks (repayable in foreign currency)	**2,278.88**	1,255.48
[Due for repayment within one year ₹ **1274.25 crores** (previous year ₹ NIL)]		
Others		
Oil Industry Development Board	**871.75**	921.37
[Due for repayment within one year ₹ **228.00 crores** (previous year ₹ 126.63 crores)]		
	14,938.77	11,751.33
Total	**18,971.87**	22,195.20

SCHEDULE 'D' – FIXED ASSETS

₹ Crores

PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	AS AT 01-04-2010	ADDITIONS	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFI-CATIONS	**AS AT 31-03-2011**	UPTO 31-03-2010	2010-11	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFI-CATIONS	**UPTO 31-03-2011**	**AS AT 31-03-2011**	AS AT 31-03-2010
(1)	(2)	(3)	(4)	**(5)**	(6)	(7)	(8)	**(9)**	**(10)**	(11)
1. LAND										
(a) Freehold	444.89	8.40	0.36	**452.93**	-	-	-	**-**	**452.93**	444.89
(b) Leasehold	163.90	13.17	0.15	**176.92**	18.94	3.84	-	**22.78**	**154.14**	144.96
2. BUILDINGS	4,236.19	549.11	21.15	**4,764.15**	604.16	89.40	10.33	**683.23**	**4,080.92**	3,632.03
3. RAILWAY SIDINGS	260.27	24.32	0.24	**284.35**	119.70	12.30	-	**132.00**	**152.35**	140.57
4. PLANT and MACHINERY	7,374.92	1,585.28	24.09	**8,936.11**	3,230.38	387.92	12.79	**3,605.51**	**5,330.60**	4,144.54
5. TANKS and PIPELINES	4,857.60	733.88	24.76	**5,566.72**	2,122.01	317.51	6.19	**2,433.33**	**3,133.39**	2,735.59
6. FURNITURE and FITTINGS	181.85	44.00	4.86	**220.99**	83.01	12.66	4.84	**90.83**	**130.16**	98.84
7. VEHICLES	170.25	4.47	2.13	**172.59**	95.03	13.07	1.65	**106.45**	**66.14**	75.22
8. OTHER ASSETS										
(a) Dispensing Pumps	1,516.19	161.24	1.86	**1,675.57**	412.80	73.06	1.51	**484.35**	**1,191.22**	1,103.39
(b) LPG Cylinders and Allied Equipment	4,144.02	590.01	8.84	**4,725.19**	4,144.02	590.01	8.84	**4,725.19**	**-**	-
(c) Sundries	1,951.70	304.48	27.34	**2,228.84**	858.70	145.41	19.74	**984.37**	**1,244.47**	1,093.00
9. INTANGIBLES ASSETS (refer note 16 of Schedule 'X'-B)	110.74	19.37	0.24	**129.87**	54.42	12.44	-	**66.86**	**63.01**	56.32
TOTAL	**25,412.52**	**4,037.73**	**116.02**	**29,334.23**	**11,743.17**	**1,657.62**	**65.89**	**13,334.90**	**15,999.33**	**13,669.35**
PREVIOUS YEAR (2009-10)	22,522.33	2,966.28	76.09	25,412.52	10,556.54	1,246.90	60.27	11,743.17	13,669.35	11,965.79

NOTES:

1) Land :
   a) Freehold land includes ₹ **32.08 Crores** (previous year ₹ 32.07 Crores) with more than 99 years lease period.
   b) Freehold land includes ₹**142.97 Crores** (previous year ₹ 137.16 Crores) capitalised at various locations for which conveyance deeds are yet to be executed and/or mutation is pending.
   c) Includes the following which though in the possession of Corporation, the lease deeds are yet to be registered :
      i) Land acquired on lease for a period exceeding 99 years ₹ **0.91 Crores** (previous year ₹ 0.91 Crores).
      ii) Other leasehold land - Gross Block ₹ **0.51 Crores** (previous year ₹ 46.14 Crores), Net Block ₹ **0.41 Crores** (previous year ₹ 45.88 Crores).
   d) Freehold land includes ₹ **2.13 Crores** (previous year ₹ 2.13 Crores) which is in the process of being surrendered to the Competent Authority.
2) Buildings include Ownership flats of ₹ **48.16 Crores** (previous year ₹ 48.16 Crores) in proposed / existing co-operative societies and others.
3) Land, Plant & Machinery, Tanks & Pipelines, Railway Sidings and Buildings jointly owned in varying extent with other Oil Companies / Railways : **Gross Block ₹187.13 Crores** (previous year ₹ 192.35 Crores), Cumulative Depreciation ₹ **90.02 Crores** (previous year ₹ 86.18 Crores), Net Block ₹ **97.11 Crores** (previous year ₹ 106.17 Crores).
4) Deduction from Gross Block (column 4) includes :
   a) Write back of excess capitalisation of ₹ **53.17 Crores** (previous year ₹ 11.93 Crores).
   b) Deletions during the period ₹ **62.85 Crores** (previous year ₹ 64.16 Crores).
5) Depreciation for the period (column 7) includes :
   a) Charged to Profit & Loss account ₹**1657.05 Crores** (previous year ₹ 1246.18 Crores).
   b) Charged to Prior Period expenses ₹ **0.57 Crores** (previous year ₹ 0.72 Crores).
6) Deductions from depreciation (column 8) includes withdrawal of depreciation :
   a) On excess capitalisation ₹ **1.29 Crores** (previous year ₹ 3.49 Crores).
   b) On deletion during the period ₹ **49.91 Crores** (previous year ₹ 56.04 Crores).
   c) On reclassification of assets ₹ **0.36 Crores** (previous year ₹ 0.36 Crores).
   d) Credited to Prior Period ₹ **14.33 Crores** (previous year ₹ 0.38 Crores).
7) Gross Block includes ₹ **24.72 Crores** (previous year ₹ 20.55 Crores) towards assets which are identified as held for disposal during the period in respect of which additional depreciation of ₹ **9.32 Crores** (previous year ₹ 6.06 Crores) has been provided to recognise the expected loss on disposal.

SCHEDULE 'E'— CAPITAL WORK–IN–PROGRESS

				31/03/2010
			₹ Crores	₹ Crores
Capital work-in-progress (at cost)				
Work-in-progress			**764.73**	2,035.97
Capital Advances (Unsecured, Considered good)			**39.84**	141.75
Capital stores including lying with contractors			**160.00**	201.22
Capital goods in transit			**2.27**	33.35
Intangible assets pending amortisation (refer note 16 of Schedule 'X'-B)			**2.53**	2.62
Construction period expenses				
		31/03/2010		
Opening balance	**102.84**	57.13		
Add: Expenditure during the year				
Establishment charges	**49.06**	33.94		
Interest	**50.96**	76.74		
Others	**12.78**	27.37		
	215.64	195.18		
Less: Allocated to assets capitalised during the year	**(172.78)**	(92.34)		
Closing balance			**42.86**	102.84
Total			**1,012.23**	2,517.75

SCHEDULE 'F' — INVESTMENTS

	No.	Face Value ₹ Crores	Book Value ₹ Crores	31/03/2010 ₹ Crores
CURRENT				
(Current Investments are valued at lower of cost or fair market value)				
IN GOVERNMENT SECURITIES				
NON TRADE - QUOTED				
1 6.35% Oil Marketing Companies GOI Special Bonds 2024		**3,099.96**	**3,099.96**	3,099.96
2 6.90% Oil Marketing Companies GOI Special Bonds 2026**		**3,635.21**	**3,635.21**	4,986.71
3 7.00% Oil Marketing Companies GOI Special Bonds 2012		**3.39**	**3.39**	3.39
4 7.59% Oil Marketing Companies GOI Special Bonds 2015		**2.31**	**2.31**	2.31
5 7.61% Oil Marketing Companies GOI Special Bonds 2015		**0.81**	**0.81**	0.81
6 7.95% Oil Marketing Companies GOI Special Bonds 2025		**10.63**	**10.63**	80.63
7 8.00% Oil Marketing Companies GOI Special Bonds 2026		**113.00**	**113.00**	559.32
8 8.20% Oil Marketing Companies GOI Special Bonds 2023		**-**	**-**	758.76
9 8.20% Oil Marketing Companies GOI Special Bonds 2024		**1,192.78**	**1,192.78**	1,748.78
			8,058.09	11,240.67
Less : Provision for diminution in value of investment				
in 6.35% Oil Marketing Companies GOI Special Bonds 2024			**(504.88)**	(493.68)
in 6.90% Oil Marketing Companies GOI Special Bonds 2026			**(444.59)**	(592.82)
in 7.95% Oil Marketing Companies GOI Special Bonds 2025			**(0.33)**	(2.53)
in 8.00% Oil Marketing Companies GOI Special Bonds 2026			**(3.53)**	(11.65)
in 8.20% Oil Marketing Companies GOI Special Bonds 2024			**(13.34)**	(16.32)
in 7.00% Oil Marketing Companies GOI Special Bonds 2012			**(0.03)**	-
in 7.59% Oil Marketing Companies GOI Special Bonds 2015			**(0.01)**	-
in 7.61% Oil Marketing Companies GOI Special Bonds 2015			**#**	-
			(966.71)	(1,117.00)
# ₹ 30602.45				
			7,091.38	10,123.67
** Kept as Collateral Security with Clearing Corporation of India Limited for borrowing in CBLO (face Value ₹ 1600 crores)				
LONG TERM				
IN GOVERNMENT SECURITIES				
NON TRADE - QUOTED				
1 Deposited with Local Authorities				
7 1/2 % Loan		**0.02**	**0.02**	0.02
8 % Loan		***	##	##
			0.02	0.02
## ₹ 22,327.65				
*** ₹ 20,000.00				
IN SHARES, DEBENTURES AND BONDS				
TRADE - QUOTED				
Equity Shares of ₹10 each (fully paid up)				
1 Petronet LNG Limited	**93,750,000** (93,750,000)	**93.75**	**98.75**	98.75
2 Indraprastha Gas Limited	**31,500,080** (31,500,080)	**31.50**	**31.50**	31.50
3 Oil India Limited	**5,350,110** (5,350,110)	**5.35**	**561.76**	561.76

SCHEDULE 'F' — INVESTMENTS (CONTD.)

		No.	Face Value ₹ Crores	Book Value ₹ Crores	31/03/2010 ₹ Crores
	IN SHARES, DEBENTURES AND BONDS (Contd.)				
	TRADE - UNQUOTED				
	Equity Shares of USD1 each (fully paid up)				
1	Matrix Bharat Marine Services Pte. Ltd.	**2,000,000** (2,000,000)	**8.41**	**8.41**	8.41
	6% Optional Convertible Debenture of ₹ 100000 each (fully paid up)				
2	Sabarmati Gas Limited	**2,000** (2,000)	**20.00**	**20.00**	20.00
	Equity Shares of ₹ 10 each (fully paid up)				
3	Petronet India Limited	**16,000,000** (16,000,000)	**16.00**	**16.00**	16.00
4	Cochin International Airport Limited	**10,500,000** (10,500,000)	**10.50**	**10.50**	10.50
5	Petronet CCK Limited	**49,000,000** (49,000,000)	**49.00**	**49.00**	49.00
6	Petronet CI Limited	**1,584,000** (1,584,000)	**1.58**	**1.58**	1.58
7	Petroleum Infrastructure Limited	**7,500,000** (7,500,000)	**7.50**	**7.50**	7.50
8	Central UP Gas Limited	**15,000,000** (13,500,000)	**15.00**	**15.00**	13.50
9	Sabarmati Gas Limited	**5,000,000** (5,000,000)	**5.00**	**19.96**	19.96
10	Maharashtra Natural Gas Limited	**22,499,600** (22,487,500)	**22.50**	**22.50**	22.49
11	Bharat Stars Services Pvt. Ltd	**10,000,000** (10,000,000)	**10.00**	**10.00**	10.00
12	Bharat Renewable Energy Ltd	**1,500,000** (1,000,000)	**1.50**	**1.50**	1.00
13	Delhi Aviation Fuel Facility Private Limited # Value ₹ 37,000.00	**60,680,000** (3,700)	**60.68**	**60.68**	#
	Bharat Oman Refineries Limited				
14	Equity Shares of ₹ 10 each (fully paid up)	**888,613,336** (75,500,000)	**888.61**	**888.61**	75.50
15	Share Warrants of ₹ 10 each (fully paid up)	**486,886,664** -	**486.89**	**486.89**	-
16	Share Warrants of ₹ 15 each (fully paid up)	**299,194,364** -	**448.79**	**448.79**	-
				2,758.93	947.45
	Less : Provision for diminution in value of investment				
	in Petroleum Infrastructure Limited			**(7.50)**	(7.50)
	in Petronet CI Limited			**(1.58)**	(1.58)
	in Petronet India Limited			**(16.00)**	(16.00)
	in Petronet CCK Limited			**(23.50)**	(23.50)
				(48.58)	(48.58)
				2,710.35	898.87

SCHEDULE 'F'— INVESTMENTS (CONTD.)

		No.	Face Value ₹ Crores	Book Value ₹ Crores	31/03/2010 ₹ Crores
	NON TRADE - UNQUOTED				
1	Debentures (Irredeemable - Fully Paid up)	**1**	**0.01**	**0.01**	0.01
	- 5 % debentures of East India Clinic Limited	(1)			
2	Ordinary Shares (Fully paid up) of Sindhu Resettlement Corporation Limited	**6**	**#**	**#**	#
		(6)			
	# Value ₹ 19000				
3	Shares of Kochi Refineries Employees Consumer Co-operative Society Limited (Fully paid up)	**500**	**##**	**##**	##
		(500)			
	## Value ₹ 5000				
				0.01	0.01
	IN SUBSIDIARY COMPANIES- UNQUOTED				
	Equity Shares of ₹ 10 each (fully paid up)				
1	Numaligarh Refinery Limited	**453,545,998**	**453.55**	**453.55**	453.55
		(453,545,998)			
2	Bharat PetroResources Limited	**1,100,002,610**	**1,100.00**	**1,100.00**	702.55
		(702,552,610)			
				1,553.55	1,156.10
	IN ASSOCIATION OF PERSONS NON TRADE - UNQUOTED				
	Capital Contribution in Petroleum India International			**10.00**	10.00
	Share in accumulated surplus of Petroleum India International			**12.65**	12.65
				22.65	22.65
	Member Companies ###				
	Bharat Petroleum Corporation Limited				
	Bongaigaon Refinery & Petrochemicals Limited				
	Engineers India Limited				
	Hindustan Petroleum Corporation Limited				
	Indian Oil Corporation Limited				
	Indian Petrochemicals Corporation Limited				
	Chennai Petroleum Corporation Limited				
	Oil and Natural Gas Corporation Limited				
	Oil India Limited				
	Total			**11,377.96**	12,201.32

The total capital is ₹ **55.00 crores** of which share of Bharat Petroleum Corporation Limited and Indian Oil Corporation Limited is ₹**10.00 crores** each and other members have equal share of ₹ **5.00 crores** each.

Aggregate value of Unquoted Securities ₹ **3,594.54 Crores** (₹1,385.62 Crores)

Aggregate value of Quoted Securities ₹ **7,783.41 Crores** (₹10,815.70 Crores)

Market value of Quoted Securities ₹ **9,871.70 Crores** (₹ 12,137.83 Crores)

SCHEDULE ‘FA’ — ADVANCE FOR INVESTMENTS

	₹ Crores	31/03/2010 ₹ Crores
SHARE APPLICATION MONEY/ADVANCE TOWARDS EQUITY PENDING ALLOTMENT		
Maharashtra Natural Gas Limited	-	0.01
Bharat Oman Refineries Limited	-	1,300.00
Total	-	1,300.01

SCHEDULE ‘G’ — INVENTORIES

	₹ Crores	31/03/2010 ₹ Crores
Stores and spares	**194.26**	168.09
[including in transit ₹ **0.51 crores** (previous year ₹ 1.02 crores)]		
Raw materials	**4,009.33**	2,745.99
[including in transit ₹ **1729.17 crores** (previous year ₹ 807.72 crores)]		
Stock in process	**1,031.25**	723.18
Finished products	**10,131.47**	8,383.49
[including in transit ₹ **210.35 crores** (previous year ₹ 139.82 crores)]		
Packages	**8.77**	8.11
Total	**15,375.08**	12,028.86

SCHEDULE 'H' - SUNDRY DEBTORS

(Unsecured, Considered good unless otherwise stated)

		31/03/2010
	₹ Crores	₹ Crores
Debts outstanding for over six months :		
Considered good *	**221.77**	170.44
Considered doubtful	**270.21**	250.11
	491.98	420.55
Other debts	**2,442.65**	2,492.24
	2,934.63	2,912.79
Less : Provision for doubtful debts	**(270.21)**	(250.11)
Total	**2,664.42**	2,662.68

* Includes ₹ **60.74 crores** (previous year ₹ 25.81 crores) which are secured.

SCHEDULE 'I' — CASH AND BANK BALANCES

		31/03/2010
	₹ Crores	₹ Crores
Cash on Hand	**133.85**	98.32
[Includes drafts and cheques on hand of ₹ **113.76 crores** (previous year ₹ 80.56 crores)]		
With Scheduled banks :		
In current accounts	**245.18**	243.04
In deposit accounts *	**0.94**	0.93
Remittances in transit	**-**	0.07
Total	**379.97**	342.36

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

SCHEDULE 'J' - OTHER CURRENT ASSETS

		31/03/2010
	₹ Crores	₹ Crores
Interest accrued on investments	**100.03**	142.02
Interest accrued on bank deposits	**0.02**	0.02
Subsidy Receivable from Government of India	**4,661.15**	2,894.26
Deferred premium (foreign exchange forward contract)	**130.77**	90.29
Others (refer note 3 of Schedule 'X'-B)	**659.10**	659.10
Total	**5,551.07**	3,785.69

SCHEDULE 'K' — LOANS AND ADVANCES

(Unsecured, Considered good unless otherwise stated)

	₹ Crores	31/03/2010 ₹ Crores
Loans (Secured) :		
To staff *	**608.72**	623.20
	608.72	623.20
Loans :		
To Subsidiaries		
Considered good	**635.10**	327.00
To companies		
Considered good	**1,438.57**	2,870.17
Considered doubtful	**2.91**	2.91
Less:Provision for doubtful loans	**(2.91)**	(2.91)
To others	**48.85**	45.00
Interest accrued on Loans	**26.89**	44.88
	2,149.41	3,287.05
Advances:		
Advances Recoverable in cash, or in kind or for value to be received	**206.91**	180.84
Advances considered doubtful	**4.61**	3.99
Less : Provision for doubtful advances	**(4.61)**	(3.99)
	206.91	180.84
Dues from Petroleum Planning & Analysis Cell - Government of India	**10.51**	29.10
Due from Subsidiaries	**6.87**	1.63
Claims :		
Considered good	**382.06**	346.35
Considered doubtful	**29.69**	62.01
Less : Provision for doubtful claims	**(29.69)**	(62.01)
	382.06	346.35
Advance Income Tax (Net of provision for taxation)	**127.01**	130.79
Deposits :		
With Customs/Excise/Port Trust etc.	**78.87**	83.89
Others	**64.93**	81.49
	143.80	165.38
Total	**3,635.29**	4,764.34

* Includes :

Dues from Officers : ₹ **3.67 crores** (previous year ₹ 3.97 crores)

Maximum balances : ₹ **4.56 crores** (previous year ₹ 5.34 crores)

Dues from Directors : ₹ **0.14 crores** (previous year ₹ 0.15 crores)

Maximum balances : ₹ **0.15 crores** (previous year ₹ 0.16 crores)

SCHEDULE 'L' — LIABILITIES

	₹ **Crores**	31/03/2010 ₹ Crores
Current Liabilities :		
Sundry creditors		
Total outstanding dues of micro and small enterprises (refer note 8 of Schedule 'X'-B)	**1.94**	1.03
Total outstanding dues of creditors other than micro and small enterprises	**10,937.53**	8,358.94
Due to Subsidiaries	**673.59**	99.72
Deposits from Customers	**20.74**	25.81
Deposits for Containers	**4,325.49**	3,755.66
Unclaimed Dividend *	**2.79**	3.11
Unclaimed Deposits *	**0.27**	0.28
Unclaimed Interest on Deposits *	**0.08**	0.09
Other liabilities	**2,623.82**	2,212.07
Interest on loans (accrued but not due)	**202.04**	93.85
Total	**18,788.29**	14,550.56

* No amount is due at the end of the year for credit to Investors Education and Protection Fund.

SCHEDULE 'M' - PROVISIONS

	₹ **Crores**	31/03/2010 ₹ Crores
Provision for Taxation (Net of Tax paid)	**390.08**	759.78
Proposed dividend	**506.16**	506.16
Corporate Dividend Tax on proposed dividend	**71.08**	72.77
Provision for employee / retirement benefits	**2,202.71**	1,241.88
Total	**3,170.03**	2,580.59

SCHEDULE 'N' - SALE OF PRODUCTS

	₹ **Crores**	2009-10 ₹ Crores
Sales	**153,169.84**	125,643.84
Subsidy on LPG (Domestic) & SKO (PDS)	**629.49**	590.85
(As per the existing scheme of the Government Of India)		
Subsidy from Government of India	**9,418.88**	5,265.03
(refer note 1c of Schedule 'X'-B)		
Total	**163,218.21**	131,499.72

SCHEDULE 'O' — MISCELLANEOUS INCOME

	₹ Crores	2009-10 ₹ Crores
Income from Investments		
NON TRADE		
Current - Interest on Oil Marketing Companies GOI Special Bonds	**634.71**	354.66
Long Term - Interest on Oil Marketing Companies GOI Special Bonds	**-**	512.38
TRADE		
Dividend		
from subsidiaries	**68.03**	68.03
from others	**52.01**	40.24
Income from Petroleum India International	**-**	0.04
Total Income from Investments	**754.75**	975.35
Interest on bank deposits and others *		
Tax deducted at source - ₹ **14.37 crores** (previous year ₹ 33.17 crores)	**217.85**	289.17
Write back of liabilities no longer required (net)	**347.27**	-
Reversal of provision for doubtful debts & advances	**11.60**	-
Profit on sale/write off of fixed assets (net)	**-**	4.07
Foreign Exchange fluctuations (net)	**-**	556.53
Other income #	**423.50**	415.12
Tax deducted at source - ₹ **6.89 crores** (previous year ₹ 8.35 crores)		
Total	**1,754.97**	2,240.24

* Includes interest received from Income tax authorities ₹ **7.44 crores** (previous year ₹ 1.34 crores).

Includes amortisation of capital grants ₹ **0.15 crores** (previous year ₹ 0.09 crores).

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

		31/03/2010	₹ Crores	2009-10 ₹ Crores
Value of closing stock of				
Finished goods	**10,131.47**	8,383.49		
Stock in process	**1,031.25**	723.18		
			11,162.72	9,106.67
Less :				
Value of opening stock of				
Finished goods	**8,383.49**	4,631.30		
Stock in process	**723.18**	485.52		
			9,106.67	5,116.82
Total			**2,056.05**	3,989.85

SCHEDULE 'Q' - RAW MATERIALS CONSUMED

	₹ Crores	2009-10 ₹ Crores
Opening Stock	**2,745.99**	1,519.63
Add : Purchases	**63,993.74**	51,818.81
Less: Closing Stock	**(4,009.33)**	(2,745.99)
Total	**62,730.40**	50,592.45

SCHEDULE 'R' — CONSUMPTION OF STORES, SPARES AND MATERIALS

	₹ Crores	2009-10 ₹ Crores
Stores, spares and materials	**211.96**	244.55
Less : Charged to other revenue accounts	**(158.71)**	(165.03)
Total	**53.25**	79.52

SCHEDULE 'S' - POWER AND FUEL

	₹ Crores	2009-10 ₹ Crores
Power and Fuel	**2,676.04**	2,523.83
Less: Consumption of fuel out of own production	**(2,200.15)**	(2,286.71)
Total	**475.89**	237.12

SCHEDULE 'T' - EMPLOYEES' REMUNERATION AND OTHER BENEFITS

	₹ Crores	2009-10 ₹ Crores
Salaries and wages *	**1,507.28**	1,605.53
Contribution to provident fund	**93.52**	99.79
Contribution to gratuity fund	**24.85**	100.89
Contribution to other funds *	**850.72**	18.08
Welfare expenses	**326.48**	316.83
* (refer note 6 of Schedule 'X'- B)		
Total	**2,802.85**	2,141.12

SCHEDULE 'U' - INTEREST

	₹ Crores	2009-10 ₹ Crores
On Debentures	**154.78**	140.35
On Fixed Loans	**171.21**	146.58
Others	**774.79**	724.02
Total	**1,100.78**	1,010.95

SCHEDULE 'V' — OTHER OPERATING AND ADMINISTRATION EXPENSES

	₹ Crores	2009-10 ₹ Crores
Repairs and maintenance :		
Machinery	**410.13**	384.72
Building	**31.99**	26.53
Others	**95.39**	82.34
	537.51	493.59
Insurance	**32.23**	27.78
Rent	**157.14**	226.01
Rates and taxes	**35.74**	33.30
Remuneration to auditors	**0.37**	0.27
Utilities	**140.27**	131.83
Write off of Bad debts & others	**-**	6.02
Provision for doubtful debts and advances	**-**	72.56
Loss on sale of current Investments	**186.51**	221.07
Provision/(Reversal) towards diminution in value of investments	**(150.29)**	828.98
Loss on sale/write off of fixed assets (net)	**7.69**	-
Charges paid to other oil companies	**122.93**	108.51
Travelling and conveyance	**113.26**	98.81
Telephone, Telex, Cables, Postage etc.	**22.43**	24.24
Foreign Exchange fluctuations (net)	**31.00**	-
Other expenses	**1,071.92**	651.62
Total	**2,308.71**	2,924.59

SCHEDULE 'W' - PRIOR PERIOD INCOME/(EXPENSES) (NET)

	₹ Crores	2009-10 ₹ Crores
Sale of products	**2.29**	17.01
Miscellaneous Income	**0.71**	4.22
Purchase of product for resale	**9.75**	10.26
Raw Materials Consumed	**0.24**	-
Duties, taxes etc. and other product charges	**(1.44)**	(2.71)
Transportation	**7.86**	1.63
Consumption of stores, spares and materials	**(0.78)**	(0.83)
Power and Fuel	**(0.07)**	(0.07)
Rent, Rates & Taxes	**(16.84)**	(2.68)
Employees' remuneration and other benefits	**-**	(72.00)
Other operating and administration expenses	**(20.76)**	(8.07)
Interest	**(4.82)**	(1.94)
Depreciation	**13.77**	(0.34)
Interest income	**-**	0.09
Total	**(10.09)**	(55.43)

SCHEDULE 'X'— STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

A. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS FOR PREPARATION

The financial statements are prepared under historical cost convention to comply in all material aspects with the mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules 2006 and the provisions of the Companies Act, 1956, adopting accrual system of accounting unless otherwise stated.

2. USE OF ESTIMATES

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

3. FIXED ASSETS

3.1 LAND

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

3.2 FIXED ASSETS OTHER THAN LAND

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

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

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

3.3 EXPENDITURE DURING CONSTRUCTION PERIOD

Direct expenses including borrowing cost incurred during construction period on capital projects are capitalised. Indirect expenses of the project group which are allocated to projects costing ₹ 5 crores and above are also capitalised. Crop compensation expenses incurred in the process of laying pipelines are capitalised. Expenditure incurred generally during construction period of projects on assets like electricity transmission lines, roads, culverts etc. the ownership of which is not with the Company are charged to revenue in the accounting period of incurrence of such expenditure.

3.4 INTANGIBLE ASSETS

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

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

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

4. IMPAIRMENT OF ASSETS

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

5. BORROWING COSTS

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

6. DEPRECIATION

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

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

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

6.1.3. Computer equipments and peripherals, and mobile phones are depreciated over a period of 4 years. Furniture provided at the residence of management staff is depreciated over a period of seven years.

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

7. INVESTMENTS

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

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

8. INVENTORY

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

8.1.1. Raw materials on weighted average cost. Purchased raw materials in transit are carried at cost.

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

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

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

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

9. REVENUE RECOGNITION

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

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

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

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

10. CLASSIFICATION OF INCOME/EXPENSES

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

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

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

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

11. EMPLOYEE BENEFITS

11.1. Contributions to Provident Fund for the year are recognised in the Profit & Loss Account. Liability towards superannuation benefits is charged to the Profit & Loss Account.

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

12. DUTIES ON BONDED STOCKS

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

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

13. FOREIGN CURRENCY & DERIVATIVE TRANSACTIONS

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

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

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

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

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

14. GOVERNMENT GRANTS

14.1. In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is taken to Capital Reserve as deferred income, which is recognised in the Profit & Loss Account over the useful life of the asset.

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

15. PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

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

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

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

16. TAXES ON INCOME

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

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

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

B. NOTES FORMING PART OF ACCOUNTS

1. As advised by the Ministry of Petroleum & Natural Gas, the Corporation has accounted compensation towards sharing of under-recoveries on sale of sensitive petroleum products as follows:

a) ₹ **5,746.54 crores** (previous year ₹ 2,927.27 crores) discount on crude oil purchased from ONGC has been adjusted against raw material cost;

b) ₹ **1,213.50 crores** (previous year ₹ 702.57 crores) discounts on SKO and LPG purchased from ONGC/GAIL has been adjusted against “Purchase of products and crude oil for resale”.

c) ₹ **9,418.88 crores** (previous year ₹ 5,265.03 crores) subsidy from Government of India has been accounted as Income.

2. Debentures

a) The Corporation had allotted redeemable non-convertible 7.73% Debentures of face value of ₹ 1,000 crores on 12th October 2009. These are secured by first legal mortgage in English form by way of a Registered Debenture Trust Deed over the fixed assets of the Company, viz., a Flat at Mumbai and the Plant and Machinery in respect of Refinery Modernisation Project Crude Distillation Unit / Vacuum Distillation Unit, Catalytic Cracking Unit, Fluid Catalytic Cracking Unit, Diesel Hydro Desulphurisation Unit and Naphtha Hydro Desulphurisation Unit of the Mumbai Refinery. In order to maintain the security cover of 1.25 times, all future immovable properties including Land, Plant & Machinery and Fixtures & Fittings shall be a part of the Premises and Plant & Machinery which are mortgaged. These Debentures are redeemable at par on 9th October 2012.

b) The Corporation has allotted redeemable non-convertible 6.23% Debentures of face value of ₹ 1,000 crores on 30th April 2010. These are secured by first legal mortgage in English form by way of a Registered Debenture Trust Deed over the fixed assets of the Company, viz., a Flat at Mumbai and Plant and Machinery of the company in respect of its Process Equipments situated at Mahul Refinery. In order to maintain the security cover of 1.25 times, all future immovable properties including Land, Plant & Machinery and Fixtures & Fittings shall be a part of the Premises and Plant & Machinery which are mortgaged. These Debentures are redeemable at par on 28th October 2011.

3. As per the scheme of Amalgamation of the erstwhile Kochi Refineries Limited with the Corporation approved by the Government of India, 33,728,738 equity shares of the Corporation were allotted (in lieu of the shares held by the Corporation in the erstwhile Kochi Refineries Limited) to a trust for the benefit of the Corporation in the financial year 2006-07. Accordingly the cost of the original investment of ₹ 659.10 crores is reflected as ‘Others’ in Schedule ‘J’ - Other Current Assets. The income distributed by the trust during the year 2010-11 amounting to ₹ **47.22 crores** (previous year ₹ 23.61 crores) has been included in ‘Other income’ in Schedule ‘O’ – Miscellaneous Income.

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

4. Impairment of Assets

Determination as to whether and how much an asset is impaired involve Management estimates of highly uncertain matters such as international prices of crude oil and products, duty structure and Government policies. It is assumed that suitable mechanism would be in place, in line with earlier/ current year(s), to provide compensation towards under-recoveries of margin, if any, on account of sale of sensitive petroleum products in subsequent years. Hence, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. No impairment is therefore considered as at 31st March 2011.

5. The Cubject to confirmation. Adjustments, if any, arising therefrom are not likely to be material on settlement.

6. The Corporation changed its existing “Employees’ Contributory Superannuation Scheme”, from a Defined Benefit Scheme (DBS) into a Defined Contribution Scheme (DCS) applicable to all employees w.e.f. 1.1.2007. The net shortfall of ₹ 373.00 crores based on actuarial valuation in the DBS due to this changeover has been provided as a one-time contribution. Further, the Corporation has also provided ₹ 773.00 crores towards its liability to the DCS and fororporation has numerous transactions with other oil companies, which are reconciled on an ongoing basis and s pay-revision of non-management employees on an estimated basis.

7. Provision for taxation is computed, considering the liability provided during the year for the Superannuation Scheme as allowable expenditure. The Corporation is in the process of modifying the Scheme and there is reasonable certainty that approval would be obtained from tax authorities. Provision for taxation also includes ₹ **1.50 crores** (previous year ₹ 1.50 crores) towards wealth tax.

8. To the extent, the Corporation has received intimation from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, the details are provided as under for the year 2010-11:

		₹ Crores	
		31.03.11	31.03.10
(i)	Principal amount remaining unpaid as on 31st March	**1.94**	1.03
(ii)	Interest due thereon remaining unpaid as on 31st March	-	-
(iii)	Interest paid by the Corporation in terms of section 16 of the Micro, Small And Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the period	-	-
(iv)	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the Micro, Small And Medium Enterprises Development Act, 2006	-	-
(v)	Interest accrued and remaining unpaid as at 31st March	-	-
(vi)	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

9. Disclosure as per requirements of Accounting Standard 15 - "Employee Benefits" :

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

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

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

Disclosures as per requirements of Accounting Standard 15 continued :

₹ Crores

		Gratuity - Funded *		Leave Encashment - Non Funded		Post Retirement Medical - Non Funded		Burmah Shell Pension - Non Funded		Death / Permanent disablement - Non Funded		Re-settlement Allowance - Non Funded		Ex-gratia scheme - Non Funded	
a)	**Reconciliation of balances of Defined Benefit Obligations.**	**2010-11**	2009-10	**2010-11**	2009-10	**2010-11**	2009-10	**2010-11**	2009-10	**2010-11**	2009-10	**2010-11**	2009-10	**2010-11**	2009-10
	Defined Obligations at the beginning of the year	**585.97**	469.34	**492.83**	323.86	**307.02**	265.29	**66.91**	61.55	**7.42**	10.45	**4.73**	4.78	**242.05**	235.70
	Interest Cost	**47.92**	37.49	**39.99**	23.60	**27.00**	21.00	**4.86**	4.35	**0.41**	0.66	**0.46**	0.44	**19.73**	18.65
	Current Service Cost	**10.46**	18.38	**22.10**	19.31	**22.36**	16.80	**-**	-	**-**	-	**0.90**	0.95	**4.97**	14.75
	Past service cost	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	Benefits paid	**(31.23)**	(8.08)	**(60.31)**	(77.34)	**(12.55)**	(10.84)	**(15.95)**	(10.81)	**(4.99)**	(3.92)	**(0.02)**	(0.02)	**(15.76)**	(19.53)
	Actuarial (Gains)/ Losses on obligations	**(12.37)**	68.84	**59.05**	203.40	**27.11**	14.77	**10.57**	11.82	**4.54**	0.23	**(1.36)**	(1.42)	**(5.58)**	(7.52)
	Defined Obligations at the end of the year	**600.75**	585.97	**553.66**	492.83	**370.94**	307.02	**66.39**	66.91	**7.38**	7.42	**4.71**	4.73	**245.41**	242.05

b)	**Reconciliation of balances of Fair Value of Plan Assets in respect of Gratuity Fund**		
	Fair Value at the beginning of the year	**326.80**	257.41
	Expected Return	**36.12**	24.56
	Actuarial gains/ (losses)	**(14.96)**	(0.74)
	Actual Return on Plan assets	**21.16**	23.82
	Contribution by employer	**140.27**	53.65
	Benefits paid	**(31.23)**	(8.08)
	Fair Value of Plan Assets at the end of the year	**457.00**	326.80

c)	**Amount recognised in Balance sheet (a-b)**	**143.75**	259.17	**553.66**	492.83	**370.94**	307.02	**66.39**	66.91	**7.38**	7.42	**4.71**	4.73	**245.41**	242.05

d)	**Amount recognised in P & L Account**														
	Current Service Cost	**10.46**	18.38	**22.10**	19.31	**22.36**	16.80	**-**	-	**-**	-	**0.90**	0.95	**4.97**	14.75
	Past Service cost	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
	Interest Cost	**47.92**	37.49	**39.99**	23.60	**27.00**	21.00	**4.86**	4.35	**0.41**	0.66	**0.46**	0.44	**19.73**	18.65
	Expected Return on Plan Asssets	**(36.12)**	(24.56)												
	Actuarial (Gains)/ Losses	**2.59**	69.58	**59.05**	203.40	**27.11**	14.77	**10.57**	11.82	**4.54**	0.23	**(1.36)**	(1.42)	**(5.58)**	(7.52)
	Expenses for the period	**24.85**	100.89	**121.14**	246.31	**76.47**	52.57	**15.43**	16.17	**4.95**	0.89	**-**	(0.03)	**19.12**	25.88

e)	**Major Actuarial Assumptions**														
	Discount Rate	**8.25%**	8.25%	**8.25%**	8.25%	**8.25%**	8.25%	**8.25%**	8.25%	**8.25%**	8.25%	**8.25%**	8.25%	**8.25%**	8.25%
	Salary Escalation/ Inflation	**7.00%**	7.00%	**7.00%**	7.00%	**7.00%**	6.00%	**-**	-	**-**	-	**-**	-	**-**	-
	Expected Return on Plan assets	**8.00%**	8.00%	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-

Notes :

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

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

f)	**Investment pattern for Gratuity Fund as on**	**31.3.2011**	31.03.2010
	Category of Asset	**%**	%
	Government of India Asset	**22.93**	32.06
	Corporate Bonds	**21.29**	29.77
	State Government	**4.37**	6.12
	Others	**51.41**	32.05
	Total	**100.00**	100.00

* Yet to be funded ₹ **143.75 crores** (Previous year ₹ 259.17 crores)

g) As per our best estimate, ₹ **75.57 crores** is expected to be paid to the Gratuity Fund as contribution in year 2011-12

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

	31.3.2011	31.3.2010
Change in Liability for : 1% increase in Discount Rate	**(32.46)**	(26.86)
Change in Service Cost for : 1% increase in Discount Rate	**(1.82)**	(1.37)
Change in Liability for : 1% decrease in Discount rate	**35.76**	29.60
Change in Service cost for :1% decrease in Discount rate	**2.20**	1.65

10. Related Party Disclosures as per Accounting Standard 18

Names of the Related parties : Indraprastha Gas Limited
Petronet India Limited
Petronet CCK Limited
Petronet CI Limited
Petronet LNG Limited
Bharat Oman Refineries Limited
Petroleum Infrastructure Limited
Petroleum India International
Maharashtra Natural Gas Limited
Central UP Gas Limited
Sabarmati Gas Limited
Bharat Stars Services Private Limited
Bharat Renewable Energy Limited
Matrix Bharat Marine Services Pte. Ltd.
Delhi Aviation Fuel Facility Private Limited
IBV Brasil Petroleo Ltda.

The nature wise transactions with the above related parties are as follows:

			₹ **crores**
		2010-11	2009-10
a.	**Purchase of goods from :**		
	Petronet LNG Limited	**1,442.21**	1,338.59
	Others	**232.54**	110.36
	Total	**1,674.75**	1,448.95
b.	**Sale of goods to :**		
	Bharat Oman Refineries Limited	**1,441.07**	936.71
	Matrix Bharat Marine Services Pte. Ltd.	**1,353.47**	796.99
	Others	**481.36**	160.51
	Total	**3,275.90**	1,894.21
c.	**Rendering of Services to :**		
	Bharat Oman Refineries Limited	**7.69**	4.54
	Others	**0.72**	-
	Total	**8.41**	4.54
d.	**Receiving of Services from :**		
	Petronet CCK Limited	**54.87**	50.42
	Delhi Aviation Fuel Facility Private Limited	**41.70**	-
	Others	**7.98**	2.42
	Total	**104.55**	52.84
e.	**Interest Income from :**		
	Bharat Oman Refineries Limited	**132.85**	204.55
	Others	**5.93**	5.45
	Total	**138.78**	210.00
f.	**Dividend Received from :**		
	Indraprastha Gas Limited	**14.18**	12.60
	Petronet LNG Limited	**16.41**	16.41
	Others	**0.53**	0.47
	Total	**31.12**	29.48

		2010-11	2009-10
			₹ crores
g.	**Investments and Advance for Investments in :**		
	Bharat Oman Refineries Limited	**448.79**	-
	Sabarmati Gas Limited	**-**	20.00
	Bharat Stars Services Private Limited	**-**	5.00
	Others	**34.93**	-
	Total	**483.72**	25.00
h.	**Loans and advances given to :**		
	Petronet CCK Limited	**24.40**	9.80
	Bharat Oman Refineries Limited	**-**	1,201.84
	Others	**-**	27.75
	Total	**24.40**	1,239.39
i.	**Outstandings at period end**		
	Receivables :		
	Bharat Oman Refineries Limited*	**1,394.18**	3,100.32
	Others	**156.08**	177.00
	Total	**1,550.26**	3,277.32
	Payables :		
	Petronet LNG Limited	**74.98**	45.79
	Delhi Aviation Fuel Facility Private Limited	**135.41**	-
	Bharat Oman Refineries Limited	**50.76**	0.08
	Others	**18.80**	10.26
	Total	**279.95**	56.13
j.	**Management Contracts (Employees on deputation) :**		
	Bharat Oman Refineries Limited	**13.85**	10.55
	Others	**6.36**	5.25
	Total	**20.21**	15.80
k.	**Lease Rentals**		
	Petronet CCK Limited	**0.32**	0.29
	Petronet India Limited	**0.11**	-
	Total	**0.43**	0.29

* Includes subordinated loan ₹ **1,354.10 crores** (Previous year ₹ 2,810.10 crores).

Key Management Personnel (Whole time Directors) :

M/s. Ashok Sinha (Chairman & Managing Director) up to 18th August, 2010.

S. Radhakrishnan (Director Marketing) up to 28th February 2011. Held Additional charge of Chairman & Managing Director from 19th August 2010 to 8th December 2010.

R.K. Singh (Chairman & Managing Director) w.e.f. 9th December,2010 and prior to that he was Director (Refineries).

K.K. Gupta (Director Marketing) w.e.f. 31st March,2011

S. Mohan (Director Human Resources)

Sudhir K. Joshi (Director Finance)

Details of remuneration to Directors are given in note 20 of Notes to Accounts.

11. Earnings per share

		2010-11	2009-10
Profit / (Loss) after Tax	₹ Crores	**1546.68**	1537.62
Weighted average number of shares outstanding during the year	Crore nos.	**36.15**	36.15
Basic earnings per share	₹	**42.78**	42.53
Diluted earnings per share	₹	**42.78**	42.53

12. Deferred Tax Liability

As per the requirement of the Accounting Standard 22 - “Accounting for Taxes on Income” the net deferred tax liability debited during the year is ₹ **148.24 crores** (previous year net deferred tax asset credited ₹ 303.25 crores).

The period end position is given below:

₹ **Crores**

	31-03-2011	31-03-2010
Deferred Tax Liability		
Depreciation	**2060.20**	1903.48
Deferred Tax Asset:		
Disallowance u/s 43B of the Income Tax Act, 1961 including employee benefits.	**571.88**	539.59
Provisions for mark to market for investments & loans, doubtful debts, claims, etc.	**480.78**	504.59
Total Deferred Tax Asset	**1052.66**	1044.18
Net Deferred Tax Liability	**1007.54**	859.30

13. In compliance with AS – 27 ‘Financial Reporting of Interests in Joint Ventures’, the required information is as under:

a) Jointly controlled entities:	**Country of Incorporation**	**Percentage of ownership interest as on**	
		31.03.2011	31.03.2010
Indraprastha Gas Limited	India	**22.50**	22.50
Petronet India Limited	India	**16.00**	16.00
Petronet CCK Limited	India	**49.00**	49.00
Petronet CI Limited (#)	India	**11.00**	11.00
Petronet LNG Limited	India	**12.50**	12.50
Bharat Oman Refineries Limited	India	**50.00**	50.00
Petroleum Infrastructure Limited (#)	India	**50.00**	50.00
Central UP Gas Limited	India	**25.00**	22.50
Maharashtra Natural Gas Limited	India	**22.50**	22.50
Sabarmati Gas Limited	India	**25.00**	25.00
Bharat Stars Services Private Limited	India	**50.00**	50.00
Bharat Renewable Energy Limited	India	**33.33**	33.33
Matrix Bharat Marine Services Pte. Ltd.	Singapore	**50.00**	50.00
Delhi Aviation Fuel Facility Pvt. Ltd.	India	**37.00**	37.00

Company under liquidation

BPRL Ventures B.V., a 100% step-down subsidiary of the Corporation holds 50% equity in IBV Brasil Petroleo Ltda., a joint venture company incorporated in Brazil.

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

(₹ Crores)

		31.03.2011	31.03.2010
(i)	Assets		
	- Long Term Assets	**6,986.26**	5,461.99
	- Investments	**166.57**	451.86
	- Current Assets	**2,231.22**	1,332.40
(ii)	Liabilities		
	- Loans (Secured & Unsecured)	**6,112.20**	5,237.71
	- Current Liabilities and Provisions	**922.50**	672.26
	- Deferred Tax	**61.26**	49.03
(iii)	Income	**3,192.13**	2,755.91
(iv)	Expenses	**3,061.82**	2,698.51
(v)	Contingent Liabilities	**563.72**	433.99
(vi)	Capital Commitments	**788.02**	1,664.94

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

15. Disclosure as required by Clause 32 of Listing Agreement

₹ Crores

		Balance as on		Maximum amount outstanding during the period	
		31.03.2011	31.03.2010	**2010-11**	2009-10
a)	Loans and advances in the nature of loans to subsidiary company				
	- Bharat PetroResources Limited	**635.10**	327.00	**635.10**	350.00
b)	Loans and advances in the nature of loans to associates	**-**	-	**-**	-
c)	Loans and advances in the nature of loans where there is				
	i) No repayment schedule or repayment beyond 7 years				
	- Petronet CCK Limited	**84.47**	60.07	**84.47**	60.07
	ii) No interest or interest below Section 372A of Companies Act	**-**	-	**-**	-
d)	Loans and advances in the nature of loans to firms/ companies in which directors are interested				
	- Bharat Oman Refineries Limited	**1,354.10**	2,810.10	**2,810.10**	2,810.10
e)	Investment by the loanee in the shares of BPCL and its subsidiary company	**-**	-	**-**	-

SCHEDULE 'X' — (CONTD.)

16. INTANGIBLE ASSETS

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

a) Intangible assets - being amortised

₹ Crores

PARTICULARS	USEFUL LIFE	GROSS AMOUNT				AMORTISATION				NET AMOUNT	
	(NO. OF MONTHS)	AS AT 01-04-2010	ADDITIONS	DELETIONS/ RECLASSIFICATION	**AS AT 31-03-2011**	UPTO 31-03-2010	THIS YEAR	DELETIONS/ RECLASSIFICATION	**UPTO 31-03-2011**	**AS AT 31-03-2011**	AS AT 31-03-2010
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	**(10)**	**(11)**	(12)
1. RIGHT OF WAY	Perennial	26.92	4.34	-	**31.26**	-	-	-	**-**	**31.26**	26.92
2. SOFTWARE	24	-	0.32	-	**0.32**	-	0.01	-	**0.01**	**0.30**	-
3. SOFTWARE	36	11.86	0.94	-	**12.80**	11.74	0.39	-	**12.14**	**0.66**	0.12
4. SOFTWARE	48	1.18	-	-	**1.18**	0.55	0.30	-	**0.84**	**0.34**	0.63
5. SOFTWARE	60	29.60	1.12	-	**30.72**	9.30	5.23	-	**14.53**	**16.19**	20.30
6. DEVELOPMENT RIGHTS	60	1.50	-	-	**1.50**	1.50	-	-	**1.50**	**-**	-
7. PROCESS LICENSE	60	39.68	12.65	0.24	**52.09**	31.33	6.51	-	**37.84**	**14.26**	8.35
TOTAL		**110.74**	**19.37**	**0.24**	**129.87**	**54.42**	**12.44**	**-**	**66.86**	**63.01**	**56.32**
PREVIOUS YEAR		83.51	27.23	-	**110.74**	42.37	12.05	-	**54.42**	**56.32**	41.14

b) Intangible Assets- pending amortisation*

₹ Crores

PARTICULARS	USEFUL LIFE	GROSS AMOUNT				AMORTISATION				NET AMOUNT	
	(NO. OF MONTHS)	AS AT 01-04-2010	ADDITIONS	CAPITALISATIONS / DELETIONS	**AS AT 31-03-2011**	UPTO 31-03-2010	THIS YEAR	DELETIONS/ RECLASSIFICATION	**UPTO 31-03-2011**	**AS AT 31-03-2011**	AS AT 31-03-2010
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	**(10)**	**(11)**	(12)
1. SOFTWARE		2.62	-	0.09	**2.53**	-	-		**-**	**2.53**	2.62
TOTAL		**2.62**	**-**	**0.09**	**2.53**	**-**	**-**	**-**	**-**	**2.53**	**2.62**
PREVIOUS YEAR		5.96	2.53	5.87	**2.62**				**-**	**2.62**	5.96

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

Note: There are no internally generated Intangible Assets

17. Capital Commitments and Contingent Liabilities :

		₹ **Crores**	31/03/2010 ₹ Crores
17.1	**Capital Commitments :**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	**804.98**	1,300.53
17.2	**Contingent Liabilities :**		
(a)	In respect of Income Tax matters	**95.26**	59.88
(b)	Other Matters :		
	i) Surety bonds executed on behalf of other oil companies for excise/ customs duties for which BPCL has signed as surety	**183.45**	195.30
	ii) Claims against the Corporation not acknowledged as debts :		
	(a) Excise and customs matters	**1,242.94**	1,190.86
	(b) Sales tax matters	**2,880.03**	2,668.30
	(c) Others *	**322.36**	263.12

These include ₹ **1014.13 crores** (previous year ₹ 751.55 crores) against which the Corporation has a recourse for recovery and ₹ **43.73 crores** (previous year ₹ 29.42 crores) on capital account.

* In respect of lands acquired, land owners have claimed higher compensation before various Authorities / Courts, which are yet to be settled. The estimated contingent liability of ₹ **95.16 crores** (previous year ₹ 54.63 crores) in such cases is included above.

		₹ **Crores**	31/03/2010 ₹ Crores
	iii) Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases.	**6.15**	4.55
	iv) Guarantees given on behalf of Subsidiaries/JV's	**4,408.77**	3,700.43

18. 18.1 Foreign Exchange losses amounting to ₹ **205.31 crores** (previous year ₹ 37.42 crores) are regarded as adjustment to Interest cost and debited to Interest expenditure.

18.2 The deferred premium amounting to ₹ **130.77 crores** (previous year ₹ 90.29 crores) in respect of forward exchange contract will be recognised in the Profit & Loss Account of one or more subsequent accounting periods.

19. 19.1 The Corporation has on the Balance Sheet date, outstanding forward contracts amounting to **USD 1793 million** (previous year USD 816.95 million) to hedge the foreign currency exposure towards loans; this includes **USD 55 million** (previous year USD 55 million) in respect of long term loans. The Corporation does not generally hedge the risks on account of foreign currency exposure for the payment of crude oil. Following are the unhedged foreign currency exposures as on 31.03.2011:

Exposure Type	**USD Million**	31/03/2010 USD Million
Imports	**1,295.60**	649.63
Buyers Credit Loan (Short Term)	**658.00**	628.00
ECB (Long Term)	**370.00**	170.00
Export Debtors	**143.01**	163.87

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

Instrument	**Description**		**Quantity**
OTC Swap	Spread between Petroleum Products and Crude Oil	**6.25**	million barrels
OTC Swap	Freight Derivative	**5,000.00**	MT

For the year 2010-11, the Corporation has provided for losses on Mark-to-Market basis for outstanding derivatives in accordance with the principle of prudence and other applicable guidelines. Accordingly, ₹ **158.24 crores** (previous year ₹ 8.05 crores) has been provided for losses on the above outstanding derivatives.

20. Managerial Remuneration :

	₹ **Crores**	2009-10 ₹ Crores
Salary and allowances	**0.59**	0.76
Contributions to Provident Fund and other funds	**0.10**	0.10
Other benefits	**1.67**	0.63
	2.36	1.49

21. Remuneration to Auditors (net of service tax) :

		₹ **Crores**	2009-10 ₹ Crores
(a)	Audit fees	**0.20**	0.16
(b)	Fees for other services-certification.	**0.17**	0.11
		0.37	0.27

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

	Licensed Capacity	Installed Capacity	Actual Production
(a) Fuel refinery			
(i) In million metric tonnes p.a.	**NA**	**21.50**	**21.78**
	(NA)	(21.50)	(20.41)
(ii) Production in kilolitres (KL)			
Light distillates	-	-	**8,668,482**
			(7,663,743)
Middle distillates	-	-	**13,781,044**
			(12,675,269)
Others	-	-	**3,046,601**
			(3,397,265)
(b) Aromatics (in MT)			
(i) Benzene *	**185,500**	**192,900**	**75,156**
	(185,500)	(192,900)	(57,742)
(ii) Toluene *	**67,600**	**73,100**	**20,282**
	(67,600)	(73,100)	(23,265)
(iii) Mixed Aromatic Solvent	**15,000**	**15,000**	**-**
	(15,000)	(15,000)	-
(c) MTBE in M.T. #	**NA**	**30,000**	**27,584**
	(NA)	(30,000)	(28,095)
(d) New Solvent Unit			
(i) Solvent (SBP 55-115) in M.T.	**NA**	**40,000**	**9,992**
	(NA)	(40,000)	(8,325)
(ii) Solvent (Food Grade Hexane) in M.T.	**NA**	**25,000**	**29,257**
	(NA)	(25,000)	(23,451)
(e) Poly Proplyene Feedstock in M.T.	**NA**	**60,000**	**58,127**
	(NA)	(60,000)	(63,593)
(f) Lubricants in M.T. @	**NA**	**220,800**	**220,387**
	(NA)	(153,400)	(209,301)
(g) Lube Oil Base Stock (LOBS) in M.T.	**NA**	**180,000**	**205,373**
	(NA)	(180,000)	(185,452)
(h) Sulphur in M.T.	**NA**	**117,667**	**70,228**
	(NA)	(117,667)	(64,637)
(i) Natural Rubber Modified Bitumen in M.T.	**NA**	**65,000**	**7,598**
	(NA)	(65,000)	(4,775)
(j) Bitumen Emulsion (Single Shift) in M.T.	**50,000**	**27,600**	**5,310**
	(50,000)	(27,600)	(4,535)
(k) Diesel Additive (Single Shift) in M.T.	**5,000**	**1,500**	**-**
	(5,000)	(1,500)	-
(l) Propylene in M.T.	**65,000**	**50,000**	**16,067**
	(65,000)	(50,000)	(8,239)
(m) Petroleum Hydrocarbon Solvent in M.T.	**10,000**	**8,820**	**7,216**
	(10,000)	(8,820)	(6,658)
(n) Poly Iso Butene in M.T.	**5,000**	**5,000**	**1,074**
	(5,000)	(5,000)	(991)
(o) Cable Jelly (Poly Isobutene Unit) in M.T.	**6,500**	**2,500**	**-**
	(6,500)	(2,500)	-
(p) Others (Poly Isobutene Unit) in M.T.	**14,000**	**1,000**	**-**
	(14,000)	(1,000)	-

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

@ The blending capacities have been reviewed during the year and have been reworked in line with current usage pattern which is depending on the market requirement.

\# MTBE is used for own manufacture of Motor Spirit.

23. Raw materials consumed :

	Quantity KL	Quantity MT	Value ₹ Crores
Crude Oil		**21,386,412**	**60,907.23**
		(20,375,545)	(50,064.15)
Base oil	**42,064**		**182.73**
	(41,675)		(155.06)
Additive		**12,418**	**181.96**
		(13,023)	(179.01)
Ethanol	**35,627**		**112.93**
	(22,540)		(57.20)
Reformate		**240,506**	**1,069.21**
		(23,069)	(98.83)
Others		**132,313**	**276.34**
		(10,746)	(38.20)
			62,730.40
			(50,592.45)

24. Finished goods purchased, sold and stocked :

Petroleum Products	Opening Stock Quantity MT	Opening Stock Value ₹ Crores	Purchases Quantity MT	Purchases Value ₹ Crores
Light Distillates	**622,423**	**2,694.23**	**6,702,257**	**28,520.71**
	(534,932)	(1,671.62)	(6,218,172)	(22,229.54)
Middle Distillates	**1,507,978**	**4,933.96**	**11,421,197**	**47,560.38**
	(1,012,042)	(2,434.27)	(12,240,136)	(40,415.23)
Others	**186,752**	**491.78**	**117,212**	**313.59**
	(205,608)	(333.13)	(373,932)	(871.64)
Aromatics				
(a) Benzene	**4,430**	**22.29**	**-**	**-**
	(6,299)	(14.32)	-	-
(b) Toluene	**1,929**	**9.00**	**-**	**-**
	(2,526)	(7.88)	-	-
Lubricants	**44,278**	**232.19**	**1,326**	**11.40**
	(29,065)	(170.00)	(2,287)	(13.88)
Others (Grocery)		**0.04**	**-**	**-**
		(0.08)	-	-
		8,383.49		**76,406.08**
		(4,631.30)		(63,530.29)

	Sales		Closing Stock	
Petroleum Products	**Quantity MT**	**Value ₹ Crores**	**Quantity MT**	**Value ₹ Crores**
Light Distillates	**12,605,745**	**53,680.91**	**683,399**	**3,496.28**
	(11,455,039)	(41,946.30)	(622,423)	(2,694.23)
Middle Distillates	**22,699,979**	**87,258.02**	**1,501,803**	**5,665.55**
	(22,079,974)	(72,035.23)	(1,507,978)	(4,933.96)
Others	**3,057,664**	**8,156.92**	**262,981**	**688.88**
	(3,702,024)	(9,048.79)	(186,752)	(491.78)
Aromatics				
(a) Benzene	**73,959**	**375.09**	**5,651**	**27.23**
	(59,582)	(278.10)	(4,430)	(22.29)
(b) Toluene	**20,768**	**102.12**	**1,428**	**6.15**
	(23,861)	(107.44)	(1,929)	(9.00)
Lubricants	**277,437**	**2,500.30**	**38,885**	**247.30**
	(231,121)	(1,882.07)	(44,278)	(232.19)
Others (Grocery)	**-**	**-**	**-**	**0.08**
	-	-	-	(0.04)
		152,073.36		**10,131.47**
		(125,297.93)		(8,383.49)

(a) Purchases excludes inter product transfers.

(b) Purchases excludes crude oil purchased for resale ₹ **1,732.80 crores** (previous year ₹ 947.69 crores)

(c) Purchases of petroleum products exclude payments to third parties for processing fees ₹ **33.25 crores** (previous year ₹ 25.22 crores) but include own consumption and samples ₹ **67.03 crores** (previous year ₹ 93.99 crores).

(d) Sales exclude subsidy ₹ **9,418.88** (previous year ₹ 5,265.03 crores) issued by Government of India and Sale of Crude Oil worth ₹ **1,725.97 crores** (previous year - ₹ 936.71 crores)

25. Value of imports calculated on C.I.F. basis

	₹ Crores	2009-10 ₹ Crores
(a) Raw Materials (including crude oil)	**44,321.61**	36,397.79
(b) Capital goods	**123.98**	322.15
(c) Components and spare parts (including packages, chemicals and catalysts)	**44.18**	153.69

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

	₹ Crores	₹ Crores
(a) Purchase of products	**7,030.55**	5,620.63
(b) Know-how	**0.11**	-
(b) Professional Consultancy Fees	**0.45**	4.29
(c) Royalty	**0.14**	12.35
(d) Interest	**88.24**	63.25
(e) Other matters	**612.65**	474.14

27. Value of raw materials, stores/spare parts and components including packages, chemicals & catalysts consumed (on derived basis) :

	Imported		Indigenous		Total
	₹ Crores	**%**	**₹ Crores**	**%**	**₹ Crores**
Crude Oil	**45,916.56**	**75.39**	**14,990.67**	**24.61**	**60,907.23**
	(36,344.81)	(72.60)	(13,719.34)	(27.40)	(50,064.15)
Base Oil	**(0.01)**	**(0.00)**	**182.73**	**100.00**	**182.73**
	(0.03)	(0.02)	(155.03)	(99.98)	(155.06)
Additive	**11.73**	**6.45**	**170.23**	**93.55**	**181.96**
	(12.21)	(6.82)	(166.80)	(93.18)	(179.01)
Ethanol	**-**	**-**	**112.93**	**100.00**	**112.93**
	-	-	(57.20)	(100.00)	(57.20)
Reformate	**1,059.70**	**99.11**	**9.51**	**0.89**	**1,069.21**
	(98.83)	(100.00)	-	-	(98.83)
Others	**5.58**	**1.95**	**280.27**	**98.05**	**285.85**
	(7.87)	(20.60)	(30.33)	(79.40)	(38.20)
Stores/Spare parts and Components (including packages,	**41.97**	**18.15**	**189.30**	**81.85**	**231.27**
chemicals & catalysts)	(73.48)	(19.45)	(304.23)	(80.55)	(377.71)

28. Earnings in foreign exchange :

		2009-10
	₹ Crores	₹ Crores
Exports on FOB basis #	**12,380.37**	9,504.36

Includes receipt of ₹ **1324.40 crores** (previous year ₹ 1636.56 crores) in Indian currency out of the repatriable funds of foreign airline customers and ₹ **57.75 crores** (previous year ₹ 12.18 crores) of INR exports to Nepal and Bhutan.

29. Expenditure on social overheads :

		2009-10
	₹ Crores	₹ Crores
(a) Expenditure on township [net of recovery ₹ **0.81 crores** (previous year ₹ 0.89 crores)]	**3.41**	4.06
(b) Medical facilities over and above statutory requirements	**0.51**	0.52
(c) Social and cultural activities	**21.09**	15.36
(d) Depreciation on capital assets	**1.14**	1.09

30. Profit and Loss Account includes expenditure on :

		2009-10
	₹ Crores	₹ Crores
(a) Entertainment	**1.02**	0.82
(b) Public relations and publicity	**2.83**	2.30
(c) Remuneration to staff employed for public relations work	**3.73**	3.14

31. Research and development

		2009-10
	₹ Crores	₹ Crores
(a) Revenue expenditure	**22.22**	27.86
(b) Capital expenditure	**11.28**	6.92

32. STATUTORY INFORMATION PURSUANT TO PART – IV OF SCHEDULE – VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 8931/TA/III OF 1952 – 53

State Code 1 1

Balance Sheet Date 3 1 (Date) 0 3 (Month) 2 0 1 1 (Year)

II. Capital raised during the year (₹ Crores)

Public Issue	Right Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

III Position of Mobilisation and Deployment of Funds (₹ Crores)

Total Liabilities	Total Assets
55995.35	55995.35

Sources of Funds :
(excluding deferred tax liability)

Paid–up Capital	Reserves & Surplus
361.54 #	13696.08
Secured Loans	**Unsecured Loans**
4033.10	14938.77

Including Share Application Money Suspense ₹ 21,000

Application of Funds :

Net Fixed Assets	Investments
17011.56 *	11377.96
Net Current Assets	**Misc. Expenditure**
5647.51	NIL
Accumulated losses	
NIL	

*Includes Capital work–in–progress

IV. Performance of Company (₹ crores)

Turnover	Total Expenditure
164973.18 *	162560.53
+ – Profit/Loss Before Tax	**+ – Profit/Loss After Tax**
+ 2412.65	+ 1546.68
Earning per Share in ₹	**Dividend rate %**
42.78	140

* Includes miscellaneous income

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

Item Code No. (ITC Code)	2710
Product Description	PETROLEUM PRODUCTS
Item Code No. (ITC Code)	2902
Product Description	BENZENE
Item Code No. (ITC Code)	2710
Product Description	LUBRICANTS

Note :
ITC code of products as per Indian Trade Classification based on harmonised commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics.

33. Figures of the previous year have been regrouped wherever necessary, to conform to current year presentation.

Signature to Schedules `A' to `X'

For and on behalf of the Board of Directors

Sd/–
R. K. SINGH
Chairman and Managing Director

Sd/–
SUDHIR K. JOSHI
Director (Finance)

Sd/–
S. V. KULKARNI
Company Secretary

Place : New Delhi
Dated : 30th May, 2011

CASH FLOW STATEMENT

For the year ended 31st March	Notes	2011	2010
		₹ Crores	₹ Crores
A Cash Flow from Operating Activities			
Net Profit Before tax and prior period items		**2,422.74**	2,421.48
Adjustments for :			
Depreciation		**1,655.40**	1,242.32
Interest		**1,100.78**	1,010.95
Foreign Exchange Fluctuations	Note 3	**(106.68)**	(274.04)
(Profit) / Loss on Sale of fixed assets		**7.69**	(4.07)
(Profit) / Loss on Sale of investments		**186.51**	221.07
Income from Investments		**(852.56)**	(1,156.25)
Dividend Received		**(120.04)**	(108.27)
Other Non-Cash items	Note 4	**(455.84)**	919.58
Operating Profit before Working Capital Changes		**3,838.00**	4,272.77
(Invested in)/Generated from :			
Trade Receivables		**18.39**	(1,309.58)
Other Receivables		**(670.50)**	(2,121.25)
Inventory		**(3,346.22)**	(5,210.95)
Current Liabilities & Payables		**5,474.15**	3,787.63
Cash generated from Operations		**5,313.82**	(581.38)
Direct Taxes paid		**(1,083.65)**	(878.68)
Cash flow before prior period items		**4,230.17**	(1,460.06)
Prior Period Items		**(10.09)**	(55.43)
Non-Cash items		**(13.77)**	0.34
Net Cash from Operating Activities		**4,206.31**	(1,515.15)

CASH FLOW STATEMENT — (CONTD.)

For the year ended 31st March	Notes	2011 ₹ Crores	2010 ₹ Crores
B Net Cash Flow from Investing Activities			
Purchase of fixed assets		**(2,481.25)**	(3,369.81)
Sale of fixed assets		**4.89**	11.83
Capital Grant Received		**1.62**	-
(Investment)/Sale of Investment in Joint Venture Companies			
Bharat Oman Refineries Limited		**(448.79)**	-
Central UP Gas Limited		**(1.50)**	-
Delhi Aviation Fuel Facility Private Limited		**(60.68)**	#
Bharat Renewable Energy Limited		**(0.50)**	-
Sabarmati Gas Limited		**-**	(39.95)
Bharat Stars Services Pvt. Limited		**-**	(5.00)
Maharashtra Natural Gas Limited		**-**	(22.48)
Premier Oil Cachar B.V.		**-**	0.10
(Investment)/Sale of Investment in Subsidiaries			
Bharat PetroResources Limited		**(397.45)**	(200.00)
Purchase of Investments		**-**	(2,563.87)
Sale of Investments		**2,996.07**	6,358.22
Income from Investment		**894.55**	1,261.12
Dividend Received		**120.04**	108.27
		627.00	1,538.43
C Net Cash Flow from Financing Activities			
Long term Borrowings		**2,137.17**	2,643.00
Repayment of loans		**(2,326.88)**	(719.05)
Interest paid		**(1,061.73)**	(1,041.83)
Dividend Paid		**(506.48)**	(253.15)
Corporate Dividend Tax		**(72.77)**	(31.45)
Realised gains of exchange differences on foreign currency loans		**13.69**	54.57
Net Cash Flow from Financing Activities		**(1,817.00)**	652.09
D Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)		**3,016.31**	675.37

Value ₹37,000 invested

Cash and Cash equivalents as at 31st March	Notes	**2010** **₹ Crores**	2009 ₹ Crores
Cash in Hand		**98.32**	124.49
Cash at Bank		**243.97**	315.39
Cash in transit		**0.07**	1.67
Cash Credit from scheduled banks		**(6,714.15)**	(2,497.70)
CBLOs		**(500.00)**	(150.00)
Unsecured loans from scheduled banks / ICDs / CPs		**(9,574.24)**	(14,915.25)
		(16,446.03)	(17,121.40)

Cash and Cash equivalents as at 31st March	**2011**	2010
Cash in Hand	**133.85**	98.32
Cash at Bank	**246.12**	243.97
Cash in transit	**-**	0.07
Cash Credit from scheduled banks	**(2,021.55)**	(6,714.15)
CBLOs	**-**	(500.00)
Unsecured loans from scheduled banks / ICDs / CPs	**(11,788.14)**	(9,574.24)
	(13,429.72)	(16,446.03)
Net change in Cash and Cash equivalents	**3,016.31**	675.37

Explanatory notes to Cash Flow Statement

1. The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard 3 as notified by the Central Government.
2. In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
3. The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head “Foreign Exchange Fluctuations”.
4. “Other Non-Cash items” include excess provisions written back, foreign exchange adjustments, diminution in value of investment, amortisation of Capital grant, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.
5. Figures of the previous year have been regrouped wherever necessary, to conform to current year’s presentation.

For and on behalf of the Board of Directors

Sd/-
R. K. SINGH
Chairman and Managing Director

Sd/-
SUDHIR K. JOSHI
Director (Finance)

Sd/-
S. V. KULKARNI
Company Secretary

Place : New Delhi
Dated : 30th May, 2011

As per our attached report of even date

For and on behalf of
B.K. KHARE & CO.
Chartered Accountants
FR No: 105102W
Sd/-
PADMINI KHARE KAICKER
Partner
Membership No. 44784

For and on behalf of
K. VARGHESE & CO.
Chartered Accountants
FR No: 004525S
Sd/-
K. VARGHESE
Partner
Membership No. 20674

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors of
Bharat Petroleum Corporation Limited

1. We have audited the attached Consolidated Balance Sheet of **Bharat Petroleum Corporation Limited** and its subsidiaries and its joint ventures as at 31st March, 2011 and also the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of Bharat Petroleum Corporation Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing and Assurance Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries and joint ventures, whose financial statements reflect the Group's share of total assets of Rs.13,068.12 crores as at March 31, 2011 and the Group's share of total revenues of Rs.11,100.17 crores and net cash inflows amounting to Rs. 59.11 crores for the year ended on that date as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included in respect of these subsidiaries and joint ventures, is based solely on the report of the other auditors.
4. We have relied on the unaudited financial statements of five joint ventures, which reflect the Group's share of total assets of Rs. 452.09 crores as at 31st March, 2011 and the Group's share of total revenues of Rs. 532.15 crores and net cash outflows amounting to Rs. 27.96 crores for the year ended on that date as considered in the consolidated financial statements. We have neither carried out an audit or a review in respect of these financial statements.
5. We report that consolidated financial statements have been prepared by the management of Bharat Petroleum Corporation Limited in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 27- "Financial Reporting of Interests in Joint Ventures", notified by the Central Government.
6. Without qualifying our opinion, we draw attention to:
   a. Note 4 of Schedule X – Part B, Notes to Accounts, regarding impairment of assets wherein, being technical matters subject to uncertainty we have relied on the estimates and assumptions made by the Company in arriving at recoverable value of assets, based on desired margins.
   b. Notes 6 and 7 of Schedule X – Part B, Notes to Accounts, regarding the provision for post retirement benefit schemes and related impact on provision for current tax, where the Company's position is supported by legal advice and based on reasonable certainty of obtaining necessary approvals from tax authorities.
   c. Emphasis of Matter paragraph in report of independent auditor of IBV Brasil Petroleo Ltda (step-down subsidiary of Bharat PetroResources Limited):
      i. IBV Brasil Petroleo Ltda. has borrowed significant amounts from its members under specific conditions. The result of its operations might be different should such loans be taken out from unrelated parties.
      ii. IBV Brasil Petroleo Ltda. has spent significant amounts that are related mainly to exploration and evaluation costs, whose recovery are subject to the generation of income resulting from the successful exploration of oil and natural gas. Management understands that members will provide the funds required for the company to maintain its activities and, therefore, the financial statements as of December 31, 2010 were prepared assuming the company's ability to continue as a going concern.
7. Based on our audit and on the consideration of the separate audit reports of the other auditors on separate financial statements and on the other financial information of the components and to the best of our information and the explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
   i) in case of the Consolidated Balance Sheet, of the consolidated state of affairs of Bharat Petroleum Corporation Limited, its subsidiaries, and its interests in joint ventures as at March 31, 2011;
   ii) in case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Bharat Petroleum Corporation Limited, its subsidiaries, and its interests in joint ventures for the year ended on that date; and
   iii) in case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Bharat Petroleum Corporation Limited, its subsidiaries, and its interests in joint ventures for the year ended on that date.

For and on behalf of
B.K.KHARE AND CO.
Chartered Accountants
FR No: 105102W
Sd/-
Padmini Khare Kaicker
Partner
Membership No: 44784
Delhi
Dated: 30th May 2011

For and on behalf of
K.VARGHESE AND CO.
Chartered Accountants
FR No:004525S
Sd/-
K.Varghese
Partner
Membership No: 20674

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

		SCHEDULE	₹ Crores	31/03/2010 ₹ Crores
I.	**SOURCES OF FUNDS**			
1.	**Shareholders' funds :**			
	Share Capital	A	**361.54**	361.54
	Reserves and Surplus	B	**14,989.29**	13,781.40
			15,350.83	14,142.94
2.	**Minority Interest :**			
	Share Capital		**282.09**	282.09
	Reserves and Surplus		**715.39**	657.48
			997.48	939.57
3.	**Loan funds :**	C		
	Secured Loans		**8,868.86**	13,514.68
	Unsecured Loans		**16,316.60**	13,177.40
			25,185.46	26,692.08
4.	**Deferred tax liability (net)**		**1,307.42**	1,147.70
	TOTAL		**42,841.19**	42,922.29
II.	**APPLICATION OF FUNDS**			
1.	**Goodwill (on consolidation)**		**385.45**	385.45
2.	**Fixed Assets :**	D		
	Gross block		**34,485.04**	30,202.29
	Less : Depreciation and amortisation		**(15,258.14)**	(13,452.36)
	Net block		**19,226.90**	16,749.93
	Capital work-in-progress	E	**8,286.39**	7,821.67
			27,513.29	24,571.60
3.	**Investments**	F	**8,429.55**	11,289.57
4.	**Advance for Investments**	FA	**30.41**	642.71
5.	**Current assets, loans and advances :**			
	Inventories	G	**18,213.48**	14,109.23
	Sundry debtors	H	**2,877.86**	2,600.87
	Cash and bank balances	I	**797.06**	728.43
	Other current assets	J	**5,618.54**	3,801.19
	Loans and advances	K	**3,023.55**	3,646.78
			30,530.49	24,886.50
	Less : Current liabilities and provisions :			
	Liabilities	L	**20,605.10**	16,091.68
	Provisions	M	**3,446.20**	2,765.16
			24,051.30	18,856.84
	Net current assets		**6,479.19**	6,029.66
6.	**Miscellaneous Expenditure to the extent not written off or adjusted**		**3.30**	3.30
	TOTAL		**42,841.19**	42,922.29
Statement of Significant Accounting Policies and Notes forming part of Accounts		X		

For and on behalf of the Board of Directors

Sd/-
R. K. SINGH
Chairman and Managing Director

Sd/-
SUDHIR K. JOSHI
Director (Finance)

Sd/-
S. V. KULKARNI
Company Secretary

Place : New Delhi
Dated : 30th May, 2011

As per our attached report of even date

For and on behalf of
B. K. KHARE & CO.
Chartered Accountants
FR No: 105102W
Sd/-
PADMINI KHARE KAICKER
Partner
Membership No. 44784

For and on behalf of
K. VARGHESE & CO.
Chartered Accountants
FR No: 004525S
Sd/-
K. VARGHESE
Partner
Membership No. 20674

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

	SCHEDULE	₹ Crores	2009-10 ₹ Crores
INCOME			
Sale of products,crude oil & related income	N	**166,038.80**	133,749.10
Less: Excise Duty Paid		**(12,393.83)**	(9,932.38)
		153,644.97	123,816.72
Miscellaneous income	O	**1,725.22**	2,365.20
Increase/(Decrease) in Inventory	P	**2,029.46**	5,103.10
TOTAL		**157,399.65**	131,285.02
EXPENDITURE			
Purchase of products and crude oil for resale		**70,149.70**	58,097.05
Raw materials consumed	Q	**71,276.98**	58,319.99
Packages consumed		**139.28**	133.17
Excise Duty on Inventory differential		**43.25**	234.05
Other Duties, taxes etc. and other charges applicable to products		**776.28**	622.44
Transportation		**2,924.23**	2,704.80
Consumption of stores, spares and materials	R	**90.51**	93.00
Power and Fuel	S	**480.09**	244.83
Employees' remuneration and other benefits	T	**2,943.93**	2,252.15
Interest	U	**1,246.84**	1,124.66
Other operating and administration expenses	V	**2,573.94**	3,164.47
Depreciation and amortisation		**1,891.37**	1,444.56
Miscellaneous Expenditure written off		**0.02**	-
TOTAL		**154,536.42**	128,435.17
Profit		**2,863.23**	2,849.85
Prior period income/(expenses) net	W	**(14.97)**	(77.72)
Profit before tax		**2,848.26**	2,772.13
Provision for Taxation			
- Current Tax		**864.47**	1,324.75
- Deferred Tax Liability / (Asset) - Net		**159.72**	(301.27)
- Short provision for Taxation in earlier years provided for		**82.01**	28.67
Profit after tax		**1,742.06**	1,719.98
Minority Interest		**107.10**	87.62
Net Income of the Group		**1,634.96**	1,632.36
Transfer from / (to) Debenture Redemption Reserve		**-**	(700.00)
Balance brought forward		**259.17**	144.83
Share of Interest in surplus on Amalgamation		**50.50**	-
Disposable Profit		**2,051.73**	1,164.81
Appropriations:			
Proposed dividend		**567.98**	548.48
Corporate Dividend Tax on proposed dividend		**92.14**	96.51
		660.12	644.99
Transfer to General Reserve		**820.12**	260.65
Balance Carried to Balance Sheet		**571.49**	259.17
Earnings per Share - ₹			
- Basic		**45.22**	45.15
- Diluted		**45.22**	45.15
Statement of Significant Accounting Policies and Notes forming part of Accounts	X		

For and on behalf of the Board of Directors

Sd/-
R. K. SINGH
Chairman and Managing Director

Sd/-
SUDHIR K. JOSHI
Director (Finance)

Sd/-
S. V. KULKARNI
Company Secretary

Place : New Delhi
Dated : 30th May, 2011

As per our attached report of even date

For and on behalf of
B. K. KHARE & CO.
Chartered Accountants
FR No: 105102W
Sd/-
PADMINI KHARE KAICKER
Partner
Membership No. 44784

For and on behalf of
K. VARGHESE & CO.
Chartered Accountants
FR No: 004525S
Sd/-
K. VARGHESE
Partner
Membership No. 20674

SCHEDULE ‘A’ — SHARE CAPITAL (CONSOLIDATED)

	₹ Crores	31/03/2010 ₹ Crores
Authorised		
450,000,000 equity shares of ₹10 each	**450.00**	450.00
	450.00	450.00
Issued, subscribed and paid-up		
361,542,124 (previous year 361,542,124) equity shares of ₹10 each fully paid-up	**361.54**	361.54
Total	**361.54**	361.54
Share Application Money Suspense Account	**#**	#
Total	**361.54**	361.54

Value ₹ 21,000

SCHEDULE ‘B’ — RESERVES AND SURPLUS (CONSOLIDATED)

		₹ Crores	31/03/2010 ₹ Crores
1.	**Capital Reserve**		
	As per last Balance Sheet	**53.20**	53.29
	Add/(Less): Grant received / (reversed) during the year	**1.62**	-
	Less : Amortisation of Capital Grant	**(0.15)**	(0.09)
		54.67	53.20
2.	**Capital Reserve on acquisition of subsidiaries**	**66.45**	66.45
		66.45	66.45
3.	**Debenture Redemption Reserve**		
	As per last Balance Sheet	**1,000.00**	300.00
	Add: Transfer from Profit & Loss Account	**-**	700.00
		1,000.00	1,000.00
4.	**Foreign Currency Translation Reserve**	**(213.89)**	(142.55)
5.	**General Reserve**		
	As per last Balance Sheet	**13,143.67**	12,890.27
	Add : Transfer from Profit & Loss Account	**801.52**	253.40
		13,945.19	13,143.67
6.	**Surplus as per Profit & Loss Account**	**325.73**	18.80
	Sub-total (1+2+3+4+5+6)	**15,178.15**	14,139.57
	Less: Minority Interest	**715.39**	657.48
		14,462.76	13,482.09
7.	**Share of interest in Joint Ventures**		
	General Reserve	**52.44**	33.57
	Surplus as per Profit & Loss Account	**245.76**	240.37
	Securities Premium	**227.69**	24.41
	Foreign Currency Translation Reserve	**0.64**	0.96
		526.53	299.31
	Total	**14,989.29**	13,781.40

SCHEDULE ‘C’ — LOAN FUNDS (CONSOLIDATED)

		31/03/2010
	₹ Crores	₹ Crores
Secured Loans		
Debentures		
10.35% Secured Non-Convertible debenture 2010	**-**	1,000.00
7.73% Secured Non-Convertible debenture 2012	**1,000.00**	1,000.00
6.23% Secured Non-Convertible debenture 2011	**1,000.00**	-
(refer note 2 of Schedule’X’-B)		
Banks		
Working Capital Loans/Cash Credit	**2,142.51**	6,881.72
(Secured in favour of the participating banks ranking pari passu inter-alia by hypothecation of raw materials, finished goods, stock-in-process, book debts, stores, components and spares and all movables both present and future)		
Interest accrued and due	**11.55**	29.72
Term Loan	**623.38**	1,728.55
(Secured by 100% share pledge of BPRL Ventures B.V., pledge of quotas held in IBV Brasil Petroleo Ltda. by BPRL Ventures B.V. and an unconditional and irrevocable corporate guarantee from BPCL)		
Collateralised Borrowing and Lending Obligation (CBLO) through Clearing Corporation of India Ltd.	**-**	500.00
	4,777.44	11,139.99
Share of interest in Joint Ventures	**4,091.42**	2,374.69
	8,868.86	13,514.68
Unsecured Loans		
Fixed deposits	**-**	0.24
Short Term (From Banks)		
Rupee Loans	**1,092.02**	3,300.19
Foreign Currency Loans	**10,698.14**	6,274.24
Syndicated Loans from various banks (repayable in foreign currency)	**2,278.88**	1,255.48
[Due for repayment within one year ₹ **1,274.25 crores** (previous year ₹ NIL)]		
Others		
Oil Industry Development Board	**968.67**	961.26
[Due for repayment within one year ₹ **228.00 crores** (previous year ₹ 134.61 crores)]		
	15,037.71	11,791.41
Share of interest in Joint Ventures	**1,278.89**	1,385.99
	16,316.60	13,177.40
Total	**25,185.46**	26,692.08

SCHEDULE 'D' - FIXED ASSETS (CONSOLIDATED)

₹ Crores

PARTICULARS	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
	AS AT 01-04-2010	ADDITIONS	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFICATIONS	**AS AT 31-03-2011**	UPTO 31-03-2010	THIS YEAR	DEDUCTIONS ON ACCOUNT OF RETIREMENT / RECLASSIFICATIONS	**UPTO 31-03-2011**	**AS AT 31-03-2011**	AS AT 31-03-2010
(1)	(2)	(3)	(4)	**(5)**	(6)	(7)	(8)	**(9)**	**(10)**	(11)
1. LAND										
(a) Freehold	473.12	9.00	0.36	**481.76**	-	-	-	**-**	**481.76**	473.12
(b) Leasehold	165.79	13.17	0.15	**178.81**	19.15	3.91	-	**23.06**	**155.75**	146.64
2. BUILDINGS	4,674.02	570.71	21.91	**5,222.82**	661.42	100.22	10.33	**751.31**	**4,471.51**	4,012.60
3. RAILWAY SIDINGS	308.28	24.39	0.24	**332.43**	134.18	14.58	-	**148.76**	**183.67**	174.10
4. PLANT and MACHINERY	9,796.55	1,888.42	64.69	**11,620.28**	4,350.14	526.62	35.66	**4,841.10**	**6,779.18**	5,446.41
5. TANKS and PIPELINES	5,082.07	739.30	25.10	**5,796.27**	2,297.97	322.78	6.19	**2,614.56**	**3,181.71**	2,784.10
6. FURNITURE and FITTINGS	189.57	44.67	5.28	**228.96**	87.25	13.14	5.20	**95.19**	**133.77**	102.32
7. VEHICLES	192.43	5.69	2.39	**195.73**	110.42	13.94	1.74	**122.62**	**73.11**	82.01
8. OTHER ASSETS										
(a) Dispensing Pumps	1,537.72	162.51	1.91	**1,698.32**	415.99	74.12	1.51	**488.60**	**1,209.72**	1,121.73
(b) LPG Cylinders and Allied Equipment	4,144.02	590.01	8.84	**4,725.19**	4,144.02	590.01	8.84	**4,725.19**	**-**	-
(c) Sundries	2,045.38	320.14	30.22	**2,335.30**	895.40	154.40	22.14	**1,027.66**	**1,307.64**	1,149.98
9. INTANGIBLE ASSETS (refer note 18 of Schedule 'X'B)	123.08	31.10	0.24	**153.94**	63.92	14.98	0.03	**78.87**	**75.07**	59.16
TOTAL	**28,732.03**	**4,399.11**	**161.33**	**32,969.81**	**13,179.86**	**1,828.70**	**91.64**	**14,916.92**	**18,052.89**	**15,552.17**
Share of interest in Joint Ventures	**1,470.26**	**252.00**	**207.02**	**1,515.23**	**272.50**	**78.37**	**9.65**	**341.22**	**1,174.01**	**1,197.76**
GRAND TOTAL	**30,202.29**	**4,651.11**	**368.35**	**34,485.04**	**13,452.36**	**1,907.07**	**101.29**	**15,258.14**	**19,226.90**	**16,749.93**
Total 2009-10	25,627.14	3,182.29	77.38	**28,732.04**	11,839.76	1,401.09	60.98	**13,179.86**	**15,552.17**	13,787.38
Share of interest in Joint Ventures	727.43	743.42	0.61	**1,470.25**	208.57	64.31	0.39	**272.50**	**1,197.76**	518.86
Grand Total 2009-10	26,354.57	3,925.71	77.99	**30,202.29**	12,048.33	1,465.40	61.37	**13,452.36**	**16,749.93**	14,306.24

NOTES :

1) Land:-
   a) Freehold land of the group includes ₹ **153.97** crores (previous year ₹ 149.10 crores) for which conveyance deed / registration / execution of title deeds / mutation are pending.
   b) Leasehold land of the group includes gross block ₹ **1.42** crores (previous year ₹ 47.05 crores) which though in possession, the lease deeds are yet to be registered.
   c) Freehold land of BPCL includes land costing ₹ **2.13** crores (previous year ₹ 2.13 crores) which is in the process of being surrendered to competent authority.
2) Buildings included Ownership flats of ₹ **48.16** crores (previous year ₹ 48.16 crores) in proposed / existing co-operative societies and others.
3) Land, Plant & Machinery, Tanks & Pipelines, Railway Sidings and Buildings jointly owned by BPCL in varying extent with other Oil Companies / Railways :- Gross Block ₹ **187.13** crores (previous year ₹ 192.35 crores), Cumulative Depreciation ₹ **90.02** crores (previous year ₹ 86.18 crores), Net Block ₹ **97.11** crores (previous year ₹ 106.17 crores).
4) Gross Block of the group includes ₹ **24.72** crores (previous year ₹ 20.55 crores) towards assets which are identified as held for disposal during the year in respect of which additional depreciation of ₹ **9.32** crores (previous year ₹ 6.06 crores) has been provided to recognise the expected loss on disposal.
5) During the year Bharat Oman Refineries Limited has de-capitalised refinery assets based on “put to intended use” principle, which was earlier capitalised based on “mechanical completion” (share of interest in joint venture - ₹ 206.81 crores).
6) Share of Interest in Joint Venture includes ₹ **1.49** crores (previous year ₹ 1.49 crores) towards land obtained under perpetual lease for which the lease agreement is not yet executed.

SCHEDULE 'E' — CAPITAL WORK-IN-PROGRESS (CONSOLIDATED)

		31/03/2010
	₹ Crores	₹ Crores
Capital work-in-progress (at Cost)		
Work-in-progress	**1,558.80**	2,651.72
Capital Advances (Unsecured, Considered good)	**43.76**	151.75
Capital Stores including lying with contractors	**171.47**	213.26
Capital goods in transit	**2.35**	33.95
Intangible assets pending amortisation (refer note 18 of Schedule 'X'-B)	**2.53**	2.62
Construction period expenses		
Opening balance	**111.76**	66.26
Add : Expenditure during the year		
Establishment charges	**52.02**	37.26
Interest	**50.96**	76.78
Depreciation	**0.29**	-
Others	**12.89**	27.41
	227.92	207.71
Less: Allocated to assets capitalised during the year	**(182.36)**	(95.95)
Closing balance	**45.56**	111.76
Share of interest in Joint Ventures	**6,461.92**	4,656.61
Total	**8,286.39**	7,821.67

SCHEDULE 'F' — INVESTMENTS (CONSOLIDATED)

		31/03/2010
	₹ **Crores**	₹ Crores
CURRENT		
(Current Investments are valued at lower of cost or fair market value)		
IN GOVERNMENT SECURITIES		
NON TRADE - QUOTED	**8,122.40**	11,304.98
Less : Provision for diminution in value of investment	**(967.19)**	(1,117.00)
	7,155.21	10,187.98
LONG TERM		
IN GOVERNMENT SECURITIES		
NON TRADE - QUOTED	**0.02**	0.02
	0.02	0.02
IN SHARES, DEBENTURES AND BONDS		
TRADE - UNQUOTED	**560.00**	99.47
Less : Provision for diminution in value of investment	**(25.08)**	(25.08)
	534.92	74.39
IN SHARES, DEBENTURES AND BONDS		
TRADE - QUOTED	**561.76**	561.76
NON TRADE - UNQUOTED	**0.01**	0.01
IN ASSOCIATION OF PERSONS		
NON TRADE - UNQUOTED		
Capital Contribution in Petroleum India International	**10.00**	10.00
Share in accumulated surplus of Petroleum India International	**12.65**	12.65
	8,274.57	10,846.81
Share of interest in Joint Ventures - UNQUOTED *	**154.98**	442.76
Total	**8,429.55**	11,289.57

* Includes ₹ 73.33 crores investment made by Petronet LNG of 7,33,35,000 equity shares of ₹ 10 each in Adani Petronet (Dahej) Port Pvt. Ltd. under lock in for a period of 5 years from the date of commercial operation of the investee company.

SCHEDULE 'FA' — ADVANCE FOR INVESTMENTS (CONSOLIDATED)

		31/03/2010
	₹ **Crores**	₹ Crores
Share Application Money / Advance towards equity pending allotment	**30.41**	642.71
Total	**30.41**	642.71

SCHEDULE 'G' — INVENTORIES (CONSOLIDATED)

	₹ Crores	31/03/2010 ₹ Crores
Stores and spares [Including in transit ₹ **0.51 Crores** (previous year ₹ 15.87 Crores)]	**304.80**	264.08
Raw materials [Including in transit ₹ **1,729.17 Crores** (previous year ₹ 807.72 Crores)]	**4,261.57**	2,895.54
Stock in process	**1,163.33**	838.40
Finished products [Including in transit ₹ **210.35 Crores** (previous year ₹ 139.82 Crores)]	**11,264.06**	9,559.72
Packages	**8.77**	8.11
	17,002.53	13,565.85
Share of interest in Joint Ventures	**1,210.95**	543.38
Total	**18,213.48**	14,109.23

SCHEDULE 'H' - SUNDRY DEBTORS (CONSOLIDATED)

(Unsecured, Considered good unless otherwise stated)

	₹ Crores	31/03/2010 ₹ Crores
Debts outstanding for over six months :		
Considered good *	**227.28**	181.55
Considered doubtful	**270.42**	250.32
	497.70	431.87
Other debts	**2,494.44**	2,335.41
	2,992.14	2,767.28
Less : Provision for doubtful debts	**(270.42)**	(250.32)
	2,721.72	2,516.96
Share of interest in Joint Ventures	**156.14**	83.91
Total	**2,877.86**	2,600.87

* Includes ₹ **60.74 crores** (previous year ₹ 25.81 crores) which are secured.

SCHEDULE 'I' — CASH AND BANK BALANCES (CONSOLIDATED)

		31/03/2010
	₹ Crores	₹ Crores
Cash on Hand	**133.86**	99.56
[Includes drafts and cheques on hand of ₹ **113.76 crores** (previous year ₹ 82.00 crores)]		
With Scheduled banks :		
In current accounts	**246.13**	271.98
In deposit accounts	**202.58**	122.36
Bank Balances outside India:		
In current accounts	**0.79**	7.50
Remittances in transit	**-**	0.07
	583.36	501.47
Share of interest in Joint Ventures	**213.70**	226.96
Total	**797.06**	728.43

SCHEDULE 'J' — OTHER CURRENT ASSETS (CONSOLIDATED)

		31/03/2010
	₹ Crores	₹ Crores
Interest accrued on investments	**100.31**	142.30
Interest accrued on bank deposits	**0.20**	4.16
Subsidy Receivable from Government of India	**4,661.15**	2,894.26
Deferred premium (foreign exchange forward contract)	**130.77**	90.29
Others (refer note 3 of Schedule 'X'-B)	**660.64**	659.83
	5,553.07	3,790.84
Share of interest in Joint Ventures	**65.47**	10.35
Total	**5,618.54**	3,801.19

SCHEDULE 'K' - LOANS AND ADVANCES (CONSOLIDATED)

(Unsecured, Considered good unless otherwise stated)

		31/03/2010
	₹ Crores	₹ Crores
Loans (Secured) :		
To staff	**644.31**	656.68
	644.31	656.68
Loans:		
To companies		
Considered good	**720.13**	1,435.74
Considered doubtful	**2.91**	2.81
Less:Provision for doubtful loans	**(2.91)**	(2.81)
To others	**48.85**	45.00
Interest accrued on Loans	**13.45**	22.55
	782.43	1,503.29
Advances:		
Advances recoverable in cash, or in kind or for value to be received	**346.06**	271.58
Advances considered doubtful	**5.27**	4.51
Less : Provision for doubtful advances	**(5.27)**	(4.51)
	346.06	271.58
Dues from Petroleum Planning & Analysis Cell - Government of India	**10.51**	29.10
Claims :		
Considered good	**384.76**	355.76
Considered doubtful	**32.75**	65.07
Less : Provision for doubtful claims	**(32.75)**	(65.07)
	384.76	355.76
Advance Income Tax (Net of provision for taxation)	**178.65**	161.53
Deposits :		
With Customs/Excise/Port Trust etc.	**100.92**	105.61
Others	**74.72**	93.71
	175.64	199.32
	2,522.36	3,177.26
Share of interest in Joint Ventures	**501.19**	469.52
Total	**3,023.55**	3,646.78

SCHEDULE 'L' — LIABILITIES (CONSOLIDATED)

	₹ Crores	31/03/2010 ₹ Crores
Current Liabilities :		
Sundry creditors		
Total outstanding dues of micro and small enterprises	**2.69**	1.35
Total outstanding dues of creditors other than micro and small enterprises	**12,270.98**	9,095.56
Deposits from Customers	**20.74**	25.81
Deposits for Containers	**4,325.49**	3,755.66
Unclaimed Dividend *	**2.79**	3.11
Unclaimed Deposits *	**0.27**	0.28
Unclaimed Interest on Deposits *	**0.08**	0.09
Other liabilities	**2,841.31**	2,558.68
Interest on loans (accrued but not due)	**202.87**	93.96
	19,667.22	15,534.50
Share of interest in Joint Ventures	**937.88**	557.18
Total	**20,605.10**	16,091.68

* No amount is due at the end of the year for credit to Investors Education and Protection Fund.

SCHEDULE 'M' — PROVISIONS (CONSOLIDATED)

	₹ Crores	31/03/2010 ₹ Crores
Provision for Taxation (Net of Tax paid)	**523.28**	822.28
Proposed dividend *	**548.48**	548.48
Corporate Dividend Tax on proposed dividend	**88.98**	91.52
Provision for employee / retirement benefits	**2,255.26**	1,294.05
	3,416.00	2,756.33
Share of interest in Joint Ventures	**30.20**	8.83
Total	**3,446.20**	2,765.16

* Includes ₹ **42.32 crores** (previous year ₹ 42.32 crores) being the share of Minority Interest in the proposed dividend of Numaligarh Refinery Limited.

SCHEDULE 'N' — SALE OF PRODUCTS (CONSOLIDATED)

	₹ Crores	2009-10 ₹ Crores
Sales	**153,068.29**	125,839.56
Subsidy on LPG (Domestic) & SKO (PDS)	**629.49**	590.85
(As per the existing scheme of the Government Of India)		
Subsidy from Government of India	**9,418.88**	5,265.03
(refer note 1 (c) of Schedule 'X'-B)		
	163,116.66	131,695.44
Share of interest in Joint Ventures	**2,922.14**	2,053.66
Total	**166,038.80**	133,749.10

SCHEDULE 'O' — MISCELLANEOUS INCOME (CONSOLIDATED)

	₹ Crores	2009-10 ₹ Crores
Income from Investments		
NON TRADE		
Current Interest	**572.79**	316.24
Long Term Interest	**-**	448.55
TRADE		
Dividend	**26.06**	10.76
Income from Petroleum India International	**-**	0.04
Total Income from Investments	**598.85**	775.59
Interest on bank deposits and others *	**231.06**	289.21
Tax deducted at source - ₹ **14.37 crores** (previous year ₹ 33.17 crores)		
Write back of liabilities no longer required (net)	**351.40**	-
Reversal of provision for doubtful debts and advances (net)	**11.20**	-
Profit on sale/write off of fixed assets (net)	**-**	4.07
Foreign Exchange fluctuations (net)	**-**	556.87
Other income #	**433.91**	444.38
	1,626.42	2,070.12
Share of interest in Joint Ventures	**98.80**	295.08
Total	**1,725.22**	2,365.20

* Includes interest received from Income tax authorities ₹ **7.44 crores** (previous year ₹ 1.34 crores).

Includes amortisation of capital grants ₹ **0.15 crores** (previous year ₹ 0.09 crores).

SCHEDULE 'P' — INCREASE/(DECREASE) IN INVENTORY (CONSOLIDATED)

	₹ Crores	2009-10 ₹ Crores
Value of closing stock of		
Finished goods	**11,264.06**	9,559.72
Stock in process	**1,163.33**	838.40
	12,427.39	10,398.12
Less :		
Value of opening stock of		
Finished goods	**9,559.72**	5,218.12
Stock in process	**838.40**	572.36
	10,398.12	5,790.48
	2,029.27	4,607.64
Share of interest in Joint Ventures	**0.19**	495.46
Total	**2,029.46**	5,103.10

SCHEDULE 'Q' - RAW MATERIALS CONSUMED (CONSOLIDATED)

	₹ Crores	2009-10 ₹ Crores
Opening Stock	**2,895.54**	1,730.39
Add : Purchases	**71,069.22**	58,277.04
Less: Closing Stock	**(4,261.57)**	(2,895.54)
	69,703.19	57,111.89
Share of interest in Joint Ventures	**1,573.79**	1,208.10
Total	**71,276.98**	58,319.99

SCHEDULE ‘R’ — CONSUMPTION OF STORES, SPARES AND MATERIALS (CONSOLIDATED)

		2009-10
	₹ Crores	₹ Crores
Stores, spares and materials	**273.19**	272.16
Less : Charged to other revenue accounts	**(183.73)**	(180.07)
	89.46	92.09
Share of interest in Joint Ventures	**1.05**	0.91
Total	**90.51**	93.00

SCHEDULE ‘S’ — POWER AND FUEL (CONSOLIDATED)

		2009-10
	₹ Crores	₹ Crores
Power and Fuel	**2,888.60**	2,744.23
Less: Consumption of fuel out of own production	**(2,410.60)**	(2,507.08)
	478.00	237.15
Share of interest in Joint Ventures	**2.09**	7.68
Total	**480.09**	244.83

SCHEDULE ‘T’ — EMPLOYEES’ REMUNERATION AND OTHER BENEFITS (CONSOLIDATED)

		2009-10
	₹ Crores	₹ Crores
Salaries and wages*	**1,596.40**	1,686.56
Contribution to provident fund	**101.88**	106.21
Contribution to gratuity fund	**30.13**	101.47
Contribution to other funds*	**863.69**	18.08
Welfare expenses	**343.54**	333.34
	2,935.64	2,245.66
Share of interest in Joint Ventures	**8.29**	6.49
Total	**2,943.93**	2,252.15

* (refer note 6 of Schedule ‘X’-B)

SCHEDULE ‘U’ — INTEREST (CONSOLIDATED)

		2009-10
	₹ Crores	₹ Crores
On Debentures	**154.78**	142.37
On Fixed Loans	**176.48**	148.58
Others	**835.27**	802.95
	1,166.53	1,093.90
Share of interest in Joint Ventures	**80.31**	30.76
Total	**1,246.84**	1,124.66

SCHEDULE 'V' — OTHER OPERATING AND ADMINISTRATION EXPENSES (CONSOLIDATED)

	₹ Crores	2009-10 ₹ Crores
Repairs and maintenance :		
Machinery	**451.26**	405.17
Building	**32.32**	26.98
Others	**123.46**	111.03
	607.04	543.18
Insurance	**38.42**	33.04
Rent	**161.66**	231.47
Rates and taxes	**36.33**	33.79
Charities and donations	**5.18**	5.42
Remuneration to auditors	**0.67**	0.48
Utilities	**143.63**	134.21
Write off of Bad debts and others	**-**	6.02
Provision for doubtful debts and advances	**-**	72.24
Provision / (Reversal) towards diminution in value of investments	**(149.81)**	828.98
Loss on sale of current Investments	**186.51**	221.07
Loss on sale / write off of Fixed Assets(net)	**25.43**	0.39
Charges paid to other oil companies	**122.93**	108.51
Travelling and conveyance	**125.52**	110.49
Telephone, Telex, Cables, Postage etc.	**23.03**	25.12
Foreign Exchange fluctuations (net)	**30.27**	-
Other expenses	**1,112.09**	740.66
	2,468.90	3,095.07
Share of interest in Joint Ventures	**105.04**	69.40
Total	**2,573.94**	3,164.47

SCHEDULE 'W' - PRIOR PERIOD INCOME/(EXPENSES) (NET) (CONSOLIDATED)

	₹ Crores	2009-10 ₹ Crores
Sale of products	**2.29**	17.01
Miscellaneous Income	**0.71**	4.22
Purchase of product for resale	**9.75**	10.26
Raw Materials Consumed	**0.49**	8.14
Duties, taxes etc. and other product charges	**(1.44)**	(2.71)
Transportation	**7.86**	1.63
Consumption of stores, spares and materials	**(0.78)**	0.86
Rent, Rates & Taxes	**(16.84)**	(2.68)
Employees' remuneration and other benefits	**-**	(72.00)
Other operating and administration expenses	**(25.86)**	(9.49)
Interest	**(4.82)**	(1.94)
Interest income	**-**	0.09
Depreciation	**13.71**	(0.60)
	(14.93)	(47.21)
Share of interest in Joint Ventures	**(0.04)**	(30.51)
Total	**(14.97)**	(77.72)

SCHEDULE 'X' — STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011 (CONSOLIDATED)

A) STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF CONSOLIDATION:

The Consolidated Financial Statements relate to Bharat Petroleum Corporation Limited (BPCL), its subsidiary companies and interest in joint ventures.

(a) Basis of accounting : The Financial Statements of the subsidiary companies and the joint venture companies (JVCs) used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of BPCL i.e. 31st March, 2011 except for Matrix Bharat Marine Services Pte. Ltd. and IBV Brasil Petroleo Ltda. whose accounts are drawn for the period ended 31st December 2010.

(b) Principles of Consolidation: The Consolidated Financial Statements have been prepared on the following basis:-

(i) The Financial Statements of BPCL and its subsidiary companies (which are not in the nature of joint ventures) have been consolidated on a line–by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. The intra group balances and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated.

(ii) The Consolidated Financial Statements include the interest of the Corporation in JVCs, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the Corporation's share of assets, liabilities, income and expenses of a jointly controlled entity is considered as a separate line item in the Consolidated Financial Statements.

(iii) The share of equity in the subsidiary company as on the date of investment, if in excess of the cost of investment, the difference is recognised as "Capital Reserve on Acquisition of Subsidiaries" and if the cost of investment in the subsidiary company exceeds share of equity, the difference is recognised as "Goodwill".

(iv) Minority interest in the Net Assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments as stated above.

(c) The subsidiary companies and the JVCs which are included in consolidation and the percentage of ownership interest therein of the Corporation as on 31st March 2011 are as under :

	Percentage of ownership interest as on		Country of Incorporation
	31/03/2011	31/03/2010	
Subsidiaries			
Numaligarh Refinery Limited (NRL)	**61.65**	61.65	India
Bharat PetroResources Limited (BPRL)	**100.00**	100.00	India
Bharat PetroResources JPDA Limited (Note i)	**100.00**	100.00	India
BPRL International BV (Note i)	**100.00**	100.00	Netherlands
BPRL Ventures BV (Note ii)	**100.00**	100.00	Netherlands
BPRL Ventures Mozambique BV (Note ii)	**100.00**	100.00	Netherlands
BPRL Ventures Indonesia BV (Note ii)	**100.00**	100.00	Netherlands

	Percentage of ownership interest as on		Country of Incorporation
	31/03/2011	31/03/2010	
Joint Venture Companies (JVC)			
Indraprastha Gas Limited	**22.50**	22.50	India
Petronet CCK Limited	**49.00**	49.00	India
Petronet LNG Limited	**12.50**	12.50	India
Bharat Oman Refineries Limited (BORL)	**50.00**	50.00	India
Central UP Gas Limited	**25.00**	22.50	India
Maharashtra Natural Gas Limited	**22.50**	22.50	India
Sabarmati Gas Limited	**25.00**	25.00	India
Bharat Stars Services Private Limited	**50.00**	50.00	India
Bharat Renewable Energy Limited	**33.33**	33.33	India
Matrix Bharat Marine Services Pte Ltd.	**50.00**	50.00	Singapore
Delhi Aviation Fuel Facility Pvt. Ltd	**37.00**	37.00	India

Notes:

(i) Bharat PetroResources JPDA Limited and BPRL International BV are 100% subsidiaries of BPRL.

(ii) BPRL Ventures BV, BPRL Ventures Mozambique BV and BPRL Ventures Indonesia BV are wholly owned subsidiaries of BPRL International BV.

(iii) In addition to the above, BPRL holds 50% equity in joint venture company IBV Brasil Petroleo Ltda. incorporated in Brazil.

(iv) Proportionate consolidation in respect of Investment in Petronet India Limited, Petronet CI Limited and Petroleum Infrastructure Limited have not been considered in the preparation of Consolidated Financial Statements as the Management has provided for full diminution in the value of Investment.

(v) The accounts of Indraprastha Gas Limited, Central UP Gas Limited, Sabarmati Gas Limited, Bharat Renewable Energy Limited and Maharashtra Natural Gas Limited are yet to be audited and hence the unaudited accounts have been considered for the purpose of preparation of Consolidated Financial Statements.

(vi) BPCL's ownership in Maharashtra Natural Gas Limited has been considered at 22.50% as per the Joint Venture Agreement. The actual percentage of Share Capital as on 31st March 2011 held by BPCL is marginally higher. The management is of the opinion that it is a temporary phase and the other joint venture partners will contribute their share of the equity capital as per the Joint Venture Agreement. This excess contribution by BPCL in the Equity Share Capital amounting to ₹ **1.13 crores** (previous year ₹ 1.12 crores) is included in "Advances Recoverable in cash or in kind or for value to be received" - Schedule K.

2. BASIS FOR PREPARATION

The financial statements are prepared under historical cost convention to comply in all material aspects with the mandatory Accounting Standards notified by the Companies (Accounting Standards) Rules 2006 and the provisions of the Companies Act, 1956, generally accepted accounting principles, adopting accrual system of accounting unless otherwise stated.

3. USE OF ESTIMATES

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

4. FIXED ASSETS

4.1 LAND

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

4.2 FIXED ASSETS OTHER THAN LAND

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

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

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

4.3 EXPENDITURE DURING CONSTRUCTION PERIOD

Direct expenses including borrowing cost incurred during construction period on capital projects are capitalised. Indirect expenses of the project group which are allocated to projects costing ₹ 5 crores and above are also capitalised. Crop compensation expenses incurred in the process of laying pipelines are capitalised. Expenditure incurred generally during construction period of projects on assets like electricity transmission lines, roads, culverts etc. the ownership of which is not with the Corporation are charged to revenue in the accounting period of incurrence of such expenditure.

4.4 INTANGIBLE ASSETS

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

4.4.2. Expenditure incurred by BPCL for creating/acquiring other intangible assets of ₹ 0.50 crores and ₹ 0.02 crores in case of Petronet CCK Limited, from which future economic benefits will flow over a period of time, is amortised over the estimated useful life of the asset or five years, whichever is lower, from the time the intangible asset starts providing the economic benefit.

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

4.4.4. Expenditure incurred on intangible assets is capitalised and amortised over a period of 5 years by Indraprastha Gas Limited & Central UP Gas Limited and over 3 years by Petronet LNG Limited.

5. IMPAIRMENT OF ASSETS

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

6. BORROWING COSTS

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

7. DEPRECIATION

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

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

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

7.1.3 Computer equipments and peripherals, and mobile phones are depreciated over a period of 4 years. Furniture provided at the residence of management staff is depreciated over a period of 7 years.

7.2 Indraprastha Gas Limited - Depreciation in case of the following assets has been provided using the straight line method over the useful life of the assets:

(a) Mother compressors, Online compressors and Booster compressors – 7 years

(b) Bunkhouses - 5 years

(c) Signages - 10 years

7.3. Bharat Stars Services Private Limited - Depreciation has been provided under written down value method and assets upto gross value of ₹ 10,000 are depreciated at 100%. Depreciation is provided at full year basis on additions upto 30th September and at 50% on assets after 30th September.

7.4. Maharashtra Natural Gas Limited: Depreciation in case of the following assets has been provided using the straight line method over the useful life of the assets:

(a) Mother compressors, Online compressors and Booster compressors – 7 years

(b) Computer and Mobile Phones - 4 years

7.5. Bharat Renewable Energy Limited - Depreciation has been provided under written down value method.

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

8. INVESTMENTS

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

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

9. INVENTORY

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

9.1.1. Raw materials on weighted average cost. Purchased raw materials in transit are carried at cost.

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

9.2. Finished products are valued at weighted average cost or at net realisable value, whichever is lower. In case of Indraprastha Gas Limited, Maharashtra Natural Gas Limited and Central UP Gas Limited the cost is determined on first-in-first-out basis. In case of Matrix Bharat Marine Services Pte. Ltd. inventories are valued at fair value less cost to sell.

9.3. Stores are valued at weighted average cost except in case of Maharashtra Natural Gas Limited and Petronet CCK Limited where the valuation is on the basis of first-in-first-out. Obsolete stores are valued at ₹ Nil. Slow moving stores/ other materials identified as surplus and no longer usable are valued at ₹ Nil.

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

10. REVENUE RECOGNITION

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

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

10.3. Revenue on sale of PNG is recognised based on consumption by the customer and revenue on sale of CNG is recognised on sale of gas to customers from CNG stations.

10.4. Revenue from transportation of products is recognised on the basis of actual quantites transported and received at the receiving terminals.

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

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

11. CLASSIFICATION OF INCOME/EXPENSES

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

11.2. Income/expenditure upto ₹ 0.05 crores in each case pertaining to prior years is charged to the current year by the parent company Bharat Petroleum Corporation Limited and Numaligarh Refinery Limited. No such policy exists in other group companies.

11.3. Prepaid expenses upto ₹ 0.05 crores in each case, are charged to revenue as and when incurred by the parent company Bharat Petroleum Corporation Limited and Numaligarh Refinery Limited and upto ₹ 10,000 by Bharat Petro Resources Limited and Petronet CCK Limited. No such policy exists in other group companies.

11.4. Deposits placed with Government agencies/ local authorities which are perennial in nature are charged to revenue in the year of payment, except in case of Petronet LNG Limited, Petronet CCK Limited, Central UP Gas Limited, Sabarmati Gas Limited,Delhi Aviation Fuel Facility Private Limited and Bharat Stars Services Private Limited wherein no such policy exists. In case of Maharastra Natural Gas Limited such deposits below ₹ 50,000 are charged to revenue in the year of payment.

12. EMPLOYEE BENEFITS

12.1. Contributions to Provident Fund for the year are recognised in the Profit & Loss Account. Liability towards superannuation benefits is charged to the Profit & Loss Account.

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

13. DUTIES ON BONDED STOCKS

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

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

14. FOREIGN CURRENCY & DERIVATIVE TRANSACTIONS

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

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

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

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

14.4. All the subsidiaries and joint ventures incorporated outside India are 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 and joint ventures have been translated at the closing rates. Income and expense items of the non-integral foreign operation are translated at average exchage rate prevailing during the period.

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

15. GOVERNMENT GRANTS

15.1. In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is taken to Capital Reserve as deferred income, which is recognised in the Profit & Loss Account over the useful life of the asset.

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

16. PROVISIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

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

16.3. Capital commitments and Contingent liabilities disclosed are in respect of items which exceed ₹ 0.05 crores by Bharat Petroleum Corporation Limited and Numaligarh Refinery Limited and ₹ 0.01 crores by Bharat PetroResources Limited. No such policy exists in other group companies.

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

17. TAXES ON INCOME

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

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

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

18. OIL & GAS EXPLORATION ACTIVITIES

18.1. BPRL 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.

18.2. Surrender of field / disposal of participation interest

If BPRL were to surrender a field, the accumulated acquisition, exploration and development costs in respect of such a 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 in the cost centre ceases to produce and the entire cost centre is abandoned. Also, in the event BPRL 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 & Loss Account in the year in which BPRL's participating interest is assigned or farmed out.

18.3. 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 BPRL.

19. MISCELLANEOUS EXPENDITURE

Share-issue expenses of Bharat Oman Refineries Limited would be written-off in the year the company commences commercial production. Other preliminary / pre-incorporation expenses of JVCs / subsidiaries are charged to Profit & Loss Account.

B. NOTES FORMING PART OF ACCOUNTS

1. In respect of sharing of under-recoveries on sensitive petroleum products viz. MS, HSD, LPG (Domestic) and SKO (PDS), as advised by the Ministry of Petroleum & Natural Gas, a part of the under-recovery suffered by BPCL during the year was compensated by ONGC and GAIL by offering discount on price of Crude Oil, SKO and LPG purchased from them. Accordingly, BPCL has accounted the discount as follows:

- **a)** ₹ **5,746.54 crores** (previous year ₹ 2,927.27 crores) discount on crude oil purchased from ONGC has been adjusted against raw material cost; and
- **b)** ₹ **1,213.50 crores** (previous year ₹ 702.57 crores) discounts on SKO and LPG purchased from ONGC/GAIL has been adjusted against “Purchase of products and crude oil for resale”.
- **c)** ₹ **9,418.88 crores** (previous year ₹ 5,265.03 crores) subsidy from Government of India has been accounted as Income.

2. Debentures:

- a. The Corporation had allotted redeemable non-convertible 7.73% Debentures of face value of ₹ 1,000 crores on 12th October 2009. These are secured by first legal mortgage in English form by way of a Registered Debenture Trust Deed over the fixed assets of the Company, viz., a Flat at Mumbai and the Plant and Machinery in respect of Refinery Modernisation Project Crude Distillation Unit / Vacuum Distillation Unit, Catalytic Cracking Unit, Fluid Catalytic Cracking Unit, Diesel Hydro Desulphurisation Unit and Naphtha Hydro Desulphurisation Unit of the Mumbai Refinery. In order to maintain the security cover of 1.25 times, all future immovable properties including Land, Plant & Machinery and Fixtures & Fittings shall be a part of the Premises and Plant & Machinery which are mortgaged. These Debentures are redeemable at par on 9th October 2012.
- b. The Corporation has allotted redeemable non-convertible 6.23% Debentures of face value of ₹ 1,000 crores on 30th April 2010. These are secured by first legal mortgage in English form by way of a Registered Debenture Trust Deed over the fixed assets of the Company, viz., a Flat at Mumbai and Plant and Machinery of the company in respect of its Process Equipments situated at Mahul Refinery. In order to maintain the security cover of 1.25 times, all future immovable properties including Land, Plant & Machinery and Fixtures & Fittings shall be a part of the Premises and Plant & Machinery which are mortgaged. These Debentures are redeemable at par on 28th October 2011.

3. As per the scheme of Amalgamation of the erstwhile Kochi Refineries Limited with BPCL approved by the Government of India, 3,37,28,738 equity shares of BPCL were allotted (in lieu of the shares held by BPCL in the erstwhile Kochi Refineries Limited) to a trust for the benefit of BPCL in the financial year 2006-07. Accordingly the cost of the original investment of ₹ 659.10 crores is reflected as ‘Others’ in Schedule ‘J ’ - Other Current Assets. The income distributed by the trust during the year 2009-10 amounting to ₹ **47.22 crores** (previous year ₹ 23.61 crores) has been included in ‘Other income’ in Schedule ‘O’ – Miscellaneous Income.

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

4. Impairment of Assets

Determination as to whether and how much an asset is impaired involve Management estimates of highly uncertain matters such as international prices of crude oil and products, duty structure and Government policies. It is assumed that suitable mechanism would be in place, in line with earlier/ current year(s), to provide compensation towards under-recoveries of margin, if any, on account of sale of sensitive petroleum products in subsequent years. Hence, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. No impairment is therefore considered as at 31st March 2011.

5. BPCL and Numaligarh Refinery Limited have numerous transactions with other oil companies, which are reconciled on an ongoing basis and are subject to confirmation. Adjustments, if any, arising therefrom are not likely to be material.

6. The Corporation changed its existing “Employees’ Contributory Superannuation Scheme”, from a Defined Benefit Scheme (DBS) into a Defined Contribution Scheme (DCS) applicable to all employees w.e.f. 1.1.2007. The net shortfall of ₹ 373.00 crores based on actuarial valuation in the DBS due to this changeover has been provided as a one-time contribution. Further, the Corporation has also provided ₹ 773.00 crores towards its liability to the DCS and for pay-revision of non-management employees on an estimated basis.

7. Provision for taxation is computed, considering the liability provided during the year for superannuation scheme as allowable expenditure. The Corporation is in the process of modifying the Scheme and there is reasonable certainty that approval would be obtained from tax authorities. Provision for taxation also includes ₹ **1.91 crores** (previous year ₹ 1.86 crores) towards wealth tax.

8. Related Party Disclosures as per Accounting Standard 18

i) M/s. Ashok Sinha (Chairman & Managing Director) up to 18th August, 2010.

S. Radhakrishnan (Director Marketing) up to 28th February 2011. Held Additional charge of Chairman & Managing Director from 19th August 2010 to 8th December 2010.

R.K.Singh (Chairman & Managing Director) w.e.f. 9th December,2010 and prior to that he was Director (Refineries).

K.K. Gupta (Director Marketing) w.e.f. 31st March,2011

S. Mohan (Director Human Resources)

Sudhir K. Joshi (Director Finance)

ii) Remuneration to key management personnel: ₹ **2.36 crores** (previous year ₹ 1.49 crores).

9. Earnings per share

		2010-11	2009-10
Profit after Tax	₹ Crores	**1,634.96**	1,632.36
Weighted average shares outstanding during the year	Crore nos.	**36.15**	36.15
Basic earnings per share	₹	**45.22**	45.15
Diluted earnings per share	₹	**45.22**	45.15

10. Deferred Tax Liability / (Assets)

As per the requirement of the Accounting Standard 22 - "Accounting for Taxes on Income" the net deferred tax liability debited to Profit during the year is ₹ **159.72 crores** (previous year deferred tax Assets ₹ 301.27 crores excluding ₹ 76.69 crores as part of earlier year adjustment). The year end position of Deferred Tax Liability and Assets is given below :

	₹ Crores	31/03/2010 ₹ Crores
Deferred Tax Liability -		
Depreciation	**2,377.78**	2,228.32
Share of Interest in Joint Ventures	**62.22**	49.74
Total	**2,440.00**	2,278.06
Deferred Tax Assets -		
Disallowances u/s 43B of Income Tax Act,1961	**636.98**	611.73
Provisions for doubtful debts, claims, employee benefits, etc.	**494.80**	517.92
Share of Interest in Joint Ventures	**0.80**	0.71
Total	**1,132.58**	1,130.36
Net Deferred Tax Liability	**1,307.42**	1,147.70

In the absence of virtual certainty regarding sufficient future profits required for taking credit, deferred tax asset has not been recognised in respect of unabsorbed depreciation / business losses of Bharat PetroResources Limited, Matrix Bharat Marine Services Pte Limited and Petronet CCK Limited.

11. In compliance with Accounting Standard - 17, "Segment Reporting" issued by the Institute of Chartered Accountants of India, the segment information is as under:

I The group is engaged in the following business segments:

a) Downstream petroleum i.e. Refining and Marketing of Petroleum Products

b) Exploration and Production of Hydrocarbons (E&P)

Segments have been identified taking into account the nature of activities and its risks and returns.

II There are no geographical segments.

III Segment-wise details are as follows:

(₹ Crores)

	Year ended 31st March 2011			Year ended 31st March 2010		
	Downstream Petroleum	**E&P**	**Total**	Downstream Petroleum	E&P	Total
Revenue						
External Revenue #	**154,475.36**	**66.05**	**154,541.41**	124,843.94	273.18	125,117.12
Inter Segment Revenue	**-**	**-**	**-**	-	-	-
Total Revenue	**154,475.36**	**66.05**	**154,541.41**	124,843.94	273.18	125,117.12
Result						
Segment Results	**3,336.52**	**(34.63)**	**3,301.89**	3,764.00	118.04	3,882.04
Unallocated Corporate Expenses	**-**	**-**	**-**	-	-	-
Operating profit	**3,336.52**	**(34.63)**	**3,301.89**	3,764.00	118.04	3,882.04
Add:						
Interest / Dividend Income			**829.91**			1,064.80
Less:						
Interest Expenditure			**1,246.84**			1,124.66
Loss on sale of Current Investments			**186.51**			221.07
Provision / (reversal) towards diminution in value of Investments			**(149.81)**			828.98
Income Tax (including deferred Tax)			**1,106.20**			1,052.15
Profit after Tax			**1,742.06**			1,719.98
Other Information						
Segment Assets	**55,482.02**	**2,139.87**	**57,621.89**	48,268.40	1,397.23	49,665.63
Unallocated Corporate Assets			**9,270.60**			12,113.50
Total Assets			**66,892.49**			61,779.13
Segment Liabilities	**20,507.63**	**97.47**	**20,605.10**	15,999.62	92.06	16,091.68
Unallocated Corporate Liabilities			**29,939.08**			30,604.94
Total Liabilities			**50,544.18**			46,696.62
Capital Expenditure	**4,391.40**	**724.43**	**5,115.83**	5,195.95	378.78	5,574.73
Depreciation/ Amortisation	**1,890.57**	**0.80**	**1,891.37**	1,444.18	0.38	1,444.56
Non-cash expenses other than depreciation	**-**	**-**	**-**	-	-	-

Segment Revenue comprises of Turnover (net of excise duties), Subsidy received from the Government of India and other income (excluding dividend, interest income and investment income).

12. Miscellaneous Expenditure (to the extent not written-off) includes Pre-incorporation / Share Issue Expenses pertaining to share of Interest in Joint Ventures ₹ **3.30 crores** (previous year ₹ 3.30 crores).

13. As indicated in Significant Accounting Policies, certain accounting policies of JVCs towards Depreciation, Inventory Valuation, Employee Benefits and Classification of Income/ Expenses are not in line with that followed by BPCL. However considering the nature of transactions and amounts involved, the impact is not expected to be material had the accounting policies of BPCL been followed.

14. Capital Reserve on acquisition of subsidiaries includes ₹ 61.65 crores being the share of the group out of grant of ₹ 100 crores received by Numaligarh Refinery Limited from the Government of India during the project period.

15. In respect of certain Subsidiaries and JVCs, the following notes to accounts are disclosed:

Numaligarh Refinery Limited

a) Pending finalization of the Crude Oil Sales Agreement purchases of Crude Oil from Oil India Limited (OIL) and Oil and Natural Gas Corporation Limited (ONGC) have been accounted for as per the Benchmark price of crude oil in 2010-11 as in the previous year.

Further, as per directive of the Ministry of Petroleum and Natural Gas (MOP&NG), an amount of ₹ **299.63 crores** (previous year ₹ 259.94 crores) has been provided and charged to the cost of crude oil towards Sales Tax and Pipeline Transportation Charges payable to OIL/ONGC for the financial year 2010-11.

On account of revision in pipeline tariff, additional charges of ₹ 64.16 crores has been provided during the current year.

Transportation cost for Haldia-Barauni Crude pipeline is being provided as per tariff rates prescribed by MOP&NG and in pipeline tariff for Barauni-Bongaigaon sector has been revised with effect from 2008-09 for which an additional amount of ₹ 14.08 crores has been provided under crude oil cost.

b) An amount of ₹ 194.53 crores towards Assam Entry Tax for the period November 2006 to May 2008, though provided in the books of NRL, is disputed against which NRL has filed a Writ Petition (Civil) before the Hon'ble Supreme Court of India.

c) The pension scheme of NRL is under finalization and a sum of ₹ **12.97 crores** (previous year ₹ 5.73 crores) has been provided in line with the guideline issued by Department of Public Enterprises.

Bharat PetroResources Limited

d) The shareholders of IBV Brasil Petroleo Ltda acknowledge that if at any time after the Purchase Agreement effective date there is a commercial discovery then the shareholders shall, in ten business days after such commercial discovery, pay to the vendors USD 10 million. Unless and until a commercial discovery occurs, the shareholders have no obligation to make any payment.

On September 30, 2008 it was announced a pre-salt discovery at the Wahoo prospect offshore Brazil in the Campos Basin. The 1-APL-1-ESS well is located on block BM-C-30 in approximately 4,650 feet of water approximately 25 miles southeast and syncline separated from Petrobras' previously announced pre-salt discoveries at the giant Jubarte field. Preliminary results at Wahoo, based on wireline logs, indicate at least 195 feet of net pay with similar characteristics to the nearby Jubarte 1-ESS-103A well, which is Brazil's first producing pre-salt field having recently achieved reported initial rates of approximately 18,000 barrels per day of light oil. The discovery notification was sent to the Brazilian National Petroleum Agency (ANP).

IBV Brasil Petroleo Ltda. holds a 25 % working interest of the aforementioned block.

On October 27 2010, Petrobras announced that the first well drilled in ultra deep Sergipe-Alagoas Basin waters identified the presence of hydrocarbons similar to those bearing oil in deep Campos Basin waters. It is being considered a discovery of a new oil province in the Sergipe-Alagoas Basin. This well, known as BARRA, is located in Block SEAL-M-426, in the BM-SEAL-11 concession, northeast of the Sergipe sub-basin, at a water depth of 2,341 meters, 58 km off the coast of the state of Sergipe. After the drilling has been completed, the consortium formed by Petrobras (60% Operator) and the Company (40%) to explore the BM-SEAL-11 concession will continue its activities and investments by drilling other wildcat wells and preparing the Discovery Evaluation Plan to be defined by the ANP.

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

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

- The difference of ₹ 50.50 crores between the amount recorded as share capital issued and the amount of share capital of erstwhile VB Brasil (transferor company) has been adjusted in reserves of the merged entity (IBV Brasil).

f) During the year, Bharat PetroResources Ltd has sold its Investment in IBV Brasil Petroleo Ltda. to step down subsidiary Company BPRL Ventures BV, Netherlands at par value. BPRL has made profit of ₹ 0.25 crores solely due to foreign exchange rate variation.

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

Bharat Oman Refineries Limited

h) The Company has changed the useful life for providing depreciation on Single Point Mooring (SPM) and Sub-sea Pipeline from 10 years to 25 years. Had the Company continued to provide depreciation on SPM and Sub-sea Pipeline based on 10 years useful life, the depreciation for the year would have been higher by ₹ 26.70 crores.

i) Expenses and Income not relating to the project has been charged to “Profit & Loss Account” and Expenses and Income relating to the project has been charged to “Pre-operative expenditure pending capitalization”, since BORL is in the process of commissioning the refinery as on 31.03.2011.

j) BORL has issued 813,113,336 equity shares of ₹ 10 each, at par, to Bharat Petroleum Corporation Limited. BORL has also issued 486,886,664 warrants of ₹ 10 each and 299,194,364 warrants of ₹ 15 each to BPCL, against a part of their existing Share Application Money of ₹ 1,300 crores and fresh investment of ₹ 448.79 crores.

k) BORL has issued 813,113,336 equity shares of ₹ 10 each, at a premium of ₹ 5 each, to Oman Oil Company S.A.O.C., against their additional investment of ₹ 1,219.67 crores.

l) BORL has issued 26,900,000 warrants of ₹ 10 each, for consideration other than cash, to the Government of Madhya Pradesh. Each warrant represents right to subscribe for one fully paid up Equity Share of the Company.

Petronet LNG Limited

m) Petronet LNG Limited has claimed deduction under Section 80IA of the Income Tax Act, 1961 in respect of Power Generation and Port Undertaking in its tax Returns. However, provision for income-tax has been made without considering the aforesaid deductions.

n) Customs duty on import of Project materials /equipments has been assessed provisionally (current and previous years) and additional liability, if any, on this account will be provided on final assessment.

Central UP Gas Limited

o) CUGL has been sanctioned term loan facility of ₹ 65 crores against the charge on immovable and movable assets, both present and future, of the Company by commercial banks, though during the year the Company has not availed or utilized the facility.

Bharat Renewable Energy Limited

p) BREL has entered into 15 year buyback agreement with farmers / Gram Panchayats for purchase of Jatropha seeds, to be planted in **28,856 acres** (approx.) (previous year 28,856 acres) of wasteland under ‘Jeevan Jyoti Paryojana Scheme’ of UP State Government. The Jatropha Seeds purchase price will be at the Minimum Support Price declared by the Government of UP or at 20% value of the retail price of Biodiesel, whichever is higher. Out of the above, plantation has been done in **2,368 acres** (previous year 750 acres) during the year, to date cumulative usage of 3,122 acres.

q) BREL has incurred cash losses during the year and net worth is eroded more than fifty percent, however accounts are prepared on the basis of going concern in view of continuing in operation and business plan for foreseeable future.

Delhi Aviation Fuel Facility Private Limited

r) Delhi Aviation Fuel Facility Private Limited (DAFFPL) earns revenue under the head “Infrastructure charges” for providing infrastructure facility for fuelling of aircrafts. During the period 1.4.2010 to 31.12.2010 the company accounted the gross receipt/accruals as its income and booked the expenses directly related thereto, as expenditure in its books, No bills were raised for revenue/income nor any bills were received for expenditure incurred by operator. Both the revenue and the expenditure were accounted on provisional basis since the Airport Economic Regulatory Authority (AERA) is yet to approve/accord sanction for the proposed tariff. Subsequently thereto in view of the terms of the concession agreement, the company decided to record revenue in its books at an amount net of operators cost. Accordingly the revenue for the full financial year has been adjusted/reflected/shown at an amount net of operating expense.

16. The following Oil and Gas blocks are held by Bharat PetroResources Limited / its subsidiaries and joint ventures:

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

(a) The deed of assignment for Oil and Gas block RJ/ONN/2004/1 has not been executed in the name of BPRL for which application is pending with Management Committee and Directorate General of Hydrocarbons (DGH).

(b) BPRL has increased its Participating Interest (PI) in RJ-ONN-2005/1 Block under NELP VII from existing 25%. BPRL, Hindustan Oil Exploration Company Limited and IMC Limited will share equally the participating interest of defaulting party in accordance with the provisions of Production Sharing Contract (PSC) and Joint Operating Agreement (JOA). Accordingly, Participating Interest of BPRL would be 33.33% subject to approval from Directorate General of Hydrocarbons and Ministry of Petroleum & Natural Gas.

(c) Farm Out agreement has been entered into with Apache for farming out 5.6% of BPRL's share out of earlier 14%, there by bringing down BPRL's share to 8.4%. As per the Agreement, Apache has agreed to pay actual drilling cost of a well, to be incurred after the said date, capped up to AUD 50 Mn and testing cost capped up to AUD 10 Mn, on behalf of Consortium Members (except Oilex's share of 14%), including 8.4% of BPRL's share. Considering the prospects of the block as assessed by the Management and as a conservative measure, proportionate cost of 5.6%, incurred on the block so far, has been charged off to Profit & Loss Account.

(d) BPRL has resolved to farm in into Shale Gas acreages in Australia. Accordingly 50% and 27.80% P.I. has been bought in Shale Gas block TP-15 and EP-413 respectively.

17. Interests in Joint Ventures

The Group's interest in Joint Ventures, accounted for using proportionate consolidation are:

(₹ Crores)

			As at 31/03/2011	As at 31/03/2010
I	**ASSETS**			
	1.	Fixed Assets		
		- Gross Block	**1,514.20**	1,469.32
		- Less: Depreciation	**340.46**	272.02
		- Net Block	**1,173.74**	1,197.30
	2.	Capital work-in-progress	**5,781.82**	4,264.68
	3.	Investments	**154.98**	442.76
	4.	Current Assets, Loans and Advances		
		a) Inventories	**1,205.46**	537.89
		b) Sundry Debtors	**247.93**	93.14
		c) Cash and Bank Balances	**211.65**	226.96
		d) Other Current Assets	**64.88**	4.28
		e) Loans & Advances	**535.74**	469.42
	5.	Miscellaneous Expenditure to the extent not written off or adjusted	**3.30**	3.30
II	**LIABILITIES**			
	1.	Shareholders Funds	**2,282.11**	1,280.79
	2.	Loan Fund		
		a) Secured Funds	**4,823.31**	3,841.72
		b) Unsecured Funds	**1,288.89**	1,395.99
	3.	Deferred Tax – Liability	**61.42**	49.03
	4.	Current Liabilities & Provisions		
		a) Liabilities	**893.57**	632.34
		b) Provisions	**30.20**	39.86

(₹ Crores)

			2010-11	2009-10
III	**INCOME**			
	1.	Sales and related income	**3,216.48**	2,272.37
		Excise Duty	**(54.52)**	(34.87)
			3,161.96	2,237.50
	2.	Miscellaneous Income	**33.03**	22.89
	3.	Increase/(Decrease) in Inventory	**0.19**	495.46
IV	**EXPENSES**			
	1.	Purchase of Products for Resale	**1,146.86**	1,226.09
	2.	Raw Material Consumed	**1,573.79**	1,208.10
	3.	Consumption of stores, spares and materials	**1.16**	0.91
	4.	Power and Fuel	**2.09**	7.68
	5.	Employees' remuneration and other benefits	**16.31**	12.37
	6.	Interest	**83.22**	33.42
	7.	Other operating and administration expenses	**93.84**	56.59
	8.	Depreciation / Amortisation	**65.00**	48.22
	9.	Miscellaneous Expenditure Written off	**0.02**	-
	10.	Prior Period Expenses / (Income) (Net)	**0.04**	30.51
	11.	Profit before Taxation	**212.85**	131.96
	12	Provision for Taxation		
		a) Current Tax	**70.18**	46.50
		b) Deferred Tax (Net)	**12.40**	8.58
		c) Short/(Excess) provision for Taxation in earlier years provided for	**-**	19.35
	13.	Profit after Taxation	**130.28**	57.55

(₹ Crores)

			As at 31/03/2011	As at 31/03/2010
V	**OTHER MATTERS**			
	1.	Contingent Liabilities	**563.72**	433.99
	2.	Capital Commitments	**788.02**	1,664.94

VI. In addition to the above, BPRL's share of interest in joint ventures accounted for using proportionate consolidation are:

(₹ Crores)

		As at 31/03/2011	As at 31/03/2010
1.	Assets	**874.81**	550.90
2.	Liabilities	**79.21**	89.77
3.	Income	**65.78**	272.21
4.	Expenses	**18.91**	53.41

SCHEDULE 'X' — (CONSOLIDATED) (CONTD.)

18. INTANGIBLE ASSETS

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

a) Intangible assets - being amortised

₹ Crores

PARTICULARS	USEFUL LIFE	GROSS AMOUNT				AMORTISATION				NET AMOUNT	
	(NO. OF MONTHS)	AS AT 01-04-2010	ADDITIONS	DELETIONS/ RECLASSI-FICATION	**AS AT 31-03-2011**	UPTO 31-03-2010	THIS YEAR	DELETIONS/ RECLASSI-FICATION	**UPTO 31-03-2011**	**AS AT 31-03-2011**	AS AT 31-03-2010
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	**(10)**	**(11)**	(12)
1. RIGHT OF WAY	Perennial	26.92	4.34	-	**31.26**	-	-	-	**-**	**31.26**	26.92
2. SOFTWARE	24	-	0.32	-	**0.32**	-	0.01	-	**0.01**	**0.31**	-
3. SOFTWARE	36	11.86	0.94	-	**12.80**	11.74	0.39	-	**12.13**	**0.67**	0.12
4. SOFTWARE	48	1.18	-	-	**1.18**	0.55	0.30	-	**0.85**	**0.33**	0.63
5. SOFTWARE	60	40.43	1.12	-	**41.55**	17.97	5.75	-	**23.72**	**17.83**	22.46
6. DEVELOPMENT RIGHTS	60	1.50	-	-	**1.50**	1.50	-	-	**1.50**	**-**	-
7. PROCESS LICENSE	60	41.19	24.38	0.24	**65.33**	32.16	8.53	0.03	**40.66**	**24.67**	9.03
TOTAL		**123.08**	**31.10**	**0.24**	**153.94**	**63.92**	**14.98**	**0.03**	**78.87**	**75.07**	**59.16**
Share of Interest in Joint Venture		**239.82**	**-**	**-**	**239.82**	**9.47**	**-**	**-**	**9.47**	**230.35**	**230.35**
Grand Total		**362.90**	**31.10**	**0.24**	**393.76**	**73.39**	**14.98**	**0.03**	**88.35**	**305.41**	**289.51**
PREVIOUS YEAR		95.00	28.08	-	**123.09**	49.56	14.36	-	**63.92**	**59.17**	45.44
Share of Interest in Joint Venture 2009-10		10.78	229.04	-	**239.82**	1.25	8.22	-	**9.47**	**230.35**	9.53
Grand Total 2009-10		105.78	257.12	-	**362.90**	50.81	22.58	-	**73.39**	**289.51**	54.97

b) Intangible Assets- pending amortisation*

₹ Crores

PARTICULARS	USEFUL LIFE	GROSS AMOUNT				AMORTISATION				NET AMOUNT	
	(NO. OF MONTHS)	AS AT 01-04-2010	ADDITIONS	CAPITALISA-TIONS	**AS AT 31-03-2011**	UPTO 31-03-2010	THIS YEAR	DELETIONS/ RECLASSI-FICATION	**UPTO 31-03-2011**	**AS AT 31-03-2011**	AS AT 31-03-2010
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	**(10)**	**(11)**	(12)
1. SOFTWARE		2.62	-	0.09	**2.53**	-	-	-	**-**	**2.53**	2.62
TOTAL		**2.62**	**-**	**0.09**	**2.53**	**-**	**-**	**-**	**-**	**2.53**	**2.62**
PREVIOUS YEAR		-	5.96	-	**5.96**	-	-	-	**-**	**5.96**	-

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

Note : There are no internally generated Intangible Assets

				31/03/2010
19.	**Capital Commitments and Contingent Liabilities :**			
			₹ Crores	₹ Crores
19.1	**Capital Commitments :**			
		Estimated amount of contracts remaining to be executed on capital account and not provided for	**2,939.05**	2,432.45
		Share of interest in Joint Ventures	**788.02**	1,664.94
		Total	**3,727.07**	4,097.39
19.2	**Contingent Liabilities :**			
	(a)	In respect of Income Tax matters	**95.37**	286.06
	(b)	Other Matters :		
		i) Surety bonds executed on behalf of other oil companies for excise/customs duties for which BPCL has signed as surety	**183.45**	195.30
		ii) Claims against the Corporation not acknowledged as debts :		
		(a) Excise and customs matters	**1,472.71**	1,190.86
		(b) Sales tax matters	**2,885.04**	2,668.30
		(c) Others*	**558.05**	585.58
		These include ₹ **1014.13** crores (previous year ₹ 751.55 crores) against which BPCL has a recourse for recovery and ₹ **43.73 crores** (previous year ₹ 29.42 crores) on capital account.		
		* In respect of lands acquired, land owners have claimed higher compensation before various Authorities / Courts, which are yet to be settled. The estimated contingent liability of ₹ **95.16** crores (previous year ₹ 54.63 crores) in such cases is included above		
		iii) Claims on account of wages, bonus/ex-gratia payments in respect of pending court cases.	**6.15**	4.55
		iv) Guarantees given on behalf of Subsidiaries/JV's	**4,410.24**	3,786.18
	(c)	Share of interest in Joint Ventures	**563.72**	433.99

20. 20.1 Foreign exchange losses amounting to ₹ **223.51** crores including ₹ **18.20** pertaining to share of interest in joint ventures (previous year ₹ 37.42 crores including ₹ Nil pertaining to share of interest in joint ventures) are regarded as adjustment to Interest cost and debited to Interest Expenditure.

20.2 The deferred premium amounting to ₹ **130.77** crores including ₹ **Nil** pertaining to share of interest in joint ventures (previous year ₹ 90.29 crores including ₹ Nil pertaining to share of interest in joint ventures) in respect of forward exchange contract will be recognised in the Profit & Loss Account of one or more subseqent accounting periods.

21. Figures have been regrouped wherever necessary.

CASH FLOW STATEMENT (CONSOLIDATED)

	For the year ended 31st March	Notes	2011	2010
			₹ Crores	₹ Crores
A	**Cash Flow from Operating Activities**			
	Net Profit Before tax and prior period items		**2,863.23**	2,849.85
	Adjustments for :			
	Depreciation		**1,891.37**	1,444.56
	Interest		**1,246.84**	1,124.66
	Foreign Exchange Fluctuations	Note 3	**(118.60)**	(274.51)
	(Profit) / Loss on Sale of fixed assets		**25.46**	(3.55)
	(Profit) / Loss on Sale of investments		**186.26**	221.07
	Income from Investments		**(863.94)**	(1,181.08)
	Dividend Received		**(29.15)**	(13.29)
	Other Non-Cash items		**(464.89)**	932.59
	Interest Income		**(9.23)**	(0.43)
	Operating Profit before Working Capital Changes		**4,727.35**	5,099.87
	(Invested in) / Generated from :			
	Trade Receivables		**(819.28)**	(1,244.06)
	Other receivables		**99.84**	(741.81)
	Inventory		**(4,103.28)**	(6,257.77)
	Current Liabilities & Payables		**6,171.65**	4,013.74
	Cash generated from Operations		**6,076.28**	869.97
	Direct Taxes paid		**(1,247.45)**	(1,046.86)
	Cash flow before prior period items		**4,828.83**	(176.89)
	Prior Period Items		**(14.93)**	(47.21)
	Non-Cash Items		**(13.77)**	0.60
	Net Cash from Operating Activities		**4,800.13**	(223.50)

CASH FLOW STATEMENT (CONSOLIDATED)(CONTD.)

	For the year ended 31st March	Notes	2011 ₹ Crores	2010 ₹ Crores
B	**Net Cash Flow from Investing Activities**			
	Purchase of fixed assets		**(4,305.70)**	(5,176.99)
	Sale of fixed assets		**5.05**	11.95
	Capital Grant Received		**1.62**	-
	Adjustments to Pre Operating Expenses		**(348.91)**	(16.87)
	(Investment)/Sale of Investment in JVC's			
	Premier Oil Cachar BV		**0.00**	0.10
	DNP Ltd.		**(7.52)**	-
	Brahmaputra Cracker Polymer Ltd.		**(22.88)**	-
	Purchase of Investment		**(1,232.76)**	(3,848.20)
	Sale of Investments		**4,516.86**	7,243.42
	Income from Investment		**897.52**	1,193.40
	Dividend Received		**35.01**	13.29
	Interest Received		**9.17**	4.03
	Net Cash Flow on Investing Activities		**(452.54)**	(575.87)
C	**Net Cash Flow on Financing Activities**			
	Equity Investment		**385.43**	29.95
	Long term Borrowings		**2,839.45**	3,577.71
	Repayment of loans		**(2,425.79)**	(769.71)
	Interest paid		**(1,396.68)**	(1,372.21)
	Dividend Paid		**(550.61)**	(297.65)
	Corporate Dividend Tax		**(94.24)**	(52.99)
	Exchange difference on forward contracts		**(57.68)**	(160.52)
	Net Cash Flow on Financing Activities		**(1,300.12)**	954.58
D	**Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)**		**3,047.47**	155.21

For the year ended 31st March	Notes	2011 ₹ Crores	2010 ₹ Crores
Cash and Cash equivalents as at 31st March		**2010**	2009
Cash in Hand		**98.88**	124.92
Cash at Bank		**628.26**	1,220.72
Cash in transit		**1.29**	2.00
Cash Credit from scheduled banks		**(6,714.29)**	(2,497.70)
CBLO		**(500.00)**	(150.00)
Unsecured loans from scheduled banks / ICDs / CPs		**(9,574.24)**	(14,915.25)
		(16,060.10)	(16,215.31)
Cash and Cash equivalents as at 31st March		**2011**	2010
Cash in Hand		**134.59**	98.88
Cash at Bank		**662.47**	628.26
Cash in transit		**-**	1.29
Cash Credit from scheduled banks		**(2,021.55)**	(6,714.29)
Unsecured loans from scheduled banks / ICDs / CPs		**(11,788.14)**	(9,574.24)
CBLOs		**-**	(500.00)
		(13,012.63)	(16,060.10)
Net change in Cash and Cash equivalents		**3,047.47**	155.21

Explanatory Notes to Cash Flow Statement

1 The Cash Flow Statement is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Accounting Standard 3 as notified by the Central Government.

2 In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.

3 The net profit / loss arising due to conversion of current assets / current liabilities / receivable / payable in foreign currency is furnished under the head “Foreign Exchange Fluctuations”.

4 “Other Non-Cash items” include excess provisions written back, foreign exchange adjustments, diminution in value of investment, transfer to Capital reserve, Bad debts and materials written off and miscellaneous adjustments not affecting cash flow.

5 Figures of the previous year have been regrouped wherever necessary, to conform to current year’s presentation.

For and on behalf of the Board of Directors

Sd/-
R. K. SINGH
Chairman and Managing Director

Sd/-
SUDHIR K. JOSHI
Director (Finance)

Sd/-
S. V. KULKARNI
Company Secretary

Place : New Delhi
Dated : 30th May, 2011

As per our attached report of even date

For and on behalf of
B. K. KHARE & CO.
Chartered Accountants
FR No: 105102W
Sd/-
PADMINI KHARE KAICKER
Partner
Membership No. 44784

For and on behalf of
K. VARGHESE & CO.
Chartered Accountants
FR No: 004525S
Sd/-
K. VARGHESE
Partner
Membership No. 20674

ANNEXURE F

STATEMENT PURSUANT TO GENERAL EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

₹ Crores

Sr. No.	Name of the Subsidiary Company	Extent of holding	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investment (except in case of Subsidiary Company)	Turnover	Profit/ (Loss) before tax	Provision for tax	Profit / (Loss) after tax	Proposed Dividend	Country of Incorporation
1	Numaligarh Refinery Ltd.	61.65%	INR	735.63	1,865.43	5,002.28	2,401.22	154.27	8,972.19	414.54	135.28	279.26	110.34	India
2	Bharat PetroResources Ltd.	100%	INR	1,100.00	(76.51) *	1,667.35	643.86	-	-	(18.98)	-	(18.98)	-	India
3	Bharat PetroResources JPDA Ltd.	100%	INR	15.00	(5.63) *	77.73	68.37	-	-	(0.24)	-	(0.24)	-	India
4	BPRL International B.V.	100%	USD	1,260.08	(175.40) *	1,085.00	0.32	-	-	(66.42)	-	(66.42)	-	Netherlands
5	BPRL Ventures Indonesia B.V.	100%	USD	65.69	(7.87) *	65.45	7.62	-	-	(7.59)	-	(7.59)	-	Netherlands
6	BPRL Ventures B.V.	100%	USD	707.70	(111.90) *	1,220.61	624.80	3.02	-	(37.52)	-	(37.52)	-	Netherlands
7	BPRL Ventures Mozambique B.V.	100%	USD	483.89	(53.16) *	431.07	0.34	-	-	(20.55)	-	(20.55)	-	Netherlands

* Represents negative Reserves.

Notes:

(i) Numaligarh Refinery Limited and Bharat PetroResources Limited are direct subsidiaries of Bharat Petroleum Corporation Limited.

(ii) Bharat PetroResources JPDA Limited and BPRL International B.V. are subsidiaries of Bharat PetroResources Limited.

(iii) BPRL Ventures Indonesia B.V., BPRL Ventures B.V. and BPRL Ventures Mozambique B.V. are wholly owned subsidiaries of BPRL International B.V.

(iv) Indian Rupees (INR) equivalent of the figures of subsidiary companies whose Reporting Currency is US Dollar (USD) is based on exchange rates as on 31st March, 2011. (USD 1 = INR 44.81)

STATEMENT REGARDING SUBSIDIARY COMPANIES PURSUANT TO SECTION 212 (1) (e) OF THE COMPANIES ACT,1956

Name of the Subsidiary Companies	**Financial Year ending of the Subsidiary Companies**	**No. of shares held by BPCL as on 31.3.2011**	**Extent of holding by holding company**	**The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company and not dealt with in the accounts of the Holding Company (Except to the extent dealt within Columns 7 & 8)**		**The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the Holding Company and dealt with in the accounts of the Holding Company.**	
1	2	3	4	5	6	7	8
				For the Financial Year ended 31.3.2011 (₹ Crores)	For the Previous Financial Years since it became a Subsidiary Company (₹ Crores)	For the Financial Year ended 31.3.2011 (₹ Crores)	For the Previous Financial Years since it became a Subsidiary Company (₹ Crores)
1. Numaligarh Refinery Ltd (NRL) (w.e.f. 31.3.2001)	31.3.2011	453,545,998 shares of ₹ 10/- each fully paid up.	61.65%	172.16	1,122.55	68.03	540.78
2. Bharat PetroResources Ltd. (BPRL) (w.e.f. 17.10.2006)	31.3.2011	1,100,002,610 shares of ₹ 10/- each fully paid up. (Refer Note 1)	100%	(18.98)	(57.03)	-	-
3. Bharat PetroResources JPDA Ltd. (w.e.f. 28.10.2006) (subsidiary of BPRL)	31.3.2011	1,49,99,940 shares of ₹ 10/- each fully paid up. (Refer Note 1)	100%	(0.24)	(5.39)	-	-
4. BPRL International B.V. (w.e.f. 26.3.2008) (subsidiary of BPRL)	31.3.2011	200,179,394 shares of Euro 1 each fully paid up. (Refer Note 2)	100%	(66.42)	(89.22)	-	-
5. BPRL Ventures B.V. (w.e.f. 26.3.2008) (subsidiary of BPRL International B.V.)	31.3.2011	112,427,561 shares of Euro 1 each fully paid up. (Refer Note 2)	100%	(37.52)	(59.22)	-	-
6. BPRL Ventures Mozambique B.V. (w.e.f. 23.7.2008) (subsidiary of BPRL International B.V.)	31.3.2011	76,872,307 shares of Euro 1 each fully paid up. (Refer Note 2)	100%	(20.55)	(28.86)	-	-
7. BPRL Ventures Indonesia B.V. (w.e.f. 21.8.2009) (subsidiary of BPRL International B.V.)	31.3.2011	10,435,941 shares of Euro 1 each fully paid up. (Refer Note 2)	100%	(7.59)	(0.14)	-	-

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.

For and on behalf of the Board of Directors

Sd/-
R. K. Singh
Chairman & Managing Director

Sd/-
S. K. Joshi
Director (Finance)

Sd/-
S.V.Kulkarni
Company Secretary

Place : New Delhi
Date : 30th May, 2011

BHARAT PETROLEUM CORPORATION LIMITED

Regd. Office : Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai – 400 001

FORM OF PROXY

Folio/Client ID No. ____________________

DP ID No. ____________________

I/We,____

of____

______________________ in the district of______________________

being a Member/s of the above named Company, hereby appoint,______________________

______________ of______________ in the district of ______________

______________________, or failing him, ______________________of

______________________in the district of ______________________

______________________ , as my / our proxy to vote for me/us on my/our behalf at the 58th Annual General Meeting of the Company to be held on Friday, 16th September, 2011 and at any adjournments thereof.

Signed this ______________ day of ______________ 2011

Affix
15 Paise
Revenue
Stamp

(Member)

Note : Proxy must be deposited at the Registered Office of the Corporation not less than 48 hours before the time for holding the meeting.

BHARAT PETROLEUM CORPORATION LIMITED

Regd. Office : Bharat Bhavan, 4 & 6 Currimbhoy Road, Ballard Estate, Mumbai – 400 001

ADMISSION CARD/ATTENDANCE SLIP

ANNUAL GENERAL MEETING TO BE HELD ON FRIDAY, 16TH SEPTEMBER, 2011, AT 10.30 A.M., IN RAMA WATUMULL AUDITORIUM AT KISHINCHAND CHELLARAM COLLEGE (K.C. COLLEGE), 124, DINSHAW WACHA ROAD, CHURCHGATE, MUMBAI-400 020.

Name of the Member/s : ______________________

Folio/Client ID No. : ______________________

No. of Shares held : ______________________

Name of the Proxy / Representative of Body Corporate : ______________________

I/We hereby record my/our presence at the **58TH ANNUAL GENERAL MEETING** of the Company on Friday, 16th September, 2011, at 10.30 a.m. in Rama Watumull Auditorium at Kishinchand Chellaram College (K.C. College), 124, Dinshaw Wacha Road, Churchgate, Mumbai-400 020.

____

Signature of the Member / Proxy

Name :

(Member/Representative of Body Corporate/Proxy attending the Meeting must bring the above Admission Card/Attendance Slip to the Meeting and hand over at the entrance, after duly signing. In case the Member is a Body Corporate, certified copy of a Resolution of the Board or a governing body regarding appointment of a Representative to attend the Meeting be enclosed or sent in advance).